

**AGENDA**  
**REGULAR MEETING OF THE**  
**CITY OF KING CITY COUNCIL**  
**AND**  
**Sitting as SUCCESSOR AGENCY OF**  
**THE RDA FOR THE CITY OF KING**

**TUESDAY MAY 24, 2016**  
**6:00 P.M.**

**CITY HALL**  
**212 S. VANDERHURST AVENUE**  
**KING CITY, CALIFORNIA 93930**

*\*Spanish interpretation services will be available at meeting*

*In compliance with the Americans with Disabilities Act, if you need special assistance to participate in a City meeting, Please contact the City Clerk's Office (831-386-5925) at least 48 hours prior to the Meeting to ensure that reasonable arrangements can be made to provide accessibility to the meeting.*

*\* Please submit all correspondence for City Council PRIOR to the meeting with a copy to the City Clerk.*

**1. CALL TO ORDER**

- 2. ROLL CALL:** Council Members Darlene Acosta, Belinda Hendrickson, Mike LeBarre, Mayor Pro Temp. Karen Jernigan, and Mayor Robert Cullen

**3. FLAG SALUTE**

**4. CLOSED SESSION ANNOUNCEMENTS**

**5. SPECIAL PRESENTATIONS**

None

**6. PUBLIC COMMENT**

Any member of the public may address the Council for a period not to exceed *three minutes* total on any item of interest within the jurisdiction of this Council that is not on the agenda. The Council will listen to all communications; however, in compliance with the Brown Act, the Council cannot act on items not on the agenda. Comments should be directed to the Council as a whole and not to any individual Council Member. Slanderous, profane or personal remarks against any Council Member, staff member or member of the audience is not permitted.

**7. COUNCIL COMMUNICATIONS & COMMITTEE REPORTS**

Individual Council Members may comment on Council business, his or her Council activities, City operations, projects or other items of community interest. Council Members may also request staff to report back at a subsequent meeting on any matter or take action to direct staff to prepare a staff report for a future agenda.

**8. STAFF COMMUNICATIONS**

Comments presented by the City Manager, City Attorney or other staff on City business and/or announcements.

**9. CONSENT AGENDA**

The following items listed below are scheduled for consideration as a group. The recommendations for each item are noted. Members of the audience may speak on any item(s) listed on the Consent Agenda. Any Council Member, the City Manager, or the City Attorney may request that an item be withdrawn from the Consent Agenda to allow for full discussion. The Council may approve the remainder of the Consent Agenda on one motion. Items withdrawn from the Consent Agenda may be considered by separate motions at the conclusion of the discussion of each item.

- A. Meeting Minutes of May 10, 2016 Council Meeting  
Recommendation: approve and file.
- B. Meeting Minutes of May 16, 2016 Special Council Meeting  
Recommendation: approve and file.
- C. Consideration: City Check Register – Current  
Recommendation: receive and file.
- D. Consideration: Successor Agency Check Register – Current  
Recommendation: receive and file.
- E. Consideration: Public Financing Authority Check Register – Current  
Recommendation: receive and file.
- F. City Monthly Treasurer's Report- April 2016  
Recommendation: approve and file.
- G. Successor Agency Monthly Treasurer's Report- April 2016  
Recommendation: approve and file.
- H. Public Financing Authority Monthly Treasurer's Report- April 2016  
Recommendation: approve and file.
- I. Consideration: Text Amendment to the City of King Municipal Code, amending sections 17.09.050 and 17.09.060 of Chapter 17.09. Ordinance Addressing Car Canopies, Sheds and Shade Structures  
Recommendation: Conduct the second reading, by title only and adopt Ordinance No. 2016-724.
- J. Consideration: King City Chamber of Commerce & Agriculture City-wide Yard Sale and Sidewalk Sale  
Recommendation: 1) approve the Chamber of Commerce & Agriculture special event permit request for a City-wide Yard Sale and Sidewalk Sale on June 18, 2016 and June 19, 2016; 2) waive all garage sale permit fees and requirements during those days; and 3) waive fees for the special event permit.
- K. Consideration: Refund of the 2011 Tax Allocation Bonds  
Recommendation: Approve refunding of the 2011 tax allocation bonds.

- L. Consideration: King City Emergency Operations Plan  
Recommendation: Adopt a Resolution approving the new King City Emergency Operations Plan.

## **10. PUBLIC HEARINGS**

- A. Consideration: Ordinance Establishing City Council District Electoral System and Establishing District Boundary Maps  
Recommendation: 1) open the Public Hearing, 2) introduce and conduct the first reading, by title only, an Ordinance establishing a city council district electoral system and establishing district boundary maps; and 3) set the Second Reading and Adoption for the next regularly scheduled City Council meeting of June 14, 2016.
- B. Consideration: Specific Plan Amendment, No. 3 for Arboleda Specific Plan  
Recommendation: 1) introduce an Ordinance to adopt the Arboleda Specific Plan Amendment No. 3; 2) adopt Resolution by Planning Commission (Resolution 2015-049); and 3) waive first reading of ordinance, read by title only an Ordinance to adopt Arboleda Specific Plan Amendment No. 3.

## **11. REGULAR BUSINESS**

- A. Consideration: Alternatives and Issues Related to the Proposed Medical Marijuana Tax Measure  
Recommendation: provide direction on features of the proposed medical marijuana tax measure.
- B. Consideration: Draft Medical Marijuana Tax Ballot Measure Ordinance and Regulations regarding Transportation of Medical Marijuana  
Recommendation: 1) direct staff to place the Medical Marijuana Tax Ballot Measure on the June 28, 2016 Agenda for introduction; and 2) provide staff direction regarding regulations involving transportation of Medical Marijuana.
- C. Consideration: City Council Stipends  
Recommendation: provide direction to staff regarding City Council stipend amounts and timing for implementation.

## **12. CITY COUNCIL CLOSED SESSION**

Announcement(s) of any reportable action(s) taken in Closed Session will be made in open session, and repeated at the beginning of the next Regular City Council meeting as this portion of the meeting is not recorded.

- 1. Public Employee Performance Evaluation pursuant to Government Code Section 54957:  
Title: City Manager

## **13. ADJOURNMENT**

**Minutes  
City Council Meeting  
May 10, 2016**

**1. CALL TO ORDER:**

Meeting was called to order at 6:00 PM by Mayor Rob Cullen.

**2. FLAG SALUTE:**

The flag salute was led by Mayor Cullen.

**3. ROLL CALL:**

RJ Rivera announced that there are translating services available.

City Manager Adams conducted roll call.

|               |  |
|---------------|--|
| City Council: | Council Members Acosta, LeBarre, Hendrickson, Mayor Pro Tem Jernigan, and Mayor Cullen |
| City Staff:   | City Manager Steven Adams, Assistant City Attorney David Hale                          |

**4. CLOSED SESSION ANNOUNCEMENTS:**

None

**5. PRESENTATIONS:**

Janette Ray from Senator Canella's office stated that they wanted to acknowledge something positive the City is doing such as the Trashion show presenting Paulette Bumbalough and Teresa Sullivan, Executive Director, Alliance on Aging proclamations as a thank you. Teresa Sullivan explained all of what the Alliance on Aging does to support the elderly.

Ms. Ray also acknowledged the City with a Resolution for opening their arms for the non-profits.

**6. PUBLIC COMMUNICATIONS:**

Mark Roland, Sussex, is having trouble with his neighbor and the music playing at a loud volume. He would like the Council to check into changing the ordinance about amplifiers. No amplifiers in residential areas would be what he would like.

City Manager Adams Citizen Code Enforcement Committee has not met yet and it will be on their agenda and then come to council.

Jo Koster is concerned about the traffic on the corner where 7-11 is and the sidewalks need to be addressed to get them fixed so people do not have to go in the gutter to get across the street.

Gerry Ramirez would like the council to consider having Chamber of Commerce on as a budget item.

## **7. COUNCIL COMMUNICATIONS:**

Mayor Cullen stated that it is Fair week and he is the representative for the City Council. Fair kick-off dinner was extremely successful. Heritage Foundation open house is the Wednesday before the Fair. Livestock auction on Saturday. Farmers Market starts on May 18<sup>th</sup> continuing through October 4-7p.m. every Wednesday. Memorial Day is coming up and he will be out of town so he needs someone on the Council to take the proclamation. Fort Hunter Liggett continuation of the 75<sup>th</sup> anniversary of General Hunter Liggett continuing July 28th. City of Soledad is putting in an 8 screen movie theater. Hartnell is expanding into Soledad too.

Council Member Acosta reported that Salinas is coming through with some services for South County. She will be attending 4C4P meeting tomorrow. Salinas Valley Prison would like to host at risk youth and their parent can attend. Curriculum is about choices and consequences. She wanted to report that 168 students were served with distracted driving classes.

Council Member LeBarre announced MST finalized the purchase for one of the lots here in King City which will be for the future site for MST Bus. League of California Cities meeting speaking on health care and rising cost. Fort Hunter Liggett good experience. Library meeting-free bike locks program for the kids. High-school graduation academic lunch 26 kids had a 4-0 or greater. Coming up June 2<sup>nd</sup> Portola Butler graduation and June 3<sup>rd</sup> King City High School Graduation.

Mayor Pro Tem Jernigan has a meeting tomorrow night in Greenfield for AMBAG dealing with affordable housing and fixing roads. Attended a formation group of a local version of America in Bloom building community pride through beautification if there are people that are interested there are local and national websites that you can get more information. Beautification week is June 18<sup>th</sup> through the 26<sup>th</sup>. Kick off BBQ June 15<sup>th</sup> and Bob Lund with Arroyo Grande in Bloom will be the guest speaker. Pinnacle gateway partners meeting next week with the main topic being Juan Bautista de Anza trail. The trail has the potential to come through King City part of an attraction that King City could halve. She spoke to the Politic Science class at Harnell College about district elections and running for a political office at a local level. She wanted to express her support for Grupo Amiga Campacina coming to speak to the City Council. She would like people in public comment to be referred to a person so that they could get more information. She would also like civility and curiosity in the Council meetings she would like the public to hold their comments unless they come to the podium.

Mayor Cullen just wanted it clear that the Citizen Code Enforcement Advisory Committee will look at the noise ordinance and make a recommendation. Further comments or questions please contact the City Manager or the Mayor.

Council Member Acosta would like the people that have concerns be informed of when the Citizen Code Enforcement Advisory Committee meeting is.

## **8. CITY STAFF REPORTS AND COMMENTS:**

City Manager Adams reminded that the Budget workshop is Monday May 16<sup>th</sup> 5-7p.m. Marijuana Ordinance King City is ahead of all the other valley cities. Some discussion will be on the next meeting. Fort Hunter Liggett is very active and we are determining some partnerships with them. Salinas Valley City Managers met and are accessing training needs to partnership to provide training.

Chief Engles reported on activities that happened today while conducting probation compliance checks, 8 arrests were made. It was a successful day and Greenfield has been a good partner maximizing

efficiency. City Manager commended the Police Department. Mayor thanked the Police Department on behalf of the Council and the Community.

City Attorney Martin Koczanowicz stated his office has been busy assisting staff with the Marijuana ordinance and Tax ordinance. He also went over the Airport leases that have balances. Mayor Cullen asked for e-mails of that report or hard copies.

## **9. CONSENT AGENDA**

- A. Meeting Minutes of April 25, 2016 Council Meeting
- B. Meeting Minutes of April 26, 2016 City Council Meeting
- C. Consideration: City Check Register – April, 2016
- D. Consideration: Ordinance Establishing a Program to Require Deconstruction, Demolition, and Construction Material Recovery and Diversion from Landfills
- E. Consideration: Addition of One Administrative Assistant Position
- F. Consideration: Implementation of Convenience Fees for Credit Card Use for City Programs and Services
- G. Consideration: Modification of Pool and Recreation Salaries
- H. Consideration: Replacement of Four New Traffic Loops at the Intersection of San Antonio Drive and Broadway Street
- I. Consideration: Support for AB 2730

Mayor Pro Tem Jernigan is okay with the Check Register this time around and encourages her fellow Council Members to come in and look at the check register. She is concerned about a water bill that she will meet with the City Manager on to discuss.

Action: Motion to approve consent agenda items by LeBarre and seconded by Acosta

AYES: Council Members: Mayor Cullen, Mayor Pro Tem Jernigan, Acosta, LeBarre and Hendrickson

NOES: Council Members:

ABSENT: Council Members:

ABSTAIN: Council Members:

Council Member Acosta is so happy about Item E and we are building a staff. Item F she is a little concerned about. Item H happy about traffic light being upgraded.

## **10. PUBLIC HEARINGS:**

### **10a.Consideration: Ordinance Addressing Car Canopies, Sheds and Shade Structures**

Community Development Director Doreen Liberto introduced this item.

Mayor Cullen opened the public hearing and seeing no one coming forward, closed the public hearing.

Mayor Cullen ask for a motion.

Action: Motion by Mayor Pro Tem Jernigan to introduce and conduct the first reading of the Ordinance, by title only with the amendment, and set the second reading and adoption for the next regularly scheduled Council meeting of May 24, 2016, seconded by Hendrickson

AYES: Council Members: Mayor Cullen, Mayor Pro Tem Jernigan, LeBarre, and Hendrickson

NOES: Council Members: Acosta

ABSENT: Council Members:

ABSTAIN: Council Members:

**11. REGULAR BUSINESS:**

**11a. Consideration: Changes and Update Regarding City Council District Maps**

Doug Johnson, consultant introduced Map D3.

Council Discussion:

Mayor Pro Tem Jernigan supports Map D3 it makes more sense to her.

Council Member Acosta felt everyone was happy with Map C and she doesn't see the need for change.

Mayor Cullen stated that the public will be able to have more public comment May 24<sup>th</sup> and June 14<sup>th</sup>. He feels this Map D3 is easier for people to understand.

Mr. Johnson stated that this is the same as Map C except for four city blocks.

Public Comments: Jo Koester wanted to know why we were doing this. Mayor Cullen would like her to give him a call tomorrow and he will explain what had been discussed in prior meetings.

Mayor Cullen called for a Motion.

Action: Motion by LeBarre to direct staff to prepare a Council district election Ordinance for introduction at the May 24, 2016 meeting designating Map D3 as the district boundaries., seconded by Mayor Pro Tem Jernigan

AYES: Council Members: Mayor Cullen, Mayor Pro Tem Jernigan, Acosta, LeBarre, and Hendrickson

NOES: Council Members:

ABSENT: Council Members:

ABSTAIN: Council Members:

**ADJOURNMENT:**

There being no further business to come before the City Council, Mayor Cullen adjourned the meeting at 7:34 pm. to Closed Session the Mayor stating what would be discussed in closed session.

1. Public Employee Performance Evaluation pursuant to Government Code Section 54957:  
Title: City Manager
2. Liability Claim by Craig  
Claims against City of King  
Gov. Code Section: 54956.95
3. Liability Claim by Garcia  
Claim against City of King  
Gov. Code Section: 54956.95

**Approved Signatures:**

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Mayor, Robert Cullen  
City of King

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City Clerk, Steven Adams  
City of King

**Minutes  
City Council Meeting  
May 16, 2016**

**1. CALL TO ORDER:**

Meeting was called to order at 5:02 PM by Mayor Rob Cullen.

**2. FLAG SALUTE:**

The flag salute was led by Mayor Cullen.

**3. ROLL CALL:**

City Manager Adams conducted roll call.

**City Council:** Mayor Cullen, Mayor Pro Tem Jernigan, Council Members Acosta, Hendrickson, and LeBarre

**City Staff:** City Manager, Steven Adams, Administrative Services Director Mike Howard, Chief Building Official, Paul Hodges, Accountant, Patricia Grainger, Interim Chief of Police, Darius Engles, Commander, Alex Tirado, Assistant Planner, Maricruz Aguilar-Navarro, City Engineer, Octavio Hurtado, Community Development Director, Doreen Liberto, Fire Chief, George Young, Recreation Coordinator, Andrea Wasson.

**4. PUBLIC COMMUNICATIONS:**

None

**5. PRESENTATIONS:**

- A. Consideration of Recommendations for FY 2016-17 Annual Budget  
 Recommendation: It is recommended the City Council: 1) receive a presentation by staff on the recommendations for the FY 2016-17 Annual Budget; 2) receive public input; and 3) provide staff direction on any changes to be incorporated for final consideration at the June 14, 2016 meeting.

- ▶ Introduction
- ▶ Highlights
- ▶ FY 2015-16 Review
- ▶ FY 2016-17 Revenue and Expenditure Projections
- ▶ Goals and Accomplishments
- ▶ Capital Improvement Program
- ▶ Long Range Financial Plan
- ▶ Questions and Answers

Introduction by the City Manager Adams.

City Manager Adams went over Revenue Strategies emphasizing the one-time revenues.

Director of Finance Howard reviewed the status of the FY2015-16 Budget and revenue and expenditure projections for FY2016-17.

- ▶ Sale of property
- ▶ One-time property tax increase
- ▶ Medical marijuana tax
- ▶ Increase refuse franchise fee for tree trimming program
- ▶ Minor fee increases
- ▶ Match one-time revenues with one-time expenditures

Each department went over their accomplishments and goals.

City Manager Adams did an Overview of the Long Range Financial Plan.

- ▶ Primary focus of budget process
- ▶ Ensures new expenditures can be funded on long-term basis
- ▶ Goal to provide consistent service level delivery
- ▶ Provides revenues targets to serve as indicators for the need for other strategies
- ▶ Funds basic level of needs
- ▶ Balanced in 6 years
- ▶ Reaches 20% General Fund reserve policy in 10 years

Mayor Cullen thanked all the staff for putting the budget together. This is coming back on June 14<sup>th</sup> for approval. He feels it would be prudent to send questions to the City Manager since there is not sufficient time tonight to answer all the questions. City Manager Adams would like major changes mentioned tonight so they can be addressed prior to June 14<sup>th</sup>.

Council Member LeBarre feels staff did a good job of addressing several important issues.

Council Member Hendrickson wants to echo on what a great job was done and that King City is headed in a better direction and she liked seeing the department heads here talking about their departments that is positive and thanked staff.

Mayor Pro Tem Jernigan feels it is incredible to see a document like the budget and to know that all participated in and are listening to what Council has said. She has a number of questions; however, she feels that Steve or Mike could answer them. However, she would like the Council to consider reestablish stipends for the City Council. She feels that a little bit more money should be given to the firefighters.

Council Member LeBarre stated that he felt that they were going to move forward with stipends. City Manager Adams stated that he had looked into it a little and it would be limited to \$300.00 per person per month based on state law. If Council gives direction, they can come back with an item at a later agenda. Council consensus is yes they would like it put on an agenda.

Council asked the Fire Chief what he thought about an increase for the firefighters. Chief Young said he would love to give his guys a raise; however, he would like to see the City doing well first. City Manager Adams stated that Council could give direction to staff to work with the Fire Chief and then bring it back at a later meeting for discussion. Council gave that direction.

Council Member Acosta appreciates the staff attending and the forward momentum of the last few months. She is happy to have Mike Howard on board more often.

City Manager Adams stated that an item that should be discussed is the request from the Chamber of Commerce for \$10,000 for support from the City. City Manager feels that the City should maintain \$5,000 and increase at a later date.

Mayor Pro Tem Jernigan feels having an affective Chamber is important and she feels a portion of the TOT should go to the Chamber. She is not in favor of fireworks as it does not promote business in King City. The Chamber, however, has to have funds to operate and they should be promoting business and help people run their business. She feels Chamber should be here quarterly to report on what they are doing. She feels they should get more money than \$5,000.

Council Member LeBarre suggested that they fund at the same rate of last year and have a discussion at a later date to give straight dollars or a percentage of TOT.

Council Member Acosta would like at the 6-month review of the budget have the Chamber come back as they are important and she has never known any Chamber fund themselves.

Mayor Cullen would like a change on the 10-year financial plan since there is a sunset on the sales tax and he would like it zeroed out as a reminder to future Councils that it is ending.

Mayor Cullen stated that the consensus from Council is to fund the Chamber at \$5,000 and look into a long-term funding mechanism with a 6-month review and have the Chamber do a quarterly report.

**ADJOURNMENT:**

There being no further business to come before the City Council, Mayor Cullen adjourned the meeting at 7:00 pm.

**Approved Signatures:**

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**Mayor, Robert Cullen  
City of King**

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**City Clerk, Steven Adams  
City of King**



Item No 9 (C)

**REPORT TO THE CITY COUNCIL**

**DATE: MAY 24, 2016**  
**TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL**  
**FROM: STEVEN ADAMS, CITY MANAGER**  
**BY: PATRICIA GRAINGER, ACCOUNTANT**  
**RE: CITY CHECK REGISTER**

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**RECOMMENDATION:**

It is recommended City Council receive and file.

**BACKGROUND:**

At least once a month, the City Treasurer shall submit to the City Council, a copy of the check register.

**DISCUSSION:**

The purpose of this item is to provide the Council an opportunity to review and monitor ongoing expenditures. These documents are attached.

**COST ANALYSIS:**

There is no fiscal impact as a result of this action.

**ALTERNATIVES:**

The following alternatives are provided for Council consideration:

1. Receive and file the report; or
2. Provide other direction to staff regarding requests for additional information.

**CITY COUNCIL/CITY  
CITY CHECK REGISTER  
MAY 24, 2016  
PAGE 2 OF 2**

**Exhibit(S)**

1. Check Register Report

Submitted by:   
Patricia Grainger, Accountant

Approved by:   
Steven Adams, City Manager

# Check Register Report

Date: 05/11/2016

Time: 9:01 am

Page: 1

KING CITY CITY HALL

BANK: WELLS FARGO BANK

| Check Number                   | Check Date | Status  | Void/Stop Date | Vendor Number | Vendor Name                    | Check Description             | Amount     |
|--------------------------------|------------|---------|----------------|---------------|--------------------------------|-------------------------------|------------|
| <b>WELLS FARGO BANK Checks</b> |            |         |                |               |                                |                               |            |
| 57615                          | 05/04/2016 | Printed |                | BAKER         | MARK A. BAKER                  | Mark Baker vs City of King    | 1,891.76   |
| 57616                          | 05/04/2016 | Printed |                | SPRENK        | LAW OFFICES OF                 | Mark Baker vs City of King    | 2,333.84   |
| 57617                          | 05/06/2016 | Printed |                | A T T         | A T & T                        | City Hall Internet            | 145.00     |
| 57618                          | 05/06/2016 | Printed |                | ASI           | ADMINISTRATIVE SOLUTIONS, INC  | City Self Funded Medical      | 5,000.00   |
| 57619                          | 05/06/2016 | Printed |                | ALVAREZ       | ALVAREZ TECHNOLOGY GROUP INC   | Dell Server Warranty          | 4,169.51   |
| 57620                          | 05/06/2016 | Printed |                | AT&T - C      | AT&T                           | Phone Bill - #9391048347      | 101.86     |
| 57621                          | 05/06/2016 | Printed |                | BENSON        | RICHARD A. BENSON PLUMBING     | Clean out sewer line.         | 84.00      |
| 57622                          | 05/06/2016 | Printed |                | CNAUTO        | C & N AUTOMOTIVE ELECTRIC      | Repair Hedger                 | 74.92      |
| 57623                          | 05/06/2016 | Printed |                | CALBO         | CALIFORNIA BUILDING OFFICIALS  | Annual Dues                   | 215.00     |
| 57624                          | 05/06/2016 | Printed |                | COASTAL       | COASTAL TRACTOR                | Anti Scalp. Wheels Riding     | 1,999.18   |
| 57625                          | 05/06/2016 | Printed |                | COMINFO       | COUNTY OF MONTEREY             | Radio Repair & Installation   | 1,255.50   |
| 57626                          | 05/06/2016 | Printed |                | CSOFNE        | CREATIVE SERVICES              | Junior Officer Stickers       | 267.95     |
| 57627                          | 05/06/2016 | Printed |                | DAVE'S REP    | DAVE'S REPAIR SERVICE          | Monthly Site Inspection       | 80.00      |
| 57628                          | 05/06/2016 | Printed |                | DAVID ORTI    | DAVID ORTIZ                    | Softball Umpire -             | 105.00     |
| 57629                          | 05/06/2016 | Printed |                | DMVCA         | DEPARTMENT OF MOTOR VEHICLES   | Vehicle Code Books - 2016     | 84.48      |
| 57630                          | 05/06/2016 | Printed |                | DMV RENEW     | DMV RENEWAL                    | Off Highway - Tuss Polaris    | 52.00      |
| 57631                          | 05/06/2016 | Printed |                | EARTH DESI    | EARTH DESIGN, INC.             | Plan Review - Zoning          | 16,964.54  |
| 57632                          | 05/06/2016 | Printed |                | EDD           | EMPLOYMENT DEVELOPMENT DEPT.   | Unemployment Insurance        | 6,051.00   |
| 57633                          | 05/06/2016 | Printed |                | FLORESJ       | JACOB FLORES                   | Umpire (4 @ \$10)             | 40.00      |
| 57634                          | 05/06/2016 | Printed |                | FLORESTH      | THOMAS FLORES                  | Umpire (4 @ \$10)             | 40.00      |
| 57635                          | 05/06/2016 | Printed |                | HARDEE        | FRED HARDEE                    | Background                    | 720.00     |
| 57636                          | 05/06/2016 | Printed |                | GREEN L       | GREEN LINE                     | Clean Out Sewer Main Broadway | 597.00     |
| 57637                          | 05/06/2016 | Printed |                | HALE          | DAVID P HALE                   | General Plan Legal Services   | 5,568.00   |
| 57639                          | 05/06/2016 | Printed |                | HANNA         | HANNA & BRUNETTI               | Eng Service - Collins St.     | 15,670.13  |
| 57640                          | 05/06/2016 | Printed |                | HDLCO         | HDL COREN & CONE               | Property Tax Service          | 1,250.00   |
| 57641                          | 05/06/2016 | Printed |                | HDL           | HDL SOFTWARE, LLC              | Business License Software     | 4,667.50   |
| 57642                          | 05/06/2016 | Printed |                | HYDRO TURF    | HYDRO TURF, INC.               | Lawn Mower Blades             | 238.15     |
| 57643                          | 05/06/2016 | Printed |                | INTTIRE       | INTERNATIONAL TIRES            | Bldg Dept Truct - New Tires,  | 420.17     |
| 57644                          | 05/06/2016 | Printed |                | JOHNSONL      | LAUREN JOHNSON                 | Softball Umpire               | 70.00      |
| 57645                          | 05/06/2016 | Printed |                | KRKC          | KING CITY COMMUNICATIONS CORP  | Radio Announcement for        | 546.09     |
| 57646                          | 05/06/2016 | Printed |                | KC IND        | KING CITY INDUSTRIAL SUPPLY    | Tool Set                      | 359.66     |
| 57647                          | 05/06/2016 | Printed |                | KOCZANOWI     | LAW OFFICE OF                  | Legal Service Fee -           | 7,609.00   |
| 57648                          | 05/06/2016 | Printed |                | LEYVA'S TO    | LEYVA'S TOWING & ROAD SERVICE  | Towing Services - Evidence    | 180.00     |
| 57649                          | 05/06/2016 | Printed |                | LINCOLN       | LINCOLN AQUATICS               | Supplies for Pools            | 703.54     |
| 57650                          | 05/06/2016 | Printed |                | MARTINEZCA    | CAROLINE MARTINEZ              | Softball Umpire - 7 @ \$10    | 70.00      |
| 57651                          | 05/06/2016 | Printed |                | MAYNARD       | THE MAYNARD GROUP              | Telephone Maint. & Support.   | 458.29     |
| 57652                          | 05/06/2016 | Printed |                | MITCHELL      | MITCHELL TECHNOLOGIES          | Cable                         | 27.03      |
| 57653                          | 05/06/2016 | Printed |                | MO BAY        | MO BAY AIR RESOURCES           | WWTP and Wood Chipper         | 714.00     |
| 57654                          | 05/06/2016 | Printed |                | NUNO          | NUNO IRON & MFG., INC.         | Refinish St Sign              | 340.00     |
| 57655                          | 05/06/2016 | Printed |                | OFFICE DEP    | OFFICE DEPOT                   | Office Supplies               | 650.26     |
| 57656                          | 05/06/2016 | Printed |                | PACIFIC CR    | PACIFIC CREST ENGINEERING INC. | Landfill Monitoring           | 4,950.00   |
| 57657                          | 05/06/2016 | Printed |                | PARTS & SE    | PARTS & SERVICE CTR- NAPA, INC | Oil For Mower                 | 64.04      |
| 57658                          | 05/06/2016 | Printed |                | PROFORCE L    | PROFORCE LAW ENFORCEMENT       | Taser Cartridges              | 1,538.56   |
| 57659                          | 05/06/2016 | Printed |                | PURCHASE P    | PURCHASE POWER*PITNEY BOWES    | Postage Refill - Postage      | 300.00     |
| 57660                          | 05/06/2016 | Printed |                | PURE WATER    | PENINSULA PURE WATER INC.      | City Hall Water               | 18.95      |
| 57661                          | 05/06/2016 | Printed |                | RAINBOW       | RAINBOW PRINTING               | Business Cards - F Aguilar    | 85.96      |
| 57662                          | 05/06/2016 | Printed |                | RED SHIFT     | RED SHIFT INTERNET SERVICES    | internet Service              | 30.90      |
| 57663                          | 05/06/2016 | Printed |                | ROSE BACK     | ROSE BACKFLOW SERVICES         | Backflow Tests on Parks       | 375.00     |
| 57664                          | 05/06/2016 | Printed |                | SANDIE        | SAN DIEGO POLICE EQUIPMENT CO  | Range Supplies.               | 1,542.64   |
| 57665                          | 05/06/2016 | Printed |                | SPECIALTY     | SPECIALTY CONSTRUCTION INC.    | Progress Payment #6           | 616,591.47 |

Check Register Report

Date: 05/11/2016

Time: 9:01 am

Page: 2

KING CITY CITY HALL

BANK: WELLS FARGO BANK

| Check Number                   | Check Date | Status  | Void/Stop Date | Vendor Number | Vendor Name                   | Check Description             | Amount    |
|--------------------------------|------------|---------|----------------|---------------|-------------------------------|-------------------------------|-----------|
| <b>WELLS FARGO BANK Checks</b> |            |         |                |               |                               |                               |           |
| 57666                          | 05/06/2016 | Printed |                | SPRINT        | SPRINT                        | Monthly Phone Service         | 160.25    |
| 57667                          | 05/06/2016 | Printed |                | PURSUIT       | STOMMEL INC                   | Patrol Veh Laptop, Mounting   | 12,649.24 |
| 57668                          | 05/06/2016 | Printed |                | TACOS LA P    | TACOS LA POTRANCA DE JALISCO  | Catering for Police Chief     | 93.81     |
| 57669                          | 05/06/2016 | Printed |                | TIRE KING     | TIRE KING & AUTO EXPRESS      | Service Unit #106             | 2,808.70  |
| 57670                          | 05/06/2016 | Printed |                | TORO          | TORO PETROLEUM CORP.          | Grease for Sweeper            | 2,588.94  |
| 57671                          | 05/06/2016 | Printed |                | U.S. BAN      | U.S. BANK CORP PAYMENT SYSTEM | Mega Mover(Lift Large People) | 1,425.16  |
| 57672                          | 05/06/2016 | Printed |                | VALSA         | VALLEY SAW AND GARDEN EQUIP.  | Service Push Mower            | 114.36    |
| 57673                          | 05/06/2016 | Printed |                | VERIZON WI    | VERIZON WIRELESS              | Cell Phones & MCT's           | 680.90    |
| 57674                          | 05/06/2016 | Printed |                | WATERLINE     | WATERLINE TECHNOLOGIES, INC   | Lifts for Pool Facility       | 12,178.56 |

**Total Checks: 59** **Checks Total (excluding void checks): 740,011.80**

**Total Payments: 59** **Bank Total (excluding void checks): 740,011.80**

**Total Payments: 59** **Grand Total (excluding void checks): 740,011.80**



Item No **9 (D)**

**REPORT TO THE CITY COUNCIL**

**DATE: MAY 24, 2016**  
**TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL**  
**FROM: STEVEN ADAMS, CITY MANAGER**  
**BY: PATRICIA GRAINGER, ACCOUNTANT**  
**RE: SUCCESSOR AGENCY CHECK REGISTER**

---

**RECOMMENDATION:**

It is recommended City Council receive and file.

**BACKGROUND:**

At least once a month, the City Treasurer shall submit to the City Council, a copy of the check register and invoice approval fund list.

**DISCUSSION:**

The purpose of this item is to provide the Council an opportunity to review and monitor ongoing expenditures. These documents for the Successor Agency are attached.

**COST ANALYSIS:**

There is no fiscal impact as a result of this action.

**ALTERNATIVES:**

The following alternatives are provided for Council consideration:

1. Receive and file the report; or
2. Provide other direction to staff regarding requests for additional information.

**CITY COUNCIL/SUCCESSOR AGENCY  
SUCCESSOR AGENCY CHECK REGISTER  
MAY 24, 2016  
PAGE 2 OF 2**

**Exhibit(S)**

1. Check Register Report

Submitted by:   
Patricia Grainger, Accountant

Approved by:   
Steven Adams, City Manager





Item No **9 (E)**

**REPORT TO THE PUBLIC FINANCING AUTHORITY**

**DATE: MAY 24, 2016**

**TO: HONORABLE CHAIR AND MEMBERS OF THE AUTHORITY**

**FROM: STEVEN ADAMS, SECRETARY**

**BY: PATRICIA GRAINGER, ACCOUNTANT**

**RE: PUBLIC FINANCING AUTHORITY CHECK REGISTER**

---

**RECOMMENDATION:**

It is recommended City Council receive and file.

**BACKGROUND:**

At least once a month, the City Treasurer shall submit to the City Council, a copy of the check register.

**DISCUSSION:**

The purpose of this item is to provide the Council an opportunity to review and monitor ongoing expenditures. These documents for the Public Financing Authority are attached.

**COST ANALYSIS:**

There is no fiscal impact as a result of this action.

**ALTERNATIVES:**

The following alternatives are provided for Council consideration:

1. Receive and file the report; or
2. Provide other direction to staff regarding requests for additional information.

**CITY COUNCIL/PUBLIC FINANCING AUTHORITY  
PUBLIC FINANCING AUTHORITY CHECK REGISTER  
MAY 24, 2016  
PAGE 2 OF 2**

**Exhibit (s)**

1. Check Register Report

Submitted by:   
Patricia Grainger, Accountant

Approved by:   
Steven Adams, Secretary

Check Register Report

Date: 05/11/2016

Time: 9:04 am

Page: 1

KING CITY CITY HALL

BANK: KING CITY FINANCE AUTHORITY

| Check Number | Check Date | Status | Void/Stop Date | Vendor Number | Vendor Name | Check Description | Amount |
|--------------|------------|--------|----------------|---------------|-------------|-------------------|--------|
|--------------|------------|--------|----------------|---------------|-------------|-------------------|--------|

**KING CITY FINANCE AUTHORITY Checks**

|     |            |         |  |       |                  |                           |           |
|-----|------------|---------|--|-------|------------------|---------------------------|-----------|
| 301 | 05/06/2016 | Printed |  | HANNA | HANNA & BRUNETTI | Eng Service - 1st. Street | 20,594.26 |
|-----|------------|---------|--|-------|------------------|---------------------------|-----------|

|                        |  |                  |
|------------------------|--|------------------|
| <b>Total Checks: 1</b> | <b>Checks Total (excluding void checks):</b> | <b>20,594.26</b> |
|------------------------|--|------------------|

|                          |  |                  |
|--------------------------|--|------------------|
| <b>Total Payments: 1</b> | <b>Bank Total (excluding void checks):</b> | <b>20,594.26</b> |
|--------------------------|--|------------------|

|                          |   |                  |
|--------------------------|---|------------------|
| <b>Total Payments: 1</b> | <b>Grand Total (excluding void checks):</b> | <b>20,594.26</b> |
|--------------------------|---|------------------|



Item No. **9 (F)**

**REPORT TO THE CITY COUNCIL**

**DATE: MAY 24, 2016**

**TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL**

**FROM: STEVEN ADAMS, CITY MANAGER**

**BY: PATRICIA GRAINGER, ACCOUNTANT**

**RE: MONTHLY TREASURER'S REPORT – APRIL 2016**

---

**RECOMMENDATION:**

It is recommended City Council receive and file.

**BACKGROUND:**

The California Government Code Section 41004 states "Regularly, at least once each month, the city treasurer shall submit to the city clerk a written report and accounting of all receipts, disbursements, and fund balances."

**DISCUSSION:**

The California Government Code authorizes and regulates the investment of local agency (city and county) funds. The City currently invests its funds with the Local Agency Investment Fund (LAIF) Program, administered by the State of California Treasurer's office. The City's housing rehab account is held at 1<sup>st</sup> Capital Bank, and the City's checking and payroll accounts, as well as developer deposits, are held at Well Fargo Bank, located at 506 Broadway, King City, CA 93930. A summary of investments and returns for the City is provided in the attached report.

**COST ANALYSIS:**

There is no fiscal impact as a result of this action.

**CITY COUNCIL  
MONTHLY TREASURER'S REPORT – APRIL 2016  
MAY 24, 2016  
PAGE 2 OF 2**

**ALTERNATIVES:**

The following alternatives are provided for Council consideration:

1. Receive and file the report; or
2. Provide other direction to staff regarding requests for additional information.

**Exhibits:**

1. Investment Report

Submitted by:   
Patricia Grainger, Accountant

Approved by:   
Steven Adams, City Manager

**City of King**  
 Investment Report  
 Schedule of Cash and Investments  
 April 30, 2016

| Investment Instrument                  |                             | Yield | Amount       | Maturity  | Value |
|--|-----------------------------|-------|--------------|-----------|-------|
| <b>Invested by City Treasurer</b>      |                             |       |              |           |       |
| <b>Institution</b>                     | <b>Investment Type</b>      |       |              |           |       |
| State of California LAIF - City        | Pooled                      | 0.46% | 3,848,812.48 | On Demand | N/R   |
| 1st Capital Bank                       | Checking Acct Housing Rehab | -     | 91,920.07    | On Demand | N/R   |
| Wells Fargo Bank                       | General Checking            | -     | 1,466,569.42 | On Demand | N/R   |
| Wells Fargo Bank                       | Payroll Checking Account    | -     | 7,925.25     | On Demand | N/R   |
| Petty Cash-City Hall/Change Fund       | Change Cash Drawer          | -     | 500.00       | On Demand | N/R   |
| Invested by City Treasurer (Subtotal): |                             |       | 5,415,727.22 |           |       |
| Total Cash and Investments             |                             |       | 5,415,727.22 |           |       |

Pursuant To Government Code 41004, I hereby certify that this report reflects all City's investments. This investment program complies with the City Investment Policy, approved by the City Council on 05/24/2016. Cash flow liquidity is still limited.

SIGNED: \_\_\_\_\_

  
 City Treasurer



Item No. **9 (G)**

**REPORT TO THE CITY COUNCIL**

**DATE: MAY 24, 2016**

**TO: HONORABLE MAYOR AND COUNCIL MEMBERS**

**FROM: STEVEN ADAMS, CITY MANAGER**

**BY: PATRICIA GRAINGER, ACCOUNTANT**

**RE: SUCCESSOR AGENCY MONTHLY TREASURER'S REPORT –  
APRIL 2016**

---

**RECOMMENDATION:**

It is recommended City Council receive and file.

**BACKGROUND:**

The California Government Code Section 41004 states "Regularly, at least once each month, the city treasurer shall submit to the city clerk a written report and accounting of all receipts, disbursements, and fund balances."

**DISCUSSION:**

The California Government Code authorizes and regulates the investment of local agency (city and county) funds, including successor agencies. The Successor Agency invests its bond proceeds in US Treasury obligations. All bond reserve funds are held by one bond trustee, U.S. Bank, and invested in accordance with the trustee agreement. The Successor Agency has three tax allocation bonds (TABs) issued. Yield, maturity and investment amount (proceeds) are itemized on the Successor Agency Schedule of Cash and Investments for the Agency.

**COST ANALYSIS:**

There is no fiscal impact as a result of this action.

**CITY COUNCIL/SUCCESSOR AGENCY  
SUCCESSOR AGENCY MONTHLY TREASURER'S REPORT – APRIL 2016  
MAY 24, 2016  
PAGE 2 OF 2**

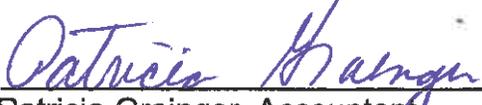
**ALTERNATIVES:**

The following alternatives are provided for Council consideration:

1. Receive and file the report; or
2. Provide other direction to staff regarding requests for additional information.

Exhibits:

1. Investment Report

Submitted by:   
Patricia Grainger, Accountant

Approved by:   
Steven Adams, City Manager

**City of King**  
Investment Report  
Schedule of Cash and Investments  
April 30, 2016

| Investment Instrument                                     |                         | Yield | Amount              | Maturity  | Value        |
|---|-------------------------|-------|---------------------|-----------|--------------|
| <b>Invested by City Treasurer</b>                         |                         |       |                     |           |              |
| <b>Institution</b>  | <b>Investment Type</b>  |       |                     |           |              |
| Wells Fargo Bank  | SA Checking Account     |       | 893,400.14          | On Demand | N/R          |
| Invested by City Treasurer (Subtotal):                    |                         |       | 893,400.14          |           |              |
| <b>Invested by Trustees (as of April 2016 Statements)</b> |                         |       |                     |           |              |
| <b>Bond Reserves (1)</b>                                  |                         |       |                     |           |              |
| <u>U.S. Bank - 2011 TARB</u>                              |                         |       |                     |           |              |
| US Bank Money Market Ct                                   | Reserve Account #8005   | 0.00% | 481,062.50          | 8/1/2034  | 481,062.50   |
| US Bank Money Market Ct                                   | Special Fund #8000      | 0.10% | 126.56              | 8/1/2016  | 126.56       |
| US Bank Money Market Ct                                   | Sinking Fund #8003      | 0.00% | 0.20                | 8/1/2016  | 0.20         |
| US Bank Money Market Ct                                   | Special Fund #8001      | 0.00% | 0.00                | 8/1/2016  | 0.00         |
| US Bank Money Market Ct                                   | Cost of Issu Fund#8009  | 0.00% | 0.00                |           | 0.00         |
| <u>U.S. Bank - 2016 TARB</u>                              |                         |       |                     |           |              |
| US Bank Money Market Ct                                   | Debt Service Fund #6000 | 0.10% | 222.79              | 3/31/2025 | 222.79       |
| US Bank Money Market Ct                                   | Interest Account #6001  | 0.00% | 0.00                | 9/30/2016 | 0.00         |
| US Bank Money Market Ct                                   | Sinking Account #6003   | 0.00% | 0.00                | 9/30/2016 | 0.00         |
| US Bank Money Market Ct                                   | Reserve Account #6005   | 0.10% | 319,508.73          | 3/31/2025 | 319,508.73   |
| US Bank Money Market Ct                                   | Cost of Issu Fund #6009 | 0.10% | 12,675.89           | 9/30/2016 | 12,675.89    |
| US Bank Money Market Ct                                   | Escrow Fund #6050       | 0.39% | 3,352,622.00        | 9/30/2016 | 3,352,622.00 |
| Market Value Provided by U.S. Bank, Trustee               |                         |       |                     |           |              |
| Invested by Trustees (Subtotal):                          |                         |       | 4,166,218.67        |           |              |
| <b>Total Cash and Investments</b>                         |                         |       | <b>5,059,618.81</b> |           |              |

Pursuant To Government Code 41004, I hereby certify that this report reflects all City's investments. This investment program complies with the City Investment Policy, approved by the City Council on 05/24/2016. Cash flow liquidity is still limited.

SIGNED:  \_\_\_\_\_  
City Treasurer

**Note:**  
(1) Bonds



Item No. **9 (H)**

**REPORT TO THE PUBLIC FINANCING AUTHORITY**

**DATE: MAY 24, 2016**

**TO: HONORABLE CHAIR AND MEMBERS OF THE AUTHORITY**

**FROM: STEVEN ADAMS, SECRETARY**

**BY: PATRICIA GRAINGER, ACCOUNTANT**

**RE: MONTHLY TREASURER'S REPORT – APRIL 2016**

---

**RECOMMENDATION:**

It is recommended City Council receive and file.

**BACKGROUND:**

The California Government Code Section 41004 states "Regularly, at least once each month, the city treasurer shall submit to the city clerk a written report and accounting of all receipts, disbursements, and fund balances." The Public Finance Authority was used for the issuance of the Sewer Enterprise Bonds.

**DISCUSSION:**

The California Government Code authorizes and regulates the investment of local agency (city and county) funds. The Authority currently invests its funds with the Local Agency Investment Fund (LAIF) Program, administered by the State of California Treasurer's office, as well as bank CD's and instruments issued by agencies of the United States Government. A summary of investments and returns for the Financing Authority is provided in the attached report.

**COST ANALYSIS:**

There is no fiscal impact as a result of this action.

**CITY COUNCIL/PUBLIC FINANCING AUTHORITY  
MONTHLY TREASURER'S REPORT – APRIL 2016  
MAY 24, 2016  
PAGE 2 OF 2**

**ALTERNATIVES:**

The following alternatives are provided for Council consideration:

1. Receive and file the report; or
2. Provide other direction to staff regarding requests for additional information.

Exhibits:

1. Investment Report

Submitted by:   
Patricia Grainger, Accountant

Approved by:   
Steven Adams, Secretary

**City of King**  
 Investment Report  
 Schedule of Cash and Investments  
 April 30, 2016

| Investment Instrument                             | Yield                     | Amount    | Maturity     | Value     |
|---|---------------------------|-----------|--------------|-----------|
| <b>Invested by City Treasurer</b>                 |                           |           |              |           |
|   | <b>Investment Type</b>    |           |              |           |
| Wells Fargo Bank                                  |                           | 32,304.17 | On Demand    | N/R       |
| State of California LAIF- Financing Authority (1) | Fin Auth Checking Account |           |              |           |
|   | Debt Service              | 0.46%     | 5,014.44     | On Demand |
| Invested by City Treasurer (Subtotal):            |                           |           | 37,318.61    |           |
| Piper Investments                                 |                           | 0.10%     | 160,307.59   | Varies    |
| ProEquities Investments                           |                           | 0.00%     | 1,022,157.83 |           |
| Invested by City Treasurer (Subtotal):            |                           |           | 1,182,465.42 |           |
| Total Cash and Investments                        |                           |           | 1,219,784.03 |           |

Pursuant To Government Code 41004, I hereby certify that this report reflects all City's investments. This investment program complies with the City Investment Policy, approved by the City Council on 05/24/2016. Cash flow liquidity is still limited.

SIGNED:  \_\_\_\_\_  
 Secretary

**Note:**  
 (1) Debt Service



**REPORT TO THE CITY COUNCIL**

**DATE: MAY 24, 2016**

**TO: HONORABLE MAYOR AND CITY COUNCIL**

**FROM: DOREEN LIBERTO-BLANCK, AICP, COMMUNITY DEVELOPMENT DIRECTOR, DAVE HALE, ASSISTANT CITY ATTORNEY, AND DON FUNK, PRINCIPAL PLANNER**

**SUBJECT: SECOND READING AND ADOPTION OF ORDINANCE ADDRESSING CAR CANOPIES, SHEDS AND SHADE STRUCTURES**

---

**RECOMMENDATION:**

It is recommended that the City Council conduct the second reading, by title only and adopt Ordinance No. 2016-724.

**BACKGROUND:**

City Council conducted the first reading on Tuesday, May 10, 2016 and voted four to one to adopt the ordinance addressing car canopies, sheds and shade structures. There was no public testimony regarding the proposed ordinance. The ordinance had been noticed in an eighth page ad in the newspaper and the code enforcement office had personally distributed notice letters in English and Spanish to houses where structure are located in front yard and street side yard areas.

**DISCUSSION:**

The Municipal Code currently does not have adequate language to address concerns that have been identified regarding certain temporary structures such as car canopy enclosures (**Figure 1**), tool sheds (**Figure 2**), and shade structures (**Figure 3**). The City's Citizens' Code Enforcement Committee ("**CCEC**") recommended the City adopt an ordinance addressing canopies, sheds, car enclosures, shade covers and tarps. On May 3, 2016, the Planning Commission unanimously recommended the City Council approve amendments to Municipal Code §§17.09.015 and 17.09.050 and adding §17.09.060 of Chapter 17.09 of Title 17 that address criteria for car canopies, sheds, and shade structures with a few corrections.

**CITY COUNCIL**

**MAY 24, 2016**

**CONSIDERATION OF ORDINANCE ADDRESSING CAR CANOPIES, SHEDS AND SHADE STRUCTURES**

**PAGE 2 OF 2**



**Figure No. 1**



**Figure 2**



**Figure 3**

These structures, if improperly located, can create serious issues of safety and can detract from the appearance of a residential neighborhood. For example, if car enclosures are located in front or street side yard areas, they can impair visual access for safety. If fabric car enclosures are located close to a residence, they can create fire hazards. The proposed code addresses these safety and other safety issues noted by the Fire and Police Chiefs.

**COST ANALYSIS:**

There is no direct cost to the City from adoption of the Ordinance. It will require dedication of Code Enforcement staff for enforcement. However, this area was identified as the top priority by the Citizen Code Enforcement Advisory Committee and the City Council for proactive code enforcement.

**ALTERNATIVES:**

The following alternatives are provided for City Council consideration:

1. Adopt the Ordinance;
2. Direct staff to make changes to the Ordinance and return for reintroduction;
3. Adopt the Ordinance, but direct staff to enforce on a complaint basis only, and go to the next item on the list of priorities for proactive enforcement;
4. Do not adopt the Ordinance; or
5. Provide staff other direction.

**Exhibits:**

1. Ordinance No. 2016-724

Submitted by: MCA FOR Doreen Liberto Blanck  
Doreen Liberto-Blanck, Community Development Director

Approved by: [Signature]  
Steven Adams, City Manager

ORDINANCE NUMBER 2016-724

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF KING, COUNTY OF MONTEREY, STATE OF CALIFORNIA, APPROVING AN AMENDMENT TO SECTIONS 17.09.015 AND 17.09.050 AND ADDING SECTION 17.09.060 OF CHAPTER 17.09 OF TITLE 17 (ZONING) OF THE CITY OF KING MUNICIPAL CODE FOR DEFINITION AND REGULATION OF CANOPIES, SHEDS, TRELLISES AND TARPS IN THE CITY**

**WHEREAS**, the City is interested in modifying its ordinances to regulate the location and size of temporary canvas, cloth or other similar structures; and

**WHEREAS**, there has been a proliferation of the construction and placement of temporary canvas or cloth structures within front or street side yards; and

**WHEREAS**, the construction or placement of these temporary structures are unsightly and create numerous visual distractions; and

**WHEREAS**, the City desires to restrict these structures from front or street side yards to enhance the neighborhood character; and

**WHEREAS**, the City also desires to limit the location and size of temporary vehicle shade structures and establish general regulations related to sheds, temporary covers and other similar structures.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KING, CALIFORNIA AS FOLLOWS:

**SECTION 1:** Section 17.09.015, of Chapter 17.09 of Title 17 (Zoning) of the City of King Municipal Code is hereby amended by adding subsections (c), (d), (e) and (f) and adopted as follows:

(c) Shed: A small roofed structure of one-hundred and twenty (120) square feet or less, typically made of wood, plastic or metal, used only as a storage space for household and yard items, and not used for occupancy, business, office or other use.

(d) Tarp: A tarpaulin sheet or cover without supports used to cover items such as vehicles (car cover) or other items and not having an integral supporting system.

(e) Temporary Shade Canopy (non-vehicular use): A covering, usually of fabric, supported on poles, portable and temporary in nature and equal to or less than one-hundred forty-four (144) square feet in area.

(f) Vehicle Canopy Enclosure: A cover, usually of fabric, supported on poles, for intended use of providing cover and/or shade for a vehicle, portable in nature and equal to or less than two hundred and forty (240) square feet in size and having adequate temporary anchors to protect against being moved by the wind.

**SECTION 2:** Section 17.09.050, of Chapter 17.09 of Title 17 (Zoning) of the City of King Municipal Code is hereby amended by adding subsection (c) and adopted as follows:

(c) Garages and carports (temporary and permanent), including temporary canvas, cloth, plastic or other similar constructed or kit enclosure units of any kind are not permitted in front or street side yard setback.

(1) Garages and carports shall require building permits and shall meet all applicable requirements for setbacks for each zoning district, including front, side and rear yard setbacks established for each zoning district.

(2) For modular vehicle canopy structures or other shading structures for vehicles and temporary vehicle shading, usually made of plastic pipe, steel or aluminum light framing and having a canvas or other non-permanent cloth cover, said structures up to two-hundred and forty (240) square feet in area and not over fourteen (14) feet in height will not require a building permit and shall meet the following requirements:

(i) Said vehicle canopy shade structure shall not be located in any front yard, rear yard, interior side yard or street side yard setback area.

(ii) Said vehicle canopy shade cover may only be placed next to a structure if it has a documented fire rating. Proof of fire rating will be required. If the vehicle canopy does not have said fire rating, it shall be located a minimum of five (5) feet from any structure.

(iii) Said canopies shall have a maximum of three of the sides enclosed and shall have the side towards the street open.

(iv) Said temporary vehicle shade canopies shall be adequately anchored to the ground.

(v) Said temporary vehicle shade structures are not permitted in zoning districts other than R-1 without the approval of a conditional use permit approved by the Planning Commission.

**SECTION 3:** Section 17.09.060, of Chapter 17.09 of Title 17 (Zoning) of the City of King Municipal Code is hereby added and adopted as follows:

17.09.060 General Limitations and City Departments Regarding Sheds, Temporary covers and other similar structures.

(a) Tool and storage sheds: Storage sheds, similar small storage structures when located on a parcel which contains an existing single family dwelling or duplex residential structure shall not require a building permit and must meet the following criteria:

(1) Such structures shall not have a floor area that exceeds one-hundred and twenty (120) square feet and the height above grade shall not exceed twelve (12) feet.

(2) No more than one structure may be allowed under this exemption unless separated from another permit-exempt structure by more than fifty (50) feet.

(3) Electrical, plumbing, or mechanical work in connection with such structures requires an electrical, plumbing or mechanical permit.

(4) Said storage shed structures may not be located in any front or street side yard setback areas of any lot.

(5) Said storage sheds shall not be used for living, commercial or industrial purposes.

(b) Shading Devices (non-vehicular storage):

(1) Window awnings supported by an exterior wall of a residence or residential garage and which do not project more than thirty-six (36) inches may be permitted.

(2) Shade cloth structures constructed for plant nursery or agriculture purposes, with no electrical, gas or other service, do not require a building permit. Such shade structures, whether permanent or non-permanent, shall not be located in required front yards and street side yards and shall be adequately anchored to the ground. (Plumbing, electrical or mechanical systems associated with the structure require permits through the building and safety department.

(3) Detached shade structures without a solid roof (e.g., trellises or arbors) when the height above grade does not exceed twelve (12) feet and one-hundred and forty-four (144) square feet in roof area do not require a building permit. This does not include patio covers or permanent or temporary carports, which are required to meet the applicable criteria of this Code. For the purpose of this section trellises and arbors accessory to residential occupancies are considered detached shade structures and are defined as follows:

(i) Structures which have a lattice or fabric roof structure.

(ii) Seventy-five (75) percent of the exterior walls are not less than seventy-five percent open.

(iii) A structure which a motor vehicle cannot be driven into due to the configuration of the structure or placement on the site.

(iv) Electrical, plumbing or mechanical equipment contained within the structure shall require a permit.

(v) Said trellises and arbors shall meet the standards for patio covers within this Municipal Code.

(vi) Exceptions: Temporary shades, up to 144 square feet may be used in a front or street side yard for short periods for events such as birthday parties, wedding celebrations or other similar occasions or events for a period not to exceed seventy-two (72) continuous hours in any one week and shall not be used for commercial purposes.

**SECTION 4:** This ordinance shall be in full force and effect at 12:01 a.m. on the thirty first day (31) from and after is final passage, adoption and approval.

ATTEST:

---

Robert Cullen  
Mayor

---

Steve Adams  
City Manager/City Clerk

I, Steve Adams, do hereby certify that Ordinance Number 2016-724 was duly and regularly passed and adopted by the City Council on the 24th day of May, 2016, by the following roll call vote as the same appears on file and of record in Office of the City Clerk.

AYES:

NOES:

ABSENT:

ABSTAIN:

---

Steve Adams  
City Manager/City Clerk



Item No. **9 (J)**

**REPORT TO THE CITY COUNCIL**

**DATE: MAY 24, 2016**

**TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL**

**FROM: STEVEN ADAMS, CITY MANAGER**

**RE: CONSIDERATION OF KING CITY CHAMBER OF COMMERCE & AGRICULTURE CITY-WIDE YARD SALE AND SIDEWALK SALE**

---

**RECOMMENDATION:**

It is recommended the City Council: 1) approve the King City Chamber of Commerce & Agriculture special event permit request for a City-wide Yard Sale and Sidewalk Sale on June 18, 2016 and June 19, 2016; 2) waive all garage sale permit fees and requirements during those days; and 3) waive fees for the special event permit.

**BACKGROUND:**

The King City Chamber of Commerce & Agriculture has submitted a special event permit request for a City-wide Yard Sale and Sidewalk Sale on June 18, 2016 and June 19, 2016. A copy of the request letter and application are attached. They have asked for Council authorization to promote the event and to waive any garage sale permit fees and requirements during those two days. They have also requested the special event permit fee be waived.

**DISCUSSION:**

The event is part of Beautification Week activities. The purpose is to enable residents and businesses to conveniently and successfully dispose of unwanted items, while diverting them from the landfill. Meanwhile, by encouraging residents and businesses to conduct them concurrently as part of a citywide event, it will help bring customers to the City. The City has approved this event and waiving the permit fees in the past.

**CITY COUNCIL  
CONSIDERATION OF EMERGENCY OPERATIONS PLAN  
MAY 24, 2016  
PAGE 2 OF 2**

**COST ANALYSIS:**

The permit fee is \$26. Garage sale permit fees are \$15.

**ALTERNATIVES:**

The following alternatives are provided for City Council consideration:

1. Approve staff's recommendations;
2. Approve the event, but do not waive the permit fees;
3. Do not approve the event; or
4. Provide staff other direction.

**Exhibits:**

1. May 10, 2016 Letter from King City Chamber of Commerce & Agriculture
2. Permit Application

Prepared and Approved by:

  
\_\_\_\_\_  
Steven Adams, City Manager

**KING CITY**

Chamber of Commerce &amp; Agriculture

200 Broadway St., Suite 40

King City, CA 93930

Phone (831) 385-3814

Fax (831) 386-9462

www.kingcitychamber.com kcchambermanager@kingcitychamber.com

**Executive Officers****President**

Erin King

**Vice President**

TJ Plew

**Treasurer**

Kathy Garcia

**Secretary**

Becky Garcia

**Past President**

Ron Childers

**Board of Directors**

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**Chamber Manager**

Brandi Schmidt-Garza

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Salinas Valley Fair

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May 6, 2016

City of King  
210 S. Vanderhurst Avenue  
King City, CA 93930

RE: Economic Development Partnership

Mr. Mayor and Council Members:

Since our establishment in 1911 The King City Chamber of Commerce & Agriculture continues to be a group of community members joined together for the purpose of promoting the City of King and the business community. We strive to make our City a better place to live work and do business. The Chamber grows every year and currently has approximately 200 businesses benefiting from their membership with us.

As a non-profit organization we are an advocate for business growth and are involved in many events that promote and inform through the successful implementation of programs such as: The State of the City, The Big Event, an information booth at the Salinas Valley Fair promoting our members and community, Certified Farmers Market, Beautification Week, Aerial Firework Display, Annual Tri Tip Fundraiser, El Grito Celebration, Inaugural Mesa Del Rey King City Airport Open house, and the Annual Christmas Parade.

We became a Visitors Center to support the City of King and since January 2015 up until this month we have provided information to over 100 tourists that have come through our door. We believe that posting signs up around town on how to get to the Visitors Center along with signs on how to get to the Pinnacles National Park has increased tourism in our City. We also send out relocation packets to people interested in relocating here. The Chamber is involved with the King City Tourism Group, the Pinnacles National Park and has established a strong partnership with the US Army Garrison Fort Hunter Liggett. We believe that all the programs and events we do are essential to the economic



# KING CITY

Chamber of Commerce & Agriculture

200 Broadway St., Suite 40

King City, CA 93930

Phone (831) 385-3814

Fax (831) 386-9462

[www.kingcitychamber.com](http://www.kingcitychamber.com) [kcchambermanager@kingcitychamber.com](mailto:kcchambermanager@kingcitychamber.com)

## Executive Officers

### **President**

Erin King

### **Vice President**

TJ Plew

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development of the City of King. Economic development, in turn, is the driver of economic growth an opportunity for our local community.

As the City Council prepares the annual budget we would appreciate funding of \$10,000. Assistance from the City will help us better promote the City of King and the events the Chamber puts on, that brings and keeps people in this community and gives them something positive to be a part of while at the same time helping to leverage our costs.

Thank you for your consideration of this request and we look forward to our continued partnership.

Best regards,  
King City Chamber of Commerce & Agriculture  
Executive Officers

**City of King City**  
**PERMIT APPLICATION**  
 Meeting - Assembly - Street Closure - Parade - Amplified Sound - Race - Alcohol Sales/Service

1. Date of Event: 6/18 & 19 2016 Start Time: \_\_\_\_\_ End Time: \_\_\_\_\_  
 Set-up and Preparation: From: \_\_\_\_\_ To: \_\_\_\_\_ Clean-up, Close: From: \_\_\_\_\_ To: \_\_\_\_\_
2. Location of Event: King City & Pine Canyon
3. Sponsoring Organization: King City Chamber of Commerce
4. Address: 200 Broadway St Suite 40  
 Phone: (Day) 385-3814 (Evening) \_\_\_\_\_
5. Purpose of Event (Briefly): To help in the beautification of King City Resident have Garage Sales to Reduce Clutter
6. Person in Charge: \_\_\_\_\_  
 Phone: (Day) \_\_\_\_\_ (Evening) \_\_\_\_\_
7. How many participants and/or spectators do you expect? \_\_\_\_\_
8. Will you be using monitors for any purpose and, if so, how many and how will they be identified? \_\_\_\_\_
9. Alcohol: Served \_\_\_\_\_ Sold \_\_\_\_\_ None X
10. Police Required; No X Yes \_\_\_\_\_ How Many \_\_\_\_\_ Cost \$ \_\_\_\_\_ To be paid for prior to event.
11. Public Works Required; No X Yes \_\_\_\_\_ Cost \$ \_\_\_\_\_ What services \_\_\_\_\_

*I hereby certify the foregoing statements to be true and correct, and agree to indemnify and hold harmless the City of King, its Council, officers, agents, and employees from and against any and all loss, damages, liability, claims, suits, costs and expenses, whatsoever, including Attorney's fees, regardless of the merit or outcome of any such claim or suit arising from or in any manner connected to the requested activity. I also agree, if approved, to comply with all permit conditions, and understand that failure to comply with any conditions, or any violation of the law may result in immediate cancellation of the event, denial of future events and/or criminal prosecution.*

Organization Representative: Brandi Grzes Date 5/18/16

*This application becomes an approved permit once signed by an authorized Police Department staff member. Permittee agrees to all terms and conditions of this permit, including provisions outlined in the permit conditions or any attachments.*

PERMIT APPROVED: \_\_\_\_\_ Date \_\_\_\_\_  
 King City Police Department

Permit Fee: \$ \_\_\_\_\_ (Does not include any costs associated with the requisite hiring of City personnel or any other additional agreed upon charges).

If approved for alcohol sales or service, take this form to the Alcohol Beverage Control, 1137 W. Ridge Parkway, Salinas, Ca. 93967 (831) 755-1990.

**City of King City**  
**PERMIT APPLICATION**  
**Meeting - Assembly - Street Closure - Parade - Amplified Sound - Race - Alcohol Sales/Service**

**PERMIT CONDITIONS**

**Applicant must comply with all requests of the King City Police Department.**

Applicant must initial each condition

*PBJ*    A. Furnish the City with a certificate of insurance in an amount not less than \$2 million "Combined Single Limit" naming the City of King as an additional insured. Such insurance must be primary to any city insurance, and the city must have at least ten days notice of cancellation.

*PBJ*    B. The sponsoring organization must reimburse the City for all direct and incidental expenses for the use of the city personnel and/or facilities. The City has the absolute discretion to determine the number of personnel that will be provided for a particular event.

*PBJ*    C. The sponsor is responsible for all sign placement and removal, litter control, and clean-up activities incurred as a result of this event.

*PBJ*    D. Alcohol sales/service is approved under the following conditions:

1. No glass bottles, all drinks to be served in cans or plastic/paper cups.
2. All alcohol is to be withheld one (1) hour prior to the end of the event.
3. Two drink maximum per customer per purchase.
4. Valid identification must be checked prior to service.
5. Anyone purchasing or consuming alcoholic beverages must wear identification wristbands, and the bands must be placed on the wrist by the event staff.
6. All servers must have completed "Responsible Beverage Training".
7. All servers must carry their valid training card and present it upon request.
8. No server may consume alcohol before or during the hours of operation.

*PBJ*    E. An event permit may be revoked at any time during the event by the Patrol Supervisor for; Violation of any of the permit conditions, failure to obtain and post any permit required by ABC for sales or service of alcohol, or any occurrence of unlawful or criminal activity during the event.

Representative: Brandi Baga Date 5/18/16  
Signature

Name: BRANDI BAGZA  
Please Print



Item No. 9 (K)

**REPORT TO THE SUCCESSOR AGENCY OF THE CDA OF THE CITY OF KING**

**DATE: MAY 24, 2016**

**TO: CHAIRMAN AND MEMBERS OF THE SUCCESSOR AGENCY**

**FROM: MIKE HOWARD, FINANCE DIRECTOR**

**RE: CONSIDERATION OF SUCCESSOR AGENCY TO THE  
COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF KING  
SENIOR LIEN TAX ALLOCATION REFUNDING BONDS, SERIES  
2016**

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**RECOMMENDATION:**

It is recommended that the Successor Agency adopt Resolution No. 2016-002, Approving the Issuance of Refunding Bonds in Order to Refund Certain Outstanding Obligations of the Former Community Development Agency of the City of King, Approving the Execution and Delivery of an Indenture of Trust and an Escrow Agreement Relating thereto, Requesting Oversight Board Approval of the Issuance of the Refunding Bonds, Requesting Certain Determinations by the Oversight Board, and Providing for other Matters Properly Relating thereto.

**BACKGROUND:**

In 2011, the Community Development Agency of the City of King (the "Prior Agency") issued Tax Allocation Refunding Bonds (the "2011 Bonds"), in the amount of \$5,240,000, of which \$4,850,000 is currently outstanding.

Due to the dissolution of redevelopment agencies, the Successor Agency to the Community Development Agency of the City of King (the "Agency") now has responsibility for repayment of the 2011 Bonds, as well as additional tax allocation refunding bonds that were just issued in March of 2016 (the "2016 Bonds"). Per AB 1484, the Agency may refund existing bonds, with approval of the Oversight Board and the State Department of Finance, for the purpose of generating a debt service savings.

Due to recent further declines in market interest rates to all-time lows, the Agency can now generate an estimated total debt service savings of

**SUCCESSOR AGENCY  
CONSIDERATION OF SUCCESSOR AGENCY TO THE COMMUNITY  
DEVELOPMENT AGENCY OF THE CITY OF KING SENIOR LIEN TAX  
ALLOCATION REFUNDING BONDS, SERIES 2016  
MAY 24, 2016  
PAGE 2 of 4**

approximately \$868,000 by issuing a proposed second series of 2016 bonds (the "2016 Senior Lien Bonds"), which will refund (repay) all outstanding 2011 Bonds (the 2016 Bonds issued in March will remain outstanding).

The 2016 Senior Lien Bonds would be sold through a "private placement" transaction to a Bank, just as the 2016 Bonds issued in March were sold. The term of the 2016 Senior Lien Bonds would not be extended and would match the current final maturity date (8/1/2034) of the 2011 Bonds. Even though the 2011 Bonds are not callable for the first time until August 1, 2021, issuing refunding bonds now in the current low interest rate environment will provide overall debt service savings.

The net proceeds of the 2016 Senior Lien Bonds would be placed into a refunding escrow account at bond closing for the purpose of making principal and interest payments due on the 2011 Bonds until the first available call date on 8/1/2021, at which time all outstanding principal would be repaid (the 2011 bonds will be legally "defeased" at bond closing, and no longer be the responsibility of the Agency due to the refunding escrow fund being in place). Although there will be a "negative arbitrage" cost to holding the refunding escrow fund of approximately \$510,000 (due to paying interest on the remaining 2011 Bonds at the old interest rate until 2021, yet only earning interest on the escrow amount at current low rates), the estimated total debt service savings of \$868,000 is net of the estimated negative arbitrage amount.

Based on the redevelopment dissolution laws, the Agency may retain the savings amount to the extent it has additional enforceable obligations, such as the annual administrative cost allowance of \$250,000. Otherwise, the savings amount would be split among taxing entities, including the county, school districts, and the City's General Fund.

The State Department of Finance ("DOF") is allowed 60 days to review any actions of the Oversight Board to approve refunding bond issues. The Oversight Board meeting to approve the action of the Successor Agency with regards to the 2016 Senior Lien Bonds is scheduled for May 25<sup>th</sup>, so the DOF would have until near the end of July to review the proposed 2016 Senior Lien Bonds.

The final interest rate on the 2016 Senior Lien Bonds will be determined by the Bank, once final approval is received from DOF. Bond closing is expected to occur by the third week of August 2016, at which time the 2011 Bonds would be legally defeased.

**SUCCESSOR AGENCY  
CONSIDERATION OF SUCCESSOR AGENCY TO THE COMMUNITY  
DEVELOPMENT AGENCY OF THE CITY OF KING SENIOR LIEN TAX  
ALLOCATION REFUNDING BONDS, SERIES 2016  
MAY 24, 2016  
PAGE 3 of 4**

**DISCUSSION:**

Per the attached Resolution, the Agency is being asked to approve the form of the Indenture of Trust, and an Escrow Agreement. The Indenture of Trust defines the payment terms and conditions of 2016 Bonds, and establishes the funds and accounts that will be held by the Trustee on behalf of the Agency, including the Debt Service Reserve Account.

The Escrow Agreement will establish the Escrow Account that will be used to repay principal and interest on the 2011 Bonds until 8/1/2021, at which time the total outstanding principal amount of the 2011 Bonds will be repaid. Other documents necessary for the issuance of the 2016 Senior Lien Bonds, including the Bond Purchase Agreement, will be presented to the Agency for approval at a future meeting, closer to the expected closing date. It is anticipated that these additional documents will be presented to the Agency for consideration at the first meeting in August.

The forms of the Indenture of Trust and the Escrow Agreement are on file with the City Clerk. Doug Anderson from Urban Futures, Inc. will be at the meeting to answer any questions.

**COST ANALYSIS:**

By refunding the 2011 Bonds, the Agency can generate an estimated total debt service savings of \$868,000, net of all costs of issuance (costs of issuance will be paid from bond proceeds). The repayment of principal and interest on the 2016 Senior Lien Bonds will be payable solely from Tax Revenues, which is tax increment revenues from the Project Area deposited into the Agency's Redevelopment Property Tax Trust Fund ("RPTTF"), and available after satisfying certain administrative costs of the County and pass through obligations to affected taxing entities. The 2016 Senior Lien Bonds will not be a debt of the City's general fund or the State, or any of its political subdivisions (except the Agency).

**ALTERNATIVES:**

The following alternatives are provided for Council consideration:

1. Adopt Resolution No. SA 2016-002; or
2. Do not adopt the resolution and maintain the current bonds at the existing interest rate; or
3. Provide other direction to staff.

**SUCCESSOR AGENCY  
CONSIDERATION OF SUCCESSOR AGENCY TO THE COMMUNITY  
DEVELOPMENT AGENCY OF THE CITY OF KING SENIOR LIEN TAX  
ALLOCATION REFUNDING BONDS, SERIES 2016  
MAY 24, 2016  
PAGE 4 of 4**

Exhibits:

1. Resolution No. SA 2016-002
2. Debt Service Savings Analysis
3. Indenture of Trust
4. Escrow Agreement

Submitted by: \_\_\_\_\_  
Mike Howard, Finance Director

Approved by:  \_\_\_\_\_  
Steven Adams, City Manager

**SUCCESSOR AGENCY TO THE  
COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF KING**

**RESOLUTION NO. 2016-002**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF KING APPROVING THE ISSUANCE OF REFUNDING BONDS IN ORDER TO REFUND CERTAIN OUTSTANDING OBLIGATIONS OF THE FORMER COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF KING, APPROVING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST AND AN ESCROW AGREEMENT RELATING THERETO, REQUESTING OVERSIGHT BOARD APPROVAL OF THE ISSUANCE OF THE REFUNDING BONDS, REQUESTING CERTAIN DETERMINATIONS BY THE OVERSIGHT BOARD, AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO**

WHEREAS, pursuant to section 34172(a) of the California Health and Safety Code (unless otherwise noted, all section references hereinafter being to such Code), the Community Development Agency of the City of King (the "Former Agency") has been dissolved and no longer exists as a public body, corporate and politic, and pursuant to section 34173, and the Successor Agency to the Community Development Agency of the City of King (the "Successor Agency") has become the successor entity to the Former Agency;

WHEREAS, a redevelopment plan for the Former Agency's King City Redevelopment Project in the City of King (the "City") has been adopted in compliance with all requirements of the Code (the "Redevelopment Project");

WHEREAS, prior to the dissolution of the Former Agency, the Former Agency issued its \$5,240,000 Community Development Agency of the City of King Tax Allocation Refunding Bonds, Series 2011 (the "2011 Bonds"), to refinance redevelopment activities within and for the benefit of the Redevelopment Project, of which \$4,850,000 principal amount remains outstanding;

WHEREAS, section 34177.5 authorizes the Successor Agency to issue refunding bonds pursuant to Article 11 (commencing with section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Refunding Law") for the purpose of achieving debt service savings within the parameters set forth in section 34177.5(a)(1) (the "Savings Parameters");

WHEREAS, to determine compliance with the Savings Parameters for purposes of the issuance by the Successor Agency of its tax allocation refunding bonds (the "Refunding Bonds"), the Successor Agency has caused its financial advisor, Urban Futures, Incorporated (the "Financial Advisor"), to prepare an analysis of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of the use of the proceeds of the Refunding Bonds to repay or refund all or a portion of the 2011 Bonds (the "Debt Service Savings

Analysis”);

WHEREAS, the Debt Service Savings Analysis has demonstrated that a refunding of the 2011 Bonds will satisfy the Savings Parameters;

WHEREAS, the Successor Agency desires at this time to authorize the issuance of its Successor Agency to the Community Development Agency of the City of King (Monterey County, California) Senior Lien Tax Allocation Refunding Bonds, Series 2016, to refund the 2011 Bonds (the “Bonds”), pursuant to an indenture of trust (the “Indenture”), by and between the Successor Agency and U.S. Bank National Association, as trustee (the “Trustee”);

WHEREAS, pursuant to section 34179, an oversight board (the “Oversight Board”) has been established for the Successor Agency;

WHEREAS, the Successor Agency is now requesting that the Oversight Board approve the issuance of the Bonds pursuant to this Resolution and the Indenture;

WHEREAS, the Successor Agency further requests that the Oversight Board make certain determinations described below on which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the Bonds;

WHEREAS, the Successor Agency has determined to sell the Bonds to to a private placement purchaser (the “Purchaser”) pursuant to the terms of a bond purchase agreement to be entered into by the Successor Agency and the Purchaser; and

WHEREAS, following approval by the Oversight Board of the issuance of the Bonds by the Successor Agency and upon submission of this Resolution and a resolution of approval of the Oversight Board (the “Oversight Board Resolution”) to the California Department of Finance, the Successor Agency will, with the assistance of its Financial Advisor, its placement agent and its fiscal consultant, identify a Purchaser, and a bond purchase agreement between the Successor Agency and the Purchaser will be prepared, the preliminary form of which will be submitted to the Successor Agency for approval.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF KING DOES RESOLVE AS FOLLOWS:

SECTION 1. Determination of Savings. The Successor Agency has determined that there are significant potential savings available to the Successor Agency and to applicable taxing entities in compliance with the Savings Parameters by the issuance by the Successor Agency to the Bonds to provide funds to refund and defease the 2011 Bonds, all as evidenced by the Debt Service Savings Analysis on file with the Successor Agency Secretary, which Debt Service Savings Analysis is hereby approved.

SECTION. 2. Approval of Issuance of the Bonds. The Successor Agency hereby authorizes and approves the issuance of the Bonds under the Law and the Refunding Law in the aggregate principal amount of not to exceed \$6,750,000, provided that the Bonds are in compliance with the

Savings Parameters at the time of sale and delivery.

SECTION 3. Approval of Indenture. The Successor Agency hereby approves the Indenture prescribing the terms and provisions of the Bonds and the application of the proceeds of the Bonds in the form on file with the Successor Agency Secretary. The Chair of the Successor Agency and the Executive Director (each, an "Authorized Officer"), each acting alone, are hereby authorized and directed to execute and deliver, and the Successor Agency Secretary, is hereby authorized and directed to attest to, the Indenture for and in the name and on behalf of the Successor Agency in such form, together with such changes therein, deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, such approval to be conclusively evidenced by the execution and delivery of the Indenture. The Successor Agency hereby authorizes the delivery and performance of the Indenture.

SECTION 4. Approval of Escrow Agreement. The form of escrow agreement, by and between the Successor Agency and U.S. Bank National Association, as escrow bank, relating to the refunding and defeasance of the 2011 Bonds (the "Escrow Agreement"), in the form on file with the Successor Agency Secretary, is hereby approved and the Authorized Officers are, each acting alone, hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to execute and deliver the Escrow Agreement in such form together with such changes therein, deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, such approval to be conclusively evidenced by the execution and delivery of the Escrow Agreement. The Successor Agency hereby authorizes the delivery and performance of the Escrow Agreement.

SECTION 5. Approval of Bond Purchase Agreement. Following approval by the Oversight Board of the issuance of the Bonds by the Successor Agency and upon submission of this Resolution and the Oversight Board Resolution to the California Department of Finance, a bond purchase agreement will be prepared, the preliminary form of which will be submitted to the Successor Agency for approval.

SECTION 6. Oversight Board Approval of the Issuance of the Bonds. The Successor Agency hereby requests the Oversight Board, as authorized by section 34177.5(f), to direct the Successor Agency to undertake the refunding proceedings and, as authorized by section 34177.5(f) and section 34180, to approve the issuance of the Bonds pursuant to section 34177.5(a)(1) this Resolution and the Indenture.

SECTION 7. Determinations by the Oversight Board. The Successor Agency requests that the Oversight Board make the following determinations upon which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the Bonds:

(a) The Successor Agency is authorized, as provided in section 34177.5(f), to recover its costs related to the issuance of the Bonds from the proceeds of the Bonds, including the cost of reimbursing its administrative staff for time spent with respect to the authorization, issuance, sale and delivery of the Bonds;

(b) The application of the proceeds of the Bonds by the Successor Agency to the refunding and defeasance of the 2011 Bonds, as well as the payment by the Successor

Agency of costs of issuance of the Bonds, as provided in section 34177.5(a), including municipal bond insurance and reserve fund surety bond premiums, if required, shall be implemented by the Successor Agency promptly upon sale and delivery of the Bonds, notwithstanding section 34177.3 or any other provision of law to the contrary, without the approval of the Oversight Board, the California Department of Finance, the Monterey County Auditor-Controller or any other person or entity other than the Successor Agency; and

(c) The Successor Agency shall be entitled to receive its full Administrative Cost Allowance under section 34181(a)(3) without any deductions with respect to continuing costs related to the Bonds, such as trustee's fees, auditing and fiscal consultant fees and continuing disclosure and rating agency costs (collectively, "Continuing Costs of Issuance"), and such Continuing Costs of Issuance shall be payable from property tax revenues pursuant to section 34183. In addition and as provided by section 34177.5(f), if the Successor Agency is unable to complete the issuance of the Bonds for any reason, the Successor Agency shall, nevertheless, be entitled to recover its costs incurred with respect to the refunding proceedings for the 2011 Bonds from such property tax revenues pursuant to section 34183 without reduction in its Administrative Cost Allowance.

SECTION 8. Filing of Debt Service Savings Analysis and Resolution. The Successor Agency Secretary is hereby authorized and directed to file the Debt Service Savings Analysis, together with a certified copy of this Resolution, with the Oversight Board, and, as provided in section 34180(j) with the Monterey County Administrative Officer, the Monterey County Auditor-Controller and the California Department of Finance.

SECTION 9. Agreements With Consultants. The firm of Urban Futures Incorporated is hereby designated as financial advisor and fiscal consultant to the Successor Agency for the Bonds and the firm of Quint & Thimmig LLP is hereby designated as bond counsel to the Successor Agency for the Bonds. The firm of Stifel, Nicolaus & Company, Incorporated is hereby designated as placement agent for the Bonds. The Executive Director is hereby authorized and directed to execute and deliver agreements with such firms for their services related to the Bonds, each such agreement to be in the respective form on file with the Successor Agency Secretary.

SECTION 10. Official Actions. The Authorized Officers and any and all other officers of the Successor Agency are hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to do any and all things and take any and all actions, which they, or any of them, may deem necessary or advisable in obtaining the requested approvals by the Oversight Board and the California Department of Finance and in the issuance, sale and delivery of the Bonds. Whenever in this Resolution any officer of the Successor Agency is directed to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

SECTION 11. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

SECTION 12. Certification. The Secretary shall certify to the passage and adoption hereof.

\*\*\*\*\*

I, the undersigned hereby certify that the foregoing Resolution was duly and regularly adopted and passed by the Successor Agency to the Community Development Agency of the City of King at a regular meeting assembled on the 24th day of May, 2016, by the following vote to wit:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

---

Steven Adams, Secretary



May 24, 2016

Mike Howard  
 Finance Director  
 King City  
 212 S. Vanderhurst Ave.  
 King City, CA 93930

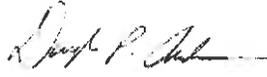
**Financial Advisor’s Report on 2016 Senior Lien Bonds (Est.) Refunding Savings**

**A. \$5,240,000 Community Development Agency of the City of King, Tax Allocation Refunding Bonds, Series 2011**

- 1. Total remaining principal and interest payments: **\$ 8,910,362.50**
- 2. Estimated principal and interest payments on proposed 2016 Sr. Tax Allocation Refunding Bond issue: **\$ 8,041,520.11**
- 3. Estimated debt service savings by issuing 2016 Bonds: **\$ 868,842.39**

**B. Debt Service Schedule:**

| <u>Year</u> | <u>Prior Debt Service</u> | <u>Est. 2016 Sr. Bonds Debt Service</u> | <u>Est. Savings</u>  |
|-------------|---------------------------|---|----------------------|
| 2016        | \$ 300,812.50             | \$ 292,840.11                           | \$ 7,972.39          |
| 2017        | 477,562.50                | 429,650.00                              | 47,912.50            |
| 2018        | 477,775.00                | 431,660.00                              | 46,115.00            |
| 2019        | 477,262.50                | 428,330.00                              | 48,932.50            |
| 2020        | 476,025.00                | 429,830.00                              | 46,195.00            |
| 2021        | 479,062.50                | 430,990.00                              | 48,072.50            |
| 2022        | 481,012.50                | 431,810.00                              | 49,202.50            |
| 2023        | 476,875.00                | 427,290.00                              | 49,585.00            |
| 2024        | 477,012.50                | 427,600.00                              | 49,412.50            |
| 2025        | 481,062.50                | 432,570.00                              | 48,492.50            |
| 2026        | 478,662.50                | 432,030.00                              | 46,632.50            |
| 2027        | 480,175.00                | 431,150.00                              | 49,025.00            |
| 2028        | 480,237.50                | 434,930.00                              | 45,307.50            |
| 2029        | 478,850.00                | 433,200.00                              | 45,650.00            |
| 2030        | 476,012.50                | 431,130.00                              | 44,882.50            |
| 2031        | 476,725.00                | 428,720.00                              | 48,005.00            |
| 2032        | 480,625.00                | 430,970.00                              | 49,655.00            |
| 2033        | 477,350.00                | 427,710.00                              | 49,640.00            |
| 2034        | <u>477,262.50</u>         | <u>429,110.00</u>                       | <u>48,152.50</u>     |
|             | <b>\$ 8,910,362.50</b>    | <b>\$ 8,041,520.11</b>                  | <b>\$ 868,842.39</b> |



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Douglas P. Anderson  
Managing Principal

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**INDENTURE OF TRUST**

**Dated as of August 1, 2016**

**by and between the**

**SUCCESSOR AGENCY TO THE  
COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF KING**

**and**

**U.S. BANK NATIONAL ASSOCIATION, as Trustee**

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Relating to

\$\_\_\_\_\_

Successor Agency to the Community Development Agency of the City of King  
(Monterey County, California)

Senior Lien Tax Allocation Refunding Bonds, Series 2016

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## INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this "Indenture") is dated as of August 1, 2016, by and between the SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF KING, a public body duly organized and existing under the laws of the State of California (the "Successor Agency"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee");

### RECITALS:

WHEREAS, the Community Development Agency of the City of King (the "Former Agency") was a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the California Health and Safety Code (the "Law"), including the power to issue bonds for any of its corporate purposes;

WHEREAS, a redevelopment plan for the Former Agency's King City Redevelopment Project in the City of King (the "City") has been adopted in compliance with all requirements of the Law (the "Redevelopment Project");

WHEREAS, the Former Agency issued or incurred, as applicable, the following obligations for the purpose of financing and refinancing redevelopment activities which remain outstanding:

(a) Community Development Agency of the City of King Tax Allocation Subordinate Revenue Bonds, Series 2011 (King City Redevelopment Project) (Monterey County, California) (the "2011 Bonds"), to finance redevelopment activities within and for the benefit of the Redevelopment Project, of which \$3,265,000 principal amount remains outstanding, and

(b) Community Development Agency of the City of King Tax Allocation Refunding Bonds, Series 2011 (the "2011 Bonds" and, with the 2011 Bonds, the "Former Agency Obligations"), to refinance redevelopment activities within and for the benefit of the Redevelopment Project, of which \$4,850,000 principal amount remains outstanding;

WHEREAS, on June 28, 2011, the California Legislature adopted ABx1 26 (the "Dissolution Act") and ABx1 27 (the "Opt-in Bill");

WHEREAS, the California Supreme Court subsequently upheld the provisions of the Dissolution Act and invalidated the Opt-in Bill resulting in the Former Agency being dissolved as of February 1, 2012;

WHEREAS, the powers, assets and obligations of the Former Agency were transferred on February 1, 2012, to the Successor Agency;

WHEREAS, on or about June 27, 2012, the California Legislature adopted AB 1484 as a trailer bill in connection with the 2012-13 California Budget;

WHEREAS, AB 1484 added various provisions to the Law, including section 34177.5(a)(1) thereof which specifically authorizes the issuance of refunding bonds by the Successor Agency in certain circumstances to refund bonds and indebtedness of the Former Agency;

WHEREAS, on or about September 17, 2015, the California Legislature adopted SB 107 as a trailer bill in connection with the 2015-16 California Budget;

WHEREAS, SB 107 revised various provisions of the Law, including removing certain time limits affecting the number of tax dollars and other statutory limitations on redevelopment plans;

WHEREAS, section 34179 of the Law established an oversight board (the "Oversight Board") for the Successor Agency;

WHEREAS, the Successor Agency has determined that, due to prevailing financial market conditions, it is in the best interests of the Successor Agency at this time to refinance redevelopment activities within and for the benefit of the Redevelopment Project and, in particular, to refund the 2011 Bonds;

WHEREAS, to provide moneys to refund the 2011 Bonds, the Successor Agency has determined to issue its Successor Agency to the Community Development Agency of the City of King (Monterey County, California), Senior Lien Tax Allocation Refunding Bonds, Series 2016, in the aggregate principal amount of \$\_\_\_\_\_ (the "Bonds"), under the provisions of section 34177.5(g) of the Law and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code;

WHEREAS, the Successor Agency has determined that the total net interest cost to maturity of the Bonds plus the principal amount of the Bonds will not exceed the total net interest cost to maturity of the 2011 Bonds to be refunded plus the principal amount of the 2011 Bonds to be refunded;

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof and interest and redemption premium (if any) thereon, the Successor Agency and the Trustee have duly authorized the execution and delivery of this Indenture; and

WHEREAS, the Successor Agency has determined that all acts and proceedings required by law necessary to make the Bonds when executed by the Successor Agency and authenticated and delivered by the Trustee, the valid, binding and legal special obligations of the Successor Agency, and to constitute this Indenture a legal, valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done or taken;

#### A G R E E M E N T :

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of and the interest and redemption premium (if any) on all the Bonds issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for

other valuable consideration, the receipt of which is hereby acknowledged, the Successor Agency and the Trustee do hereby covenant and agree with one another, for the benefit of the respective Owners from time to time of the Bonds, as follows:

## ARTICLE I

### DETERMINATIONS; DEFINITIONS

Section 1.01. Findings and Determinations. The Successor Agency has reviewed all proceedings heretofore taken and has found, as a result of such review, and hereby finds and determines that all things, conditions and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Successor Agency is now duly empowered, pursuant to each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture.

Section 1.02. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.02 shall, for all purposes of this Indenture, of any Supplemental Indenture, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

*"Annual Debt Service"* means, for each Bond Year, the sum of (a) the interest payable on the Outstanding Bonds and any Parity Debt in such Bond Year, assuming that the Outstanding Bonds and Parity Debt are retired as scheduled, and (b) the principal or sinking fund amount of the Outstanding Bonds and Parity Debt payable by their terms in such Bond Year.

*"Bond Year"* means any twelve-month period beginning on August 2 in any year and ending on the next succeeding August 1, both dates inclusive, except that the first Bond Year shall begin on the Closing Date, and end on August 1, 2017.

*"Bonds"* means the \$\_\_\_\_\_ Successor Agency to the Community Development Agency of the City of King (Monterey County, California) Senior Lien Tax Allocation Refunding Bonds, Series 2016, and, when the context requires, any Parity Debt.

*"Business Day"* means a day of the year, other than a Saturday or Sunday, on which banks in Los Angeles and San Francisco, California, are not required or permitted to be closed and on which the New York Stock Exchange is not closed.

*"City"* means City of King, California.

*"Closing Date"* means August 18, 2016, the date on which the Bonds are delivered by the Successor Agency to the Original Purchaser.

*"Code"* means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

*"Costs of Issuance"* means all items of expense directly or indirectly payable by or reimbursable to the Successor Agency relating to the authorization, issuance, sale and delivery of the Bonds and the refunding and prepayment of the Prior Agency Obligations (as defined in the recitals hereto), including but not limited to printing expenses, operating expenses, rating agency fees, filing and recording fees, initial fees and charges and first annual administrative

fee of the Trustee and fees and expenses of its counsel, Escrow Bank fees and those of its counsel, fees, charges and disbursements of attorneys, financial advisors, fiscal consultants, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the issuance of the Bonds and the refunding and prepayment of the Prior Agency Obligations.

*"Costs of Issuance Fund"* means the fund by that name established and held by the Trustee pursuant to Section 3.03.

*"County"* means Monterey County, California.

*"Date of Taxability"* means the date from and for which interest on the Bonds is subject to federal income taxation as a result of a Determination of Taxability.

*"Debt Service Fund"* means the fund by that name established and held by the Trustee pursuant to Section 4.03.

*"Default Rate"* means \_\_\_\_\_ percent (\_\_\_\_%) per annum based on a 360-day year of twelve thirty day months.

*"Defeasance Obligations"* means (a) cash, (b) direct non-callable obligations of the United States of America, (c) securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, (d) Refcorp interest strips, (e) CATS, TIGRS, STRPS, (f) defeased municipal bonds rated AAA by S&P or Aaa by Moody's, and (g) or any combination of the foregoing.

*"Determination of Taxability"* means any determination, decision, or decree made by the Commissioner or any District Director of the Internal Revenue Service, or by any court of competent jurisdiction, that as a result of any actions or omissions or the Successor Agency or the Prior Agency with respect to the Bonds or the 2011 Bonds the interest payable on the Bonds is includable in the gross income for federal income tax purposes of the Bondowner, provided, however, that no such Determination of Taxability shall be deemed to have occurred if the Successor Agency is contesting such determination in good faith and is diligently proceeding to prosecute such contest until the earliest of (a) a final determination from which no appeal may be taken with respect to such determination, or (b) abandonment of such appeal by the Successor Agency.

*"Dissolution Act"* means Parts 1.8 (commencing with section 34161) and 1.85 (commencing with section 34170) of Division 24 of the California Health and Safety Code, as amended.

*"Escrow Agreement"* means that certain Escrow Agreement, dated the Closing Date, by and between the Successor Agency and the Escrow Bank, to provide for the defeasance of the 2011 Bonds.

*"Escrow Bank"* means U.S. Bank National Association, as escrow bank under the Escrow Agreements, or any successor thereto appointed as escrow bank thereunder.

*"Escrow Fund"* means the escrow fund held by the Escrow Bank under and pursuant to the Escrow Agreement.

*"Event of Default"* means any of the events described in Section 8.01.

*"Federal Securities"* means (a) cash, and (b) obligations of, or obligations guaranteed as to principal and interest by, the United States or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States including: (i) United States treasury obligations, (ii) all direct or fully guaranteed obligations, (iii) Farmers Home Administration, (iv) General Services Administration, (v) Guaranteed Title XI financing, (vi) Government National Mortgage Association (GNMA), and (vi) State and Local Government Series.

*"Fiscal Year"* means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve month period selected and designated by the Successor Agency to the Trustee in writing as its official fiscal year period.

*"Former Agency"* means the former Community Development Agency of the City of King.

*"Indenture"* means this Indenture of Trust by and between the Successor Agency and the Trustee, as originally entered into or as it may be amended or supplemented by any Supplemental Indenture entered into pursuant to the provisions hereof.

*"Independent Accountant"* means any accountant or firm of such accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State, appointed by the Successor Agency, and who, or each of whom: (a) is in fact independent and not under domination of the Successor Agency; (b) does not have any substantial interest, direct or indirect, with the Successor Agency; and (c) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

*"Independent Financial Consultant"* means any financial consultant or firm of such consultants appointed by the Successor Agency, and who, or each of whom: (a) is in fact independent and not under domination of the Successor Agency; (b) does not have any substantial interest, direct or indirect, with the Successor Agency, other than as original purchaser of the Bonds or any Parity Debt; and (c) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

*"Independent Redevelopment Consultant"* means any consultant or firm of such consultants appointed by the Successor Agency, and who, or each of whom: (a) is judged by the Successor Agency to have experience in matters relating to the collection of Tax Revenues or otherwise with respect to the financing of Redevelopment Project; (b) is in fact independent and not under domination of the Successor Agency; (c) does not have any substantial interest, direct or indirect, with the Successor Agency; and (d) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

*"Interest Account"* means the account by that name established and held by the Trustee pursuant to Section 4.03(a).

*"Interest Payment Date"* means February 1 and August 1 in each year, commencing February 1, 2017, so long as any of the Bonds remain Outstanding hereunder.

*"Law"* means the Community Redevelopment Law of the State, constituting Part 1 of Division 24 of the California Health and Safety Code, and the acts amendatory thereof and supplemental thereto.

*"Material Adverse Effect"* means an event or occurrence which adversely affects in a material manner (a) the assets, liabilities, condition (financial or otherwise), business, facilities or operations of the Successor Agency, (b) the ability of the Successor Agency to carry out its business in the manner conducted as of the date of this Indenture or to meet or perform its obligations under this Indenture on a timely basis, (c) the validity or enforceability of this Indenture, or (d) the exclusion of interest on the Bonds from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes.

*"Material Litigation"* means any action, suit, proceeding, inquiry or investigation against the Successor Agency in any court or before any arbitrator of any kind or before or by any Governmental Authority, (i) if determined adversely to the Successor Agency, may have a Material Adverse Effect, (ii) seek to restrain or enjoin any of the transactions contemplated by this Indenture, or (iii) may adversely affect (A) the exclusion of interest on the Bonds from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes or (B) the ability of the Successor Agency to perform its obligations under this Indenture.

*"Maximum Annual Debt Service"* means, as of the date of calculation, the largest Annual Debt Service for the current or any future Bond Year following the anticipated issuance of Bonds and Parity Debt.

*"Moody's"* means Moody's Investors Service, its successors and assigns.

*"Original Purchaser"* means \_\_\_\_\_, the original purchaser of the Bonds upon their delivery by the Trustee on the Closing Date.

*"Outstanding"* when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 9.05) all Bonds except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and (c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Successor Agency pursuant hereto.

*"Oversight Board"* means the oversight board to the Successor Agency duly constituted from time to time pursuant to section 34179 of the Dissolution Act.

*"Owner" or "Bondowner" or "Bond Owner,"* when used with respect to the Bonds, means the person in whose name the ownership of the Bonds shall be registered on the Bond Registration Books. The Original Purchaser, is the initial Owner.

*"Parity Debt"* means any loans, advances or indebtedness issued or incurred by the Successor Agency on a parity with the Bonds pursuant to Section 3.04.

*"Pass-Through Agreement"* means the agreement entitled "Agreement Between the Community Development Agency of the City of King, County of Monterey and Monterey County Flood Control and Water Conservation District Pursuant to Health and Safety Code Section 33401" dated as of November 12, 1986, as amended by the agreement entitled

"Amendment to Agreement Between the Community Development Agency of the City of King, and the County of Monterey and Monterey County Flood Control and Water Conservation District Pursuant to Health and Safety Code Section 33401," dated as of November 12, 1986, between the Agency, the County and Monterey County Flood Control and Water Conservation District.

"Permitted Investments" means the following, but only to the extent that the same are acquired at Fair Market Value:

(a) Federal Securities.

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. U.S. Export-Import Bank (Eximbank)  
Direct obligations or fully guaranteed certificates of beneficial ownership
2. U.S. Farmers Home Administration (FmHA)  
Certificates of Beneficial Ownership
3. Federal Financing Bank
4. Federal Housing Administration Debentures (FHA)
5. General Services Administration  
Participation Certificates
6. Government National Mortgage Association (GNMA or Ginnie Mae)  
GNMA—guaranteed mortgage-backed bonds  
GNMA—guaranteed pass-through obligations
7. U.S. Maritime Administration  
Guaranteed Title XI financing
8. U.S. Department of Housing and Urban Development (HUD)  
Project Notes  
Local Authority Bonds  
New Communities Debentures - U.S. government guaranteed debentures  
U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies which are not backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System  
Senior debt obligations

2. Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)  
Participation Certificate  
Senior debt obligations
3. Federal National Mortgage Association (FNMA or Fannie Mae)  
Mortgage-backed securities and senior debt obligations
4. Student Loan Marketing Association (SLMA or Sallie Mae)  
Senior debt obligations
5. Resolution Funding Corp. (REFCORP) obligations
6. Farm Credit System  
Consolidated systemwide bonds and notes

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, which invest solely in Federal Securities, if rated by S&P, having a rating of AAAM-G; and if rated by Moody's having a rating of Aaa, including such funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee.

(e) Unsecured certificates of deposit (having maturities of not more than 365 days) of any bank the short-term obligations of which are rated on the date of purchase "A-1+" or better by S&P and "P-1" by Moody's and or certificates of deposit (including those of the Trustee, its parent and its affiliates) secured at all times by collateral that may be used by a national bank for purposes of satisfying its obligations to collateralize pursuant to federal law which are issued by commercial banks, savings and loan associations or mutual savings bank whose short-term obligations are rated on the date of purchase A-1 or better by S&P and Moody's.

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC including those of the Trustee and its affiliates.

(g) Commercial paper rated, at the time of purchase, "Prime-1" by Moody's and "A-1" or better by S&P.

(h) Money market deposits, Federal funds or bankers acceptances with a maximum term of 180 days of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or better by Moody's and "A-1" or better by S&P.

(i) The Local Agency Investment Fund of the State, created pursuant to section 16429.1 of the California Government Code.

(j) Other forms of investments that satisfy the Successor Agency's Statement of Investment Policy.

*"Principal Account"* means the account by that name established and held by the Trustee pursuant to Section 4.03.

*"Principal Corporate Trust Office"* means such principal corporate trust office of the Trustee as may be designated from time to time by written notice from the Trustee to the Successor Agency, initially being at 633 West Fifth Street, 24<sup>th</sup> Floor, Los Angeles, CA 90071, Attention: Global Corporate Trust Services, except that, with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted, initially in St. Paul, Minnesota.

*"Rating Category"* means any generic rating category of Moody's or S&P, without regard to any refinement of such category by plus or minus sign or by numerical or other qualifying designation.

*"Recognized Obligation Payment Schedule"* means a Recognized Obligation Payment Schedule, prepared and approved from time to time pursuant to subdivision (l) of section 34177 of the Dissolution Act.

*"Record Date"* means, with respect to any Interest Payment Date, the close of business on the fifteenth (15th) calendar day of the month preceding such Interest Payment Date, whether or not such fifteenth (15th) calendar day is a Business Day.

*"Redemption Account"* means the account by that name established and held by the Trustee pursuant to Section 4.03.

*"Redevelopment Obligation Retirement Fund"* means the fund by that name referenced in Section 4.02 of this Indenture.

*"Redevelopment Plan"* means the redevelopment plan for the King City Redevelopment Project approved by the City Council of the City pursuant to Ordinance No. 500, enacted on November 25, 1986, as amended.

*"Redevelopment Project"* means the area of the undertaking pursuant to the Redevelopment Plan, together with any amendments of such redevelopment plan at any time duly authorized pursuant to the Law.

*"Refunding Bond Law"* means, collectively, section 34177.5(g) of the Law and section 53580 *et seq.* of the California Government Code

*"Registration Books"* means the records maintained by the Trustee pursuant to Section 2.08 for the registration and transfer of ownership of the Bonds.

*"Report"* means a document in writing signed by an Independent Financial Consultant or an Independent Redevelopment Consultant and including: (a) a statement that the person or firm making or giving such Report has read the pertinent provisions of this Indenture to which such Report relates; (b) a brief statement as to the nature and scope of the examination or investigation upon which the Report is based; and (c) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said consultant to express an informed opinion with respect to the subject matter referred to in the Report.

*"Responsible Officer"* means any Vice President, Assistant Vice President or other officer of the Trustee with responsibility for matters related to this Indenture.

*"S&P"* means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., New York, New York, or its successors.

*"Sinking Account"* means the account by that name established and held by the Trustee pursuant to Section 4.03.

*"State"* means the State of California.

*"Statutory Pass-Through Amounts"* means all amounts required to be paid to affected taxing agencies pursuant to sections 33607.5 and/or 33607.7 of the Law and section 34183 of the Dissolution Act.

*"Successor Agency"* means the Successor Agency to the Community Development Agency of the City of King, as successor to the Former Agency, a public body corporate and politic duly organized and existing under the Law.

*"Supplemental Indenture"* means any resolution, agreement or other instrument which has been duly adopted or entered into by the Successor Agency, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

*"Tax Revenues"* means the moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subdivision (c) of section 34172 of the Dissolution Act, as provided in paragraph (2) of subdivision (a) of section 34183 of the Dissolution Act, after payment of:

- (a) County administrative fees pursuant to section 34183(a) of the Dissolution Act,
- (b) amounts due under the Pass-Through Agreement (unless subordinated to the payment of debt service on the Bonds), and
- (c) the Statutory Pass-Through Amounts.

If, and to the extent, that the provisions of section 34172 or paragraph (2) of subdivision (a) of section 34183 of the Dissolution Act are invalidated by a final judicial decision, then Tax Revenues shall include all tax revenues allocated to the payment of indebtedness of the Successor Agency pursuant to section 33670 of the Law or such other section as may be in effect at the time providing for the allocation of tax increment revenues to the Successor Agency in accordance with Article XVI, Section 16 of the California Constitution.

The Successor Agency hereby represents that Pass-Through Agreement has been subordinated to the payment of debt service on the Bonds.

*"Taxable Rate"* means \_\_\_\_% per annum based on a 360-day year of twelve thirty day months.

*"Trustee"* means U.S. Bank National Association, as trustee hereunder, or any successor thereto appointed as trustee hereunder in accordance with the provisions of Article VI.

*"2011 Bonds"* means the Community Development Agency of the City of King Tax Allocation Refunding Bonds, Series 2011, issued to refinance redevelopment activities within

and for the benefit of the Redevelopment Project, of which \$4,725,000 principal amount remains outstanding.

*“Written Request of the Successor Agency” or “Written Certificate of the Successor Agency”* means a request or certificate, in writing signed by the Chairman, the Executive Director or the Treasurer of the Successor Agency or by any other officer of the Successor Agency duly authorized by the Successor Agency for that purpose.

Section 1.03. Rules of Construction. All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture, and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

## ARTICLE II

### AUTHORIZATION AND TERMS

#### Section 2.01. Authorization of Bonds.

(a) Bonds in the aggregate principal amount of \_\_\_\_\_ dollars (\$\_\_\_\_\_) are hereby authorized to be issued by the Successor Agency under and subject to the terms of this Indenture and the Refunding Bond Law. The Bonds shall be designated the "Successor Agency to the Community Development Agency of the City of King Senior Lien Tax Allocation Refunding Bonds, Series 2016."

(b) This Indenture constitutes a continuing agreement with the Owners of all of the Bonds issued or to be issued hereunder and then Outstanding to secure the full and final payment of principal and redemption premiums (if any) and the interest on all Bonds which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained.

#### Section 2.02. Terms of Bonds.

(a) The Bonds shall be issued in fully registered physical form without coupons, as a single bond equal to the aggregate principal amount of the Bonds. The Bonds shall be initially registered in the name of the Original Purchaser and registered ownership may not thereafter be transferred except as set forth in Section 2.06. The Bonds shall mature on August 1, 2034, and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rate of \_\_\_\_% per annum; *provided, however*, that so long as an Event of Default shall have occurred and is continuing, the interest rate may, at the option of the Owner, be increased to the Default Rate and *provided further, however*, from and after the Date of Taxability following a Determination of Taxability, the interest rate shall be increased to the Taxable Rate.

(b) Interest on the Bonds (including the final interest payment upon maturity or earlier redemption) shall be payable on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee mailed by first class mail, postage prepaid, on the Interest Payment Date, to such Owner at the address of such Owner as it appears on the Registration Books as of such Record Date; *provided however*, that payment of interest may be by wire transfer to an account in the United States of America to any registered owner of Bonds in the aggregate principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Trustee on or before the applicable Record Date. Such instructions shall remain in effect until rescinded in writing by the Owner. Principal of and redemption premium (if any) on any Bond shall be paid upon presentation and surrender thereof, at maturity or redemption (except for Sinking Account redemptions which do not require presentment for payment), at the Principal Corporate Trust Office. Both the principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America.

(c) The Bonds shall be dated as of their date of delivery and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) the Bonds are authenticated on or before January 15, 2017, in which event they shall bear interest from their

date of delivery; *provided, however*, that if, as of the date of authentication of the Bonds, interest thereon is in default, the Bonds shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

(d) Notwithstanding anything herein to the contrary, so long as the Bonds are owned by the Original Purchaser, (i) the Trustee shall pay principal of and interest and redemption premium on the Bonds when due by wire transfer in immediately available funds to the Original Purchaser in accordance with wire transfer instructions set forth below (or such other wire instructions as shall be filed by the Original Purchaser with the Trustee from time to time), (ii) payments of principal on the Bonds shall be made without the requirement for presentation and surrender of the Bonds by the Initial Owner, and (iii) the Trustee shall not be required to give notice to the Original Purchaser of the redemption of Bonds under Section 2.03(b):

(e) Notwithstanding anything herein to the contrary, if any Interest Payment Date is not a Business Day, payments of principal and interest shall be due on the next succeeding Business Day with the same force and affect as if such payments were made on the Interest Payment Date.

Section 2.03. Redemption of Bonds.

(a) *Optional Redemption.* The Bonds are subject to redemption, at the option of the Successor Agency on any date on or after August 1, \_\_\_\_, as a whole or in part, by lot, from any available source of funds, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

(b) *Sinking Account Redemption.* The Bonds are subject to mandatory redemption from Sinking Account payments set forth in the following schedule on August 1, 2017, and on each August 1 thereafter to and including August 1, 2034, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption. If any Sinking Account redemption date is not a Business Day, such payment shall be made on the next succeeding Business Day with the same force and affect as if such payment was made on the Sinking Fund redemption date.

| Redemption Date<br>(August 1) | Principal<br>Amount | Redemption Date<br>(August 1) | Principal<br>Amount |
|-------------------------------|---------------------|-------------------------------|---------------------|
| 2017                          |                     | 2026                          |                     |
| 2018                          |                     | 2027                          |                     |
| 2019                          |                     | 2028                          |                     |
| 2020                          |                     | 2029                          |                     |
| 2021                          |                     | 2030                          |                     |
| 2022                          |                     | 2031                          |                     |
| 2023                          |                     | 2032                          |                     |
| 2024                          |                     | 2033                          |                     |
| 2025                          |                     | 2034†                         |                     |

† Maturity.

(c) *Notice of Redemption.* The Trustee on behalf of and at the expense of the Successor Agency will mail (by first class mail, postage prepaid) notice of any redemption at least

twenty (20) but not more than sixty (60) days prior to the redemption date, to the Owner at its addresses appearing on the Registration Books; but such mailing will not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice will state the redemption date and the redemption price, state the portion of the Bonds to be redeemed (if a partial redemption) or that all of the Bonds Outstanding are to be redeemed, and will require that such Bonds be then surrendered (except for mandatory Sinking Account redemptions) at the Trust Office of the Trustee for redemption at the said redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

(d) *Effect of Redemption.* From and after the date fixed for redemption, if funds available for the payment of the redemption price of and interest on the Bonds so called for redemption shall have been duly deposited with the Trustee, such Bonds so called shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest shall accrue thereon from and after the redemption date specified in such notice.

(e) *Manner of Redemption.* Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall notify the Successor Agency thereof. All Bonds redeemed or purchased pursuant to this Section 2.03 shall be canceled.

(f) *Selection of Bonds for Redemption.* Whenever provision (other than pursuant to Section 2.03(b)) is made in this Indenture for the redemption of Bonds and less than all Bonds then currently outstanding are called for redemption, the Trustee will select Bonds for redemption from Bonds then currently Outstanding and not previously called for redemption, at the written direction of the Successor Agency in such order of maturity as shall be designated by the Successor Agency, and in the absence of such direction, *pro rata* among maturities and by lot within a maturity. The Trustee will promptly notify the Successor Agency in writing of the Bonds so selected for redemption.

Section 2.04. Forms of Bonds. The Bonds, the form of Trustee's Certificate of Authentication, and the form of Assignment to appear thereon, shall be substantially in the form set forth in Exhibit A, which is attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

Section 2.05. Execution of Bonds. The Bonds shall be executed on behalf of the Successor Agency by the signature of its Executive Director and the signature of its Secretary who are in office on the date of execution and delivery of this Indenture or at any time thereafter. Either or both of such signatures may be made manually or may be affixed by facsimile thereof. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds to the purchaser, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the purchaser. Any Bond may be signed and attested on behalf of the Successor Agency by such persons as at the actual date of the execution of such Bond shall be the proper officers of the Successor Agency although on the date of such Bond any such person shall not have been such officer of the Successor Agency.

Only such of the Bonds as shall bear thereon a Certificate of Authentication in the form hereinafter set forth, manually executed and dated by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such Certificate shall be

conclusive evidence that such Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture. In the event temporary Bonds are issued pursuant to Section 2.09 hereof, the temporary Bonds may bear thereon a Certificate of Authentication executed and dated by the Trustee, may be initially registered by the Trustee, and, until so exchanged as provided under Section 2.09 hereof, the temporary Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.06. Transfer of Bonds.

(a) The Bonds may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such Bond to the Trustee at its Principal Corporate Trust Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Bonds shall be surrendered for registration of transfer, the Successor Agency shall execute and the Trustee shall deliver a new Bond or Bonds, of like series, interest rate, maturity and principal amount of authorized denominations. The Trustee shall collect from the Owner any tax or other governmental charge on the transfer of any Bonds pursuant to this Section 2.06. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the Successor Agency.

The Trustee may refuse to transfer, under the provisions of this Section 2.06, either (a) any Bonds during the period fifteen (15) days prior to the date established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected by the Trustee for redemption.

(b) Ownership of the Bonds may be transferred in whole only, but only to a person or persons that the Owner reasonably believes is either:

(i) a qualified institutional buyer within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended,

(ii) an accredited investor as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act of 1933, as amended, or

(iii) a trust, partnership, custodial arrangement or similar entity, interests in which are offered and sold in a private placement or limited offering only to qualified institutional buyers or accredited investors;

in each case that executes and delivers to the Trustee an investor letter in substantially the form attached hereto as Exhibit C; .

Section 2.07. Exchange of Bonds. Bonds may be exchanged at the Principal Corporate Trust Office for a like aggregate principal amount of Bonds of other authorized denominations of the same series, interest rate and maturity. The Trustee shall collect any tax or other governmental charge on the exchange of any Bonds pursuant to this Section 2.07. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the Successor Agency.

The Trustee may refuse to exchange, under the provisions of this Section 2.07, either (a) any Bonds during the fifteen (15) days prior to the date established by the Trustee for the selection of Bonds for redemption or (b) any Bonds selected by the Trustee for redemption.

Section 2.08. Registration of Bonds. The Trustee will keep or cause to be kept, at its Principal Corporate Trust Office, sufficient records for the registration and registration of transfer of the Bonds, which shall at all times during normal business hours be open to inspection by the Successor Agency, upon reasonable prior notice to the Trustee; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books Bonds as hereinbefore provided.

Section 2.09. Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Successor Agency, and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Successor Agency upon the same conditions and in substantially the same manner as the definitive Bonds. If the Successor Agency issues temporary Bonds, it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds shall be surrendered, for cancellation, in exchange therefor at the Principal Corporate Trust Office, and the Trustee shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations, interest rates and like maturities. Until so exchanged, the temporary Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.10. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Successor Agency, at the expense of the Owner of such Bond, shall execute, and the Trustee shall thereupon deliver, a new Bond of like tenor and amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and indemnity for the Trustee and the Successor Agency satisfactory to the Trustee shall be given, the Successor Agency, at the expense of the Owner, shall execute, and the Trustee shall thereupon deliver, a new Bond of like tenor and amount in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond has matured or has been called for redemption, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee and the Successor Agency). The Successor Agency may require payment by the Owner of a sum not exceeding the actual cost of preparing each new Bond issued under this Section 2.10 and of the expenses which may be incurred by the Successor Agency and the Trustee in the premises. Any Bond issued under the provisions of this Section 2.10 in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Successor Agency whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds issued pursuant to this Indenture.

ARTICLE III

DEPOSIT AND APPLICATION OF PROCEEDS OF BONDS;  
PARITY DEBT

Section 3.01. Issuance of Bonds. Upon the execution and delivery of this Indenture, the Successor Agency shall execute and deliver the Bonds to the Trustee in the aggregate principal amount of \_\_\_\_\_ dollars (\$\_\_\_\_\_) and the Trustee shall authenticate and deliver the Bonds upon the Written Request of the Successor Agency.

Section 3.02. Application of Proceeds of Sale.

(a) Upon the receipt of payment for the Bonds on the Closing Date of \$\_\_\_\_\_, being the principal amount of the Bonds the Trustee shall apply the proceeds of sale thereof as follows:

(i) The Trustee shall deposit the amount of \$\_\_\_\_\_ in the Costs of Issuance Fund; and

(ii) The Trustee shall transfer the amount of \$\_\_\_\_\_ to the Escrow Bank for deposit in the Escrow Fund.

(b) The Trustee may establish, as it deems necessary, a temporary fund or account on its records to facilitate the deposits and transfers set forth herein.

Section 3.03. Costs of Issuance Fund. There is hereby established a separate fund to be known as the "Costs of Issuance Fund," which shall be held by the Trustee in trust. The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the Successor Agency stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. Each such Written Request of the Successor Agency shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. On November 18, 2016, or upon the earlier Written Request of the Successor Agency, any moneys remaining on deposit in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Interest Account and the Costs of Issuance Fund shall be closed.

Section 3.04. Issuance of Parity Debt. The Successor Agency may not issue or incur Parity Debt except to refund the the Bonds in such principal amount as shall be determined by the Successor Agency, pursuant to a separate or Supplemental Indenture adopted or entered into by the Successor Agency and Trustee. The Successor Agency may issue or incur such Parity Debt subject to the following specific conditions precedent:

(a) The Successor Agency will be in compliance with all covenants set forth in this Indenture;

(b) The Oversight Board shall have approved the issuance of the Parity Debt.

(c) The Parity Debt will be on such terms and conditions as may be set forth in a separate or Supplemental Indenture, which will provide for bonds substantially in accordance with this Indenture;

(d) Receipt of a certificate or opinion of an Independent Financial Consultant stating that the total net interest cost to maturity of the Parity Debt plus the principal amount of the Parity Debt will not exceed the total net interest cost to maturity of the Bonds or previously issued Parity Debt to be refunded plus the principal amount of the Bonds or previously issued Parity Debt to be refunded.

(e) The Parity Debt will mature on and interest will be payable on the same dates as the Bonds (except the first interest payment may be from the date of the Parity Debt until either the next succeeding February 1 or August 1).

Section 3.05. Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be dependent upon the completion of the Redevelopment Project or upon the performance by any person of his obligation with respect to the Redevelopment Project.

## ARTICLE IV

### SECURITY OF BONDS; FLOW OF FUNDS

Section 4.01. Security of Bonds; Equal Security. Except as provided in Section 6.06, the Bonds and any additional Parity Debt shall be equally secured by a pledge and lien on all of the Tax Revenues and by a first and exclusive pledge and lien upon all of the moneys in the Debt Service Fund (including the Interest Account, the Principal Account, the Sinking Account and the Redemption Account therein) without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Tax Revenues and such moneys, no funds or properties of the Successor Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds.

In consideration of the acceptance of the Bonds by those who shall own the same from time to time, this Indenture shall be deemed to be and shall constitute a contract between the Successor Agency and the Trustee for the benefit of the Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the Successor Agency shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

Section 4.02. Redevelopment Obligation Retirement Fund; Deposit of Tax Revenues. There has been established a special trust fund known as the "Redevelopment Obligation Retirement Fund," which shall be held by the Successor Agency pursuant to section 34170.5 of the Dissolution Act. There is hereby established a special trust fund known as the "Debt Service Fund" and the accounts therein referred to below which shall be held by the Trustee. The Successor Agency shall deposit all of the Tax Revenues received in any Bond Year in the Redevelopment Obligation Retirement Fund promptly upon receipt thereof by the Successor Agency, and promptly thereafter shall transfer amounts received therein to the Debt Service Fund established and held by the Trustee under this Indenture until such time during such Bond Year as the amounts so transferred to the Debt Service Fund hereunder equal the aggregate amounts required to be deposited by the Trustee into the Interest Account, the Principal Account and the Redemption Account of the Debt Service Fund in such Bond Year pursuant to Section 4.03 of this Indenture and for deposit in such Bond Year in the funds and accounts established with respect to Parity Debt, as provided in any Supplemental Indenture.

Section 4.03. Deposit of Amounts by Trustee. There are hereby created accounts within the Debt Service Fund as set forth below, to be known respectively as the Interest Account, the Principal Account, the Sinking Account and the Redemption Account. Moneys in the Debt Service Fund will be transferred by the Trustee in the following amounts at the following times, for deposit by the Trustee in the following respective accounts within the Debt Service Fund, in the following order of priority:

(a) *Interest Account.* On or before the fifth Business Day preceding each Interest Payment Date, commencing with the February 1, 2017, Interest Payment Date, to the extent there are moneys available, the Trustee shall transfer funds from the Debt Service Fund for deposit in the Interest Account an amount which, when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds and Parity Debt on such Interest Payment Date. No such transfer and deposit need be made to the Interest Account if the amount contained

therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds and Parity Debt. Subject to this Indenture, all moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds and Parity Debt as it becomes due and payable (including accrued interest on any Bonds and Parity Debt redeemed prior to maturity pursuant to this Indenture).

(b) *Principal Account.* On or before the fifth Business Day preceding each Interest Payment Date, commencing with the August 1, 2034, Interest Payment Date, to the extent there are moneys available, the Trustee shall transfer funds from the Debt Service Fund for deposit in the Principal Account an amount equal to one-half of the principal payments becoming due and payable on Outstanding Bonds and Parity Debt on the next August 1, to the extent monies on deposit in the Debt Service Fund are available therefor. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal payments to become due on the next August 1 on all Outstanding Bonds and Parity Debt. Subject to this Indenture, all moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal payments of the Bonds and Parity Debt as it becomes due and payable.

(c) *Sinking Account.* On or before the fifth Business Day preceding each Interest Payment Date, commencing August 1, 2017, Interest Payment Date, to the extent there are moneys available, the Trustee shall transfer funds from the Debt Service Fund for deposit in the Sinking Account an amount equal to one-half of the sinking account payment becoming due and payable on Outstanding Bonds and Parity Debt on the next August 1. No such transfer and deposit need be made to the Sinking Account if the amount contained therein is at least equal to the sinking account payments to become due on the next August 1 on all Outstanding Bonds and Parity Debt. Subject to this Indenture, all moneys in the Sinking Account will be used and withdrawn by the Trustee solely for the purpose of paying the aggregate principal amount of the Bonds and term bonds relating to Parity Debt required to be redeemed on such August 1 pursuant to Section 2.03(b).

(d) *Redemption Account.* On or before the fifth Business Day preceding any date on which Bonds are to be redeemed, other than through mandatory Sinking Account redemption, the Trustee shall withdraw from the Debt Service Fund and transfer to the Redemption Account an amount required to pay the principal of and premium, if any, on the Bonds to be redeemed on such date, taking into account any funds then on deposit in the Redemption Account. The Trustee shall also deposit in the Redemption Account any other amounts received by it from the Successor Agency designated by the Successor Agency in writing to be deposited in the Redemption Account. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Bonds to be redeemed on the respective dates set for such redemption.

## ARTICLE V

### COVENANTS OF THE SUCCESSOR AGENCY

Section 5.01. Covenants of the Successor Agency. As long as the Bonds are outstanding and unpaid, the Successor Agency shall (through its proper members, officers, agents or employees) faithfully perform and abide by all of the covenants, undertakings and provisions contained in this Indenture or in any Bond issued hereunder, including the following covenants and agreements for the benefit of the Bondowners which are necessary, convenient and desirable to secure the Bonds and any Parity Debt and will tend to make them more marketable; *provided, however*, that the covenants do not require the Successor Agency to expend any funds other than the Tax Revenues:

(a) *Use of Proceeds; Management and Operation of Properties*. The Successor Agency covenants and agrees that the proceeds of the sale of the Bonds will be deposited and used as provided in this Indenture and that it will manage and operate all properties owned by it comprising any part of the Redevelopment Project in a sound and businesslike manner.

(b) *No Priority*. The Successor Agency covenants and agrees that it will not issue any obligations payable, either as to principal or interest, from the Tax Revenues which have any lien upon the Tax Revenues prior or superior to the lien of the Bonds. Except as permitted by Section 3.04 hereof, it will not issue any obligations, payable as to principal or interest, from the Tax Revenues, which have any lien upon the Tax Revenues on a parity with the Bonds authorized herein. Notwithstanding the foregoing, nothing in this Indenture shall prevent the Successor Agency (i) from issuing and selling pursuant to law, refunding obligations payable from and having any lawful lien upon the Tax Revenues, if such refunding obligations are issued for the purpose of, and are sufficient for the purpose of, refunding all of the Outstanding Bonds and Parity Debt, (ii) from issuing and selling obligations which have, or purport to have, any lien upon the Tax Revenues which is junior to the Bonds, or (iii) from issuing and selling bonds or other obligations which are payable in whole or in part from sources other than the Tax Revenues. As used herein "obligations" includes, without limitation, bonds, notes, interim certificates, debentures or other obligations.

(c) *Punctual Payment*. The Successor Agency covenants and agrees that it will duly and punctually pay or cause to be paid the principal of and interest on each of the Bonds on the date, at the place and in the manner provided in the Bonds.

(d) *Payment of Taxes and Other Charges*. The Successor Agency covenants and agrees that it will from time to time pay and discharge, or cause to be paid and discharged, all payments in lieu of taxes, service charges, assessments or other governmental charges which may lawfully be imposed upon the Successor Agency or any of the properties then owned by it in the Redevelopment Project, or upon the revenues and income therefrom, and will pay all lawful claims for labor, materials and supplies which if unpaid might become a lien or charge upon any of the properties, revenues or income or which might impair the security of the Bonds or the use of Tax Revenues or other legally available funds to pay the principal of and interest on the Bonds, all to the end that the priority and security of the Bonds shall be preserved; *provided, however*, that nothing in this covenant shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of the payment.

(e) *Books and Accounts; Financial Statements*. The Successor Agency covenants and agrees that it will at all times keep, or cause to be kept, proper and current books and accounts

(separate from all other records and accounts) in which complete and accurate entries shall be made of all transactions relating to the Redevelopment Project and the Tax Revenues and other funds relating to the Redevelopment Project. The Successor Agency will prepare within two hundred seventy (270) days after the close of each of its Fiscal Years a post-audit of the financial transactions and records of the Successor Agency for the Fiscal Year to be made by an Independent Certified Public Accountant appointed by the Successor Agency, and will furnish a copy of the post-audit to the Trustee, any rating agency which maintains a rating on the Bonds, the Original Purchaser (so long as the Original Purchaser is a Bondowner) and, upon written request, to any Bondowner. The Trustee shall have no duty to review such post-audits.

(f) *Eminent Domain Proceeds.* The Successor Agency covenants and agrees that if all or any part of the Redevelopment Project should be taken from it without its consent, by eminent domain proceedings or other proceedings authorized by law, for any public or other use under which the property will be tax exempt, it shall take all steps necessary to adjust accordingly the base year property tax roll of the Redevelopment Project.

(g) *Disposition of Property.* The Successor Agency covenants and agrees that it will not dispose of land area in the Redevelopment Project without the prior written consent of the Original Purchaser (so long as the Original Purchaser is a Bondowner) (except property in effect on the date this Indenture is adopted as planned for public use, or property to be used for public streets, public off-street parking, sewage facilities, parks, easements or right-of-way for public utilities, or other similar uses) to public bodies or other persons or entities whose property is tax exempt, unless such disposition will not result in Tax Revenues to be less than 1.25 times Maximum Annual Debt Service, based upon the certificate or opinion of an Independent Financial Consultant appointed by the Successor Agency.

(h) *Protection of Security and Rights of Bondowners.* The Successor Agency covenants and agrees to preserve and protect the security of the Bonds and the rights of the Bondowners and to contest by court action or otherwise (i) the assertion by any officer of any government unit or any other person whatsoever against the Successor Agency that (A) the Law is unconstitutional or (B) that the Tax Revenues pledged under this Indenture cannot be paid to the Successor Agency for the debt service on the Bonds or (ii) any other action affecting the validity of the Bonds or diluting the security therefor, including, with respect to the Tax Revenues, the senior lien position of the Bonds to the Statutory Pass-Through Amounts.

(i) *Tax Covenants.* The Successor Agency covenants and agrees to contest by court action or otherwise any assertion by the United States of America or any departments or agency thereof that the interest received by the Bondowners is includable in gross income of the recipient under federal income tax laws on the date of issuance of the Bonds. Notwithstanding any other provision of this Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest with respect to the Bonds and tax-exempt Parity Debt will not be adversely affected for federal income tax purposes, the Successor Agency covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(i) **Rebate Requirement.** The Successor Agency shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government. In the event that the Successor Agency shall determine that any amounts are due and payable to the United States of America hereunder and that the Trustee has on deposit an amount of available moneys (excluding moneys on deposit in the Interest Account, the Principal Account, the Sinking Account and excluding any other moneys required to pay the principal of or interest or redemption premium, if any, on the Bonds) to make such

payment, the Successor Agency shall promptly pay from available Tax Revenues or any other source of legally available funds the sum of (a) one hundred percent (100%) of the amounts determined to be due and payable to the United States of America as a result of the investment of amounts on deposit in any fund or account established hereunder, plus (b) all other amounts due and payable to the United States of America.

(ii) **Private Business Use Limitation.** The Successor Agency shall assure that the proceeds of the Bonds are not used in a manner which would cause the Bonds or any of the Former Agency Obligations to become "private activity bonds" within the meaning of section 141(a) of the Code.

(iii) **Private Loan Limitation.** The Successor Agency shall assure that no more than five percent (5%) of the net proceeds of the Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting nonpurpose obligations as defined in the Code or constituting assessments) to persons other than state or local government units.

(iv) **Federal Guarantee Prohibition.** The Successor Agency shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

(v) **No Arbitrage.** The Successor Agency shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the Bond proceeds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date of the Bonds, would have caused the Bonds or any of the Former Agency Obligations to be "arbitrage bonds" within the meaning of section 148(a) of the Code.

(vi) **Small Issuer Exemption from Bank Deductibility Restriction.** The Successor Agency hereby designates the Bonds as "qualified tax-exempt obligation" for the purposes and within the meaning of section 265(b)(3) of the Code. In support of such designation, the Successor Agency hereby certifies that (i) the Bonds will be at no time "private activity bonds" (as defined in section 141 of the Code); (ii) as of the date hereof in calendar year 2015, other than the Bonds, no tax-exempt obligations of any kind have been issued (A) by or on behalf of the Successor Agency, (B) by other issuers, any of the proceeds of which have been or will be used to make any loans to the Successor Agency, or (C) any portion of which has been allocated to the Successor Agency for purposes of section 265(b) of the Code; and (iii) not more than \$10,000,000 of obligations of any kind (including the Bonds) issued (A) by or on behalf of the Successor Agency, (B) by other issuers any of the proceeds of which have been or will be used to make any loans to the Successor Agency, or (C) any portion of which has been allocated to the Successor Agency for purposes of section 265(b) of the Code during calendar year 2015 will be designated for purposes of section 265(b)(3) of the Code.

The Successor Agency is not subject to control by any entity, and there are no entities subject to control by the Successor Agency.

As of the Closing Date, the Successor Agency does not reasonably anticipate that for calendar year 2016 it will issue, borrow the proceeds of or have allocated to it for purposes of section 265(b) of the Code, any Section 265 Tax-Exempt Obligations (other than the Bonds), or that any Section 265 Tax-Exempt Obligations will be issued on behalf of it. "Section 265 Tax-Exempt Obligations" are obligations the interest on

which is excludable from gross income of the owners thereof under section 103 of the Code, except for private activity bonds, other than qualified 501(c)(3) bonds, both as defined in section 141 of the Code. The Successor Agency will not, in calendar 2015, issue, permit the issuance on behalf of it or by any entity subject to control by the Successor Agency (which may hereafter come into existence), borrow the proceeds of or agree to an allocation to it for purposes of section 265(b) of the Code, Section 265 Tax-Exempt Obligations (including the Bonds) that exceed the aggregate amount of \$10,000,000 during calendar year 2015, unless it first obtains an opinion of Bond Counsel to the effect that such issuance, borrowing or allocation will not adversely affect the treatment of the Bonds as "qualified tax-exempt obligations" for the purpose and within the meaning of section 265(b)(3) of the Code.

(j) *Further Assurances.* The Successor Agency covenants and agrees to adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the rights and benefits provided in this Indenture.

(k) *Compliance with Dissolution Act.* The Successor Agency covenants that it will comply with the requirements of the Dissolution Act. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Successor Agency with its covenants hereunder. The Successor Agency shall take all actions required under the Dissolution Act to prepare and file Recognized Obligation Payment Schedules so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund all amounts as shall be required to enable the Successor Agency to pay timely principal of, and interest on, the Bonds coming due in such Bond Year, including the inclusion on the applicable Recognized Obligation Schedule the amounts set forth in the Recognized Obligation Debt Service Schedule attached hereto as Exhibit C and hereby made a part hereof.

(l) *Processing ROPS.* Not later than February 1 in each year, commencing February 1, 2017, the Successor Agency shall submit an Oversight Board-approved Recognized Obligation Payment Schedule to the State Department of Finance and to the County Auditor-Controller which shall include the following: (i) all scheduled interest payments on all Outstanding Bonds and Parity Debt of the Successor Agency that are due and payable during the next fiscal year, and (ii) all scheduled principal and mandatory sinking fund redemption payments on all Outstanding Bonds and Parity Debt of the Successor Agency that are due and payable during the next fiscal year. The Trustee may (and, at the request of any Owner, shall) or the Owner may take such actions as may be necessary and appropriate, including seeking a writ of mandamus or other specific performance by court order, to cause the Successor Agency to comply with its obligations under this Section 5.01.

(m) *Dissolution Act Invalid; Maintenance of Tax Revenues.* In the event that the applicable property tax revenues provisions of the Dissolution Act are determined by a court in a final judicial decision to be invalid and, in place of the invalid provisions, provisions of the Law or the equivalent become applicable to the Bonds, the Successor Agency shall comply with all requirements of the Law or the equivalent to insure the allocation and payment to it of the Tax Revenues, including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County and, in the case of amounts payable by the State, appropriate officials of the State..

(n) *Reporting Requirements.* The Successor Agency hereby covenants and agrees that it will provide to the Owner:

(i) the Comprehensive Annual Financial Report (CAFR) of the City within 270 days after the end of each fiscal year, which shall include audited financial statements of the City, including the Successor Agency, with a standard opinion provided by the auditor in accordance with Generally Accepted Accounting Principles including required supplemental information;

(ii) a Report of an Independent Redevelopment Consultant or certification of the Successor Agency (A) demonstrating the ratio of Tax Revenues to scheduled debt service on the Bonds, any Outstanding Bonds and any subordinate obligations for the prior fiscal year, and (B) the remaining tax increment distributed to public entities; (C) assessed valuation of the taxable property in the Redevelopment Project for the prior Fiscal Year, (D) and the top ten taxpayers as shown on the records of the County Assessor for such period and percent of gross revenues from each; (E) gross increment tax revenues for the prior fiscal year and details on any pass-throughs in such fiscal year; and (F) such additional information with respect to the Redevelopment Project, the Successor Agency or Tax Revenues as the Owner may from time to time reasonably request. Upon written notice to each Bondowner, any information to be provided pursuant to this covenant may be provided directly to the Owner or may be disseminated through the dissemination services provided through EMMA;

(iii) upon request, the Successor Agency will provide, as soon as practicable, a copy of the State Department of Finance approved ROPS filing in the event the information cannot be obtained through the State Department of Finance at <http://www.dof.ca.gov/redevelopment/ROPS/view.php>;

(iv) copies of the Belmont Pass Through Reports provided to the Successor Agency by the County Controller's Office, as soon as practicable following receipt;

(v) notices of (A) any default on any debt obligation, (B) Material Litigation, (C) material governmental proceedings, or (D) Material Adverse Effect; and

(vi) upon request, other information requested by the Owner related to the assessed value of the Redevelopment Project in the event the information cannot be obtained without charge through California Muni Statistics, Inc. or through the County at <https://secure.smcare.org/apps/art/LandImprovements/LandImprovements.aspx> or similarly related sites as provided by the County.

(o) *Event of Default.* The Successor Agency shall immediately notify the Trustee by telephone, promptly confirmed in writing, of any event, action or failure to take any action which constitutes an event of default under any obligation or this Indenture, together with a detailed statement by an authorized representative of the Successor Agency of the steps being taken by the Successor Agency to cure the effect of such event of default.

(p) *Action, Suit or Proceeding.* The Successor Agency shall promptly notify the Trustee in writing (and the Trustee shall in turn notify the Bondowners) (i) of any action, suit or proceeding or any investigation, inquiry or similar proceeding by or before any court or other governmental authority, domestic or foreign, against the Successor Agency which involve claims equal to or in excess of \$100,000 or that seeks injunctive relief, any material litigation and the occurrence of any Material Adverse Change.

(r) *Costs and Expenses.* Subject to the following sentence, the Successor Agency agrees to pay the reasonable out-of-pocket expenses and disbursements of the Owners and the necessary and reasonable fees, expenses and disbursements of counsel to the Owners in connection with (A) obtaining any waiver or consent under this Indenture (whether or not the transactions contemplated thereby shall be consummated) or any Event of Default hereunder, (B) the preparation, execution, delivery, administration, defense and enforcement or preservation of rights in connection with a workout, restructuring or waiver with respect to the Bonds, and (C) the occurrence of an Event of Default and collection and other enforcement proceedings resulting therefrom.

(q) *Indemnification.* The Successor Agency covenants and agrees to indemnify and hold harmless, to the extent permitted by law, the Owner and its incorporators, members, commissioners, directors, officers, agents and employees (collectively, the "Owner Indemnified Persons") against all liability, losses, damages, all reasonable costs and charges (including reasonable fees and disbursements of attorneys, accountants, consultants and other experts), taxes, causes of action, suits, claims, demands and judgments of every conceivable kind, character and nature whatsoever, by or on behalf of any person arising in any manner from the transaction of which this Indenture or the Bonds is a part, including, but not limited to, losses, claims, damages, liabilities or reasonable expenses arising out of, resulting from or in any way connected with (i) the operation of the Redevelopment Project; (ii) any violation of contract, agreement (including this Indenture) or restriction relating to the Redevelopment Project; or (iii) the carrying out of any of the transactions contemplated by this Indenture, the Bonds and all documents related thereto.

ARTICLE VI  
THE TRUSTEE

Section 6.01. Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to the occurrence of an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants, duties or obligations shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a reasonable person would exercise or use under the circumstances in the conduct of its own affairs.

(b) The Successor Agency may remove the Trustee at any time and shall remove the Trustee (i) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing), or (ii) if at any time the Successor Agency has knowledge that the Trustee shall cease to be eligible in accordance with subsection (e) of this Section 6.01, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. In each case such removal shall be accomplished by the giving of written notice of such removal by the Successor Agency to the Trustee, whereupon the Successor Agency shall immediately appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Successor Agency and by giving the Owners notice of such resignation by first class mail, postage prepaid, at their respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the Successor Agency shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of such Owner and all other Owners) may petition any court of competent jurisdiction at the expense of the Successor Agency for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing, acknowledging and delivering to the Successor Agency and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Written Request of the Successor Agency or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture

and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Successor Agency shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Successor Agency shall mail a notice of the succession of such Trustee to the trusts hereunder to each rating agency which then has a current rating on the Bonds and to the Owners at their respective addresses shown on the Registration Books. If the Successor Agency fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Successor Agency.

(e) Any Trustee appointed under the provisions of this Section 6.01 in succession to the Trustee shall be a financial institution having a corporate trust office in the State, having (or in the case of a corporation, national banking association or trust company included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least \$75,000,000, and subject to supervision or examination by federal or state authority. If such financial institution publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such financial institution shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section 6.01.

Section 6.02. Merger or Consolidation. Any bank, national banking association, corporation or trust company into which the Trustee may be merged or converted or with which either of them may be consolidated or any bank, national banking association, corporation or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank, national banking association, corporation or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank, national banking association, corporation or trust company shall be eligible under subsection (e) of Section 6.01, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 6.03. Liability of Trustee.

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Successor Agency, and the Trustee shall not assume responsibility for the correctness of the same, nor make any representations as to the validity or sufficiency of this Indenture or of the security for the Bonds or the tax status of interest thereon nor shall incur any responsibility in respect thereof, other than as expressly stated herein. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or intentional misconduct. The Trustee shall not be liable for the acts of any agents of the Trustee selected by it with due care. The Trustee and its officers and employees may become the Owner of any Bonds with the same rights it would have if they were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

(b) The Trustee shall not be liable for any error of judgment made by a responsible employee or officer, unless the Trustee shall have been negligent in ascertaining the pertinent facts.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(d) The Trustee shall not be liable for any action taken by it and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture, except for actions arising from the negligence or intentional misconduct of the Trustee. The permissive right of the Trustee to do things enumerated hereunder shall not be construed as a mandatory duty.

(e) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until a Responsible Officer shall have actual knowledge thereof, or shall have received written notice thereof from the Successor Agency at its Principal Corporate Trust Office. In the absence of such actual knowledge or notice, the Trustee may conclusively assume that no default has occurred and is continuing under this Indenture. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it. Without limiting the generality of the foregoing, the Trustee may rely conclusively on the Successor Agency's certificates to establish the Successor Agency's compliance with its financial covenants hereunder, including, without limitation, its covenants regarding the deposit of Tax Revenues into the Special Fund and the investment and application of moneys on deposit in the Special Fund (other than its covenants to transfer such moneys to the Trustee when due hereunder).

The Trustee shall have no liability or obligation to the Bond Owners with respect to the payment of debt service by the Successor Agency or with respect to the observance or performance by the Successor Agency to the other conditions, covenants and terms contained in this Indenture, or with respect to the investment of any moneys in any fund or account established, held or maintained by the Successor Agency pursuant to this Indenture or otherwise.

No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers. The Trustee shall be entitled to interest on all amounts advanced by it at the maximum rate permitted by law.

The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys or receivers and shall be entitled to opinion and advice of counsel concerning all matters of trust and its duties hereunder. The Trustee shall not be responsible for any action taken or not taken on the part of any agent, attorney or receiver appointed with due care by it hereunder.

The Trustee shall have no responsibility, opinion, or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Bonds.

Before taking any action under Article VIII or this Article at the written request of a majority of the Owners, the Trustee may require that a satisfactory indemnity bond be furnished by the Owners for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken.

Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds. The Trustee shall not be accountable for the use or application by the Successor Agency or any other party of any funds which the Trustee has released in accordance with the terms of this Indenture. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees, agents and attorneys. Whether or not expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of the Trustee shall be subject to the provisions of this Article VI.

The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

Section 6.04. Right to Rely on Documents and Opinions. The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, facsimile transmission, electronic mail, opinion or other paper or document believed by it to be genuine and to have been signed or prescribed by the proper party or parties, and shall not be required to make any investigation into the facts or matters contained thereon. The Trustee may consult with counsel, including, without limitation, counsel of or to the Successor Agency, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee hereunder in accordance therewith.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Written Certificate of the Successor Agency, which shall be full warrant to the Trustee for any action taken or suffered under the provisions of this Indenture in reliance upon such Written Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable. The Trustee may conclusively rely on any certificate or Report of any Independent Accountant or Independent Redevelopment Consultant appointed by the Successor Agency.

The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured

electronic methods, provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Authority or Successor Agency elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee acts upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Authority and the Successor Agency agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 6.05. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times upon reasonable notice to the inspection of the Successor Agency and any Owner, and their agents and representatives duly authorized in writing, during regular business hours and under reasonable conditions.

Section 6.06. Compensation and Indemnification. The Successor Agency shall pay to the Trustee from time to time reasonable compensation for all services rendered under this Indenture in accordance with the letter proposal from the Trustee approved by the Successor Agency and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys (including the allocated costs and disbursement of in-house counsel to the extent such services are not redundant with those provided by outside counsel), agents and employees, incurred in and about the performance of its powers and duties under this Indenture. The Trustee shall have a first lien on the Tax Revenues and all funds and accounts held by the Trustee hereunder to secure the payment to the Trustee of all fees, costs and expenses, including reasonable compensation to its experts, attorneys and counsel (including the allocated costs and disbursement of in-house counsel to the extent such services are not redundant with those provided by outside counsel).

The Successor Agency further covenants and agrees to indemnify, defend and save the Trustee and its officers, directors, agents and employees, harmless from and against any loss, expense and liabilities, including legal fees and expenses, which it may incur arising out of or in connection with the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence or intentional misconduct of the Trustee, its officers, directors, agents or employees. The obligations of the Successor Agency and the rights of the Trustee under this Section 6.06 shall survive resignation or removal of the Trustee under this Indenture and payment of the Bonds and discharge of this Indenture.

Section 6.07. Deposit and Investment of Moneys in Funds. Subject to the provisions of Article V hereof, all moneys held by the Trustee in the Debt Service Fund, Costs of Issuance Fund or the Redemption Account, shall, at the written direction of the Successor Agency, be invested only in Permitted Investments. If the Trustee receives no written directions from the Successor Agency as to the investment of moneys held in any fund or account, the Trustee shall request such written direction from the Successor Agency and, pending receipt of instructions, shall invest such moneys solely in Permitted Investments described in subsection (d) of the definition thereof; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall

have received a written direction from the Successor Agency specifying a specific money market fund and, if no such written direction is so received, the Trustee shall hold such moneys uninvested.

(a) Moneys in the Redevelopment Obligation Retirement Fund shall be invested by the Successor Agency only in obligations permitted by the Law which will by their terms mature not later than the date the Successor Agency estimates the moneys represented by the particular investment will be needed for withdrawal from the Redevelopment Obligation Retirement Fund.

(b) Moneys in the Interest Account, the Principal Account, the Sinking Account and the Redemption Account of the Debt Service Fund shall be invested only in obligations which will by their terms mature on such dates as to ensure that before each interest and principal payment date, there will be in such account, from matured obligations and other moneys already in such account, cash equal to the interest and principal payable on such payment date.

Obligations purchased as an investment of moneys in any of the funds or accounts shall be deemed at all times to be a part of such respective fund or account and the interest accruing thereon and any gain realized from an investment shall be credited to such fund or account and any loss resulting from any authorized investment shall be charged to such fund or account without liability to the Trustee. The Successor Agency or the Trustee, as the case may be, shall sell or present for redemption any obligation purchased whenever it shall be necessary to do so in order to provide moneys to meet any payment or transfer from such Fund or Account as required by this Indenture and shall incur no liability for any loss realized upon such a sale. All interest earnings received on any monies invested in the Interest Account, the Principal Account, the Sinking Account or the Redemption Account, to the extent they exceed the amount required to be in such account, shall be transferred on each Interest Payment Date to the Debt Service Fund. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section 6.07. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Section 6.07 hereof. The Successor Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Successor Agency the right to receive brokerage confirmations of security transactions as they occur, the Successor Agency specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Successor Agency periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee hereunder.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder.

The value of Permitted Investments shall be determined as follows: (i) as to investments the bid and asked prices of which are published on a regular basis in *The Wall Street Journal* (or, if not there, then in *The New York Times*): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination; (ii) as to investments the bid and asked prices of which are not published on a regular basis in *The Wall Street Journal* or *The New York Times*: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service; (iii) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and (iv) as to any investment not specified above: the value thereof established by prior

agreement between the Successor Agency and the Trustee. If more than one provision of this definition of "value" shall apply at any time to any particular investment, the value thereof at such time shall be determined in accordance with the provision establishing the lowest value for such investment; provided, notwithstanding the foregoing, in making any valuations hereunder, the Trustee may utilize and conclusively rely upon such pricing services as may be regularly available to it, including, without limitation, those within its regular accounting system.

Section 6.08. Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions relating to the proceeds of the Bonds made by it and all funds and accounts held by the Trustee established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Successor Agency upon reasonable prior notice, at reasonable hours and under reasonable circumstances. The Trustee shall furnish to the Successor Agency, at least monthly, an accounting of all transactions in the form of its customary statements relating to the proceeds of the Bonds and all funds and accounts held by the Trustee pursuant to this Indenture. The Trustee shall maintain and store such records for a period of one year after the stated maturity of the Bonds.

Section 6.09. Appointment of Co-Trustee or Agent. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate trustee or co-trustee. The following provisions of this Section 6.09 are adopted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them; *provided, however*, in no event shall the Trustee be responsible or liable for the acts or omissions of any co-trustee.

Should any instrument in writing from the Successor Agency be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Successor Agency. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

Section 6.10. Other Transactions with Successor Agency. The Trustee, either as principal or agent, may engage in or be interested in any financial or other transaction with the Successor Agency.

## ARTICLE VII

### MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 7.01. Amendment. This Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Successor Agency to pay the principal, interest or redemption premiums (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, or (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification. In no event shall any Supplemental Indenture modify any of the rights or obligations of the Trustee without its prior written consent. In addition, the Trustee shall be entitled to an opinion of counsel concerning the Supplemental Indenture's lack of any material adverse effect on the Owners and that all conditions precedent for any supplement or amendment have been satisfied and that such Supplemental Indenture will not cause the interest on the Bonds to be included in the gross income of the Owners of the Bonds for federal income tax purposes.

Section 7.02. Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article VII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 7.03. Endorsement or Replacement of Bonds After Amendment. After the effective date of any amendment or modification hereof pursuant to this Article VII, the Successor Agency may determine that any or all of the Bonds shall bear a notation, by endorsement in form approved by the Successor Agency, as to such amendment or modification and in that case upon demand of the Successor Agency, the Owners of such Bonds shall present such Bonds for that purpose at the Principal Corporate Trust Office, and thereupon a suitable notation as to such action shall be made on such Bonds. In lieu of such notation, the Successor Agency may determine that new Bonds shall be prepared at the expense of the Successor Agency and executed in exchange for any or all of the Bonds, and in that case, upon demand of the Successor Agency, the Owners of the Bonds shall present such Bonds for exchange at the Principal Corporate Trust Office, without cost to such Owners.

Section 7.04. Amendment by Mutual Consent. The provisions of this Article VII shall not prevent any Owner from accepting any amendment as to the particular Bond held by such Owner, provided that due notation thereof is made on such Bond.

## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 8.01. Events of Default. The following events shall constitute Events of Default hereunder:

(a) if default shall be made by the Successor Agency in the due and punctual payment of the principal or sinking fund payment of or interest or redemption premium (if any) on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if default shall be made by the Successor Agency in the observance of any of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, other than a default described in the preceding clause (a), and such default shall have continued for a period of sixty (60) days following receipt by the Successor Agency of written notice from the Trustee or any Owner of the occurrence of such default provided that if in the reasonable opinion of the Successor Agency the failure stated in the notice can be corrected, but not within such 60 day period, such failure will not constitute an event of default if corrective action is instituted by the Successor Agency within such 60 day period and the Successor Agency thereafter diligently and in good faith cures such failure within 120 days; or

(c) if the Successor Agency files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction will approve a petition seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will approve a petition, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will assume custody or control of the Successor Agency or of the whole or any substantial part of its property.

From and during the continuance of an Event of Default described in (a) above in which payment is not made within ten (10) days of the date such payment is due, or following and during the continuance of an Event of Default described in (b) or (c) above, the Bonds shall bear interest at the Default Rate.

Section 8.02. Remedies of Bondowners. Any Bondowner shall have the right, for the equal benefit and protection of all Bondowners similarly situated:

(a) by mandamus, suit, action or proceeding, to compel the Successor Agency and its Board members, officers, agents or employees to perform each and every term, provision and covenant contained in this Resolution and in the Bonds, and to require the carrying out of any or all such covenants and agreements of the Successor Agency and the fulfillment of all duties imposed upon it;

(b) by suit, action or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the Bondowners' rights; or

(c) upon the happening of any Event of Default, by suit, action or proceeding in any court of competent jurisdiction, to require the Successor Agency and its Board members and employees to account as if it and they were the trustees of an express trust.

Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Bondowner any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Bondowner thereof, or to authorize the Trustee to vote in respect of the claim of any Bondowner in any such proceeding without the approval of the Bondowners so affected.

Section 8.03. Application of Funds. All of the Tax Revenues and all sums in the funds and accounts established and held by the Trustee hereunder upon the date of the declaration of, and during the continuation of, an Event of Default, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee in the following order:

*First*, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in exercising the rights and remedies set forth in this Article VIII, including reasonable compensation to its agents, attorneys (including the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel) and counsel and any outstanding fees, expenses of the Trustee; and

*Second*, to the payment of the whole amount then owing and unpaid upon the Bonds for principal and interest, with interest on the overdue principal and installments of interest at the net effective rate then borne by the Outstanding Bonds (to the extent that such interest on overdue installments of principal and interest shall have been collected), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such principal and interest without preference or priority of principal over interest, or interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Section 8.04. Limitation on Owner's Right to Sue. No Owner of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made Written Request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such Written Request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy hereunder; it being understood and intended that no one or more Owners shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of (and premium, if any) and interest on such Bond as herein provided, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section 8.04 or any other provision of this Indenture.

Section 8.05. Non-Waiver. Nothing in this Article VIII or in any other provision of this Indenture or in the Bonds, shall affect or impair the obligation of the Successor Agency, which is absolute and unconditional, to pay from the Tax Revenues and other amounts pledged hereunder, the principal of and interest and redemption premium (if any) on the Bonds to the respective Owners on the respective Interest Payment Dates, as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of the Owners or the Trustee to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

A waiver of any default by any Owner or the Trustee shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners and the Trustee by the Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners and the Trustee.

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Owners or the Trustee, the Successor Agency, the Trustee and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Section 8.06. Actions by Trustee as Attorney-in-Fact. Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated and the Trustee is hereby appointed (and the successive respective Owners by taking and holding the Bonds or Parity Debt shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact; *provided, however*, the Trustee shall have no duty or obligation to exercise any such right or remedy unless it has been indemnified to its satisfaction from any loss, liability or expense (including fees and expenses of its outside counsel and the allocated costs and disbursements of its in-house counsel).

Section 8.07. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

Section 8.08. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Successor Agency, the Trustee, their officers, employees and agents, and the Owners any right, remedy or claim under or by reason of this Indenture, or any covenant, condition or stipulation of this Indenture, and all covenants, stipulations, promises and agreements in this Indenture shall be for the sole and exclusive benefit of the Successor Agency, the Trustee, their officers, employees and agents, and the Owners.

ARTICLE IX  
MISCELLANEOUS

Section 9.01. Benefits Limited to Parties. Nothing in this Indenture, expressed or implied, is intended to give to any person other than the Successor Agency, the Trustee and the Owners, any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the Successor Agency shall be for the sole and exclusive benefit of the Trustee and the Owners.

Section 9.02. Successor is Deemed Included in All References to Predecessor. Whenever in this Indenture or any Supplemental Indenture either the Successor Agency or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Successor Agency or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 9.03. Discharge of Indenture. If the Successor Agency shall pay and discharge the entire indebtedness on all Bonds or any portion thereof in any one or more of the following ways:

(a) by well and truly paying or causing to be paid the principal of and interest and premium (if any) on all or the applicable portion of Outstanding Bonds, as and when the same become due and payable;

(b) by irrevocably depositing with the Trustee or an escrow agent, in trust or in escrow, as applicable, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to this Indenture, is fully sufficient to pay all or the applicable portion of Outstanding Bonds, including all principal, interest and redemption premiums, or;

(c) by irrevocably depositing with the Trustee or another fiduciary, in trust, Defeasance Obligations in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on all Bonds or the applicable portion of (including all principal, interest and redemption premiums) at or before maturity;

and, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given pursuant to Section 2.03(c) or provision satisfactory to the Trustee shall have been made for the giving of such notice, then, at the election of the Successor Agency, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Tax Revenues and other funds provided for in this Indenture and all other obligations of the Trustee and the Successor Agency under this Indenture shall cease and terminate with respect to all Outstanding Bonds or, if applicable, with respect to that portion of the Bonds which has been paid and discharged, except only (a) the covenants of the Successor Agency hereunder with respect to the Code, (b) the obligation of the Trustee to transfer and exchange Bonds hereunder, (c) the obligations of the Successor Agency under Section 6.06 hereof, and (d) the obligation of the Successor Agency to pay or cause to be paid to the Owners, from the amounts so deposited with the Trustee, all sums due thereon and to pay the Trustee all fees, expenses and costs of the Trustee. In the event the Successor Agency shall, pursuant to the foregoing provision, pay and discharge any portion or all of the Bonds then Outstanding, the

Trustee shall be authorized to take such actions and execute and deliver to the Successor Agency all such instruments as may be necessary or desirable to evidence such discharge, including, without limitation, selection by lot of Bonds of any maturity of the Bonds that the Successor Agency has determined to pay and discharge in part.

In the case of a defeasance or payment of all of the Bonds Outstanding, any funds thereafter held by the Trustee which are not required for said purpose or for payment of amounts due to the Trustee pursuant to Section 6.06 shall be paid over to the Successor Agency.

Section 9.04. Execution of Documents and Proof of Ownership by Owners. Any request, declaration or other instrument which this Indenture may require or permit to be executed by any Owner may be in one or more instruments of similar tenor, and shall be executed by such Owner in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

The ownership of Bonds and the amount, maturity, number and date of ownership thereof shall be proven by the Registration Books.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the Successor Agency or the Trustee and in accordance therewith, *provided, however*, that the Trustee shall not be deemed to have knowledge that any Bond is owned by or for the account of the Successor Agency unless the Successor Agency is the registered Owner or the Trustee has received written notice that any other registered Owner is such an affiliate.

Section 9.05. Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the Successor Agency or the City (but excluding Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Upon request of the Trustee, the Successor Agency shall specify to the Trustee those Bonds disqualified pursuant to this Section 9.05.

Section 9.06. Waiver of Personal Liability. No member, officer, agent or employee of the Successor Agency shall be individually or personally liable for the payment of the principal of or interest or any premium on the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 9.07. Destruction of Canceled Bonds. Whenever in this Indenture provision is made for the surrender to the Trustee of any Bonds which have been paid or canceled pursuant to the provisions of this Indenture, the Trustee shall destroy such bonds and upon request of the Successor Agency provide the Successor Agency a certificate of destruction. The Successor Agency shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to.



only to the Successor Agency for the payment of the principal of and interest and redemption premium (if any) on of such Bonds.

Section 911. Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 912. Governing Law. This Indenture shall be construed and governed in accordance with the laws of the State.

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF KING, has caused this Indenture to be signed in its name by its officer thereunto duly authorized, and U.S. BANK NATIONAL ASSOCIATION in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

SUCCESSOR AGENCY TO THE  
COMMUNITY DEVELOPMENT  
AGENCY OF THE CITY OF KING

By \_\_\_\_\_  
Steven Adams  
Executive Director

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By \_\_\_\_\_  
John Axt  
Vice President

**EXHIBIT A  
FORM OF BONDS**

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THIS BOND MAY NOT BE TRANSFERRED EXCEPT IN ACCORDANCE WITH SECTION 2.07 OF THE INDENTURE DESCRIBED HEREIN.

United States of America  
State of California  
County of Monterey

**SUCCESSOR AGENCY TO THE  
COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF KING  
Senior Lien Tax Allocation Refunding Bond, Series 2016**

| INTEREST RATE | MATURITY DATE  | DATED DATE      |
|---------------|----------------|-----------------|
| _____ %       | August 1, 2034 | August 18, 1016 |

REGISTERED OWNER: \_\_\_\_\_

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

The SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF KING, a public body duly organized and existing under and by virtue of the laws of the State of California (the "Agency"), for value received hereby promises to pay to the Registered Owner stated above, or registered assigns (the "Registered Owner"), on the Maturity Date stated above (subject to any right of prior redemption hereinafter provided for), the Principal Sum stated above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond, unless (i) this Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth (15th) day of the month immediately preceding an Interest Payment Date (the "Record Date"), in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before January 15, 2017, in which event it shall bear interest from the Dated Date above; *provided however*, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on this Bond, until payment of such Principal Sum in full, at the Interest Rate per annum stated above, payable semiannually on each February 1 and August 1, commencing February 1, 2017 (each an "Interest Payment Date"), calculated on the basis of 360-day year comprised of twelve 30-day months.

Principal hereof and premium, if any, upon early redemption hereof are payable upon surrender of this Bond at the Principal Corporate Trust Office (as such term is defined in the Indenture) of U.S. Bank National Association, as trustee (the "Trustee"), or at such other place as designated by the Trustee. Interest hereon (including the final interest payment upon maturity or earlier redemption) is payable by check of the Trustee mailed by first class mail,

postage prepaid, on the Interest Payment Date to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books maintained by the Trustee as of the Record Date for which such Interest Payment Date occurs; provided however, that payment of interest may be by wire transfer to an account in the United States of America to any registered owner of Bonds in the aggregate principal amount of \$1,000,000 or more upon written instructions of any such registered owner filed with the Trustee for that purpose on or before the Record Date preceding the applicable Interest Payment Date.

This Bond is one of a duly authorized issue of bonds of the Successor Agency designated as "Successor Agency to the Community Development Agency of the City of King Senior Lien Tax Allocation Refunding Bonds, Series 2016" (the "Bonds"), of an aggregate principal amount of \_\_\_\_\_ dollars (\$\_\_\_\_\_), all of like tenor and date (except for such variation, if any, as may be required to designate varying series, numbers, maturities, interest rates, or redemption and other provisions) and all issued pursuant to the provisions of section 34177.5 of the California Health and Safety Code and section 53580 *et seq.* of the California Government Code and pursuant to a resolution of the Successor Agency adopted on May 24, 2016, a resolution of the Oversight Board of the Successor Agency to the Community Development Agency of the City of King, adopted on May 25, 2016, and an Indenture of Trust, dated as of August 1, 2016, entered into by and between the Successor Agency and the Trustee (the "Indenture"), authorizing the issuance of the Bonds. Additional bonds or other obligations may be issued on a parity with the Bonds, but only subject to the terms of the Indenture. Reference is hereby made to the Indenture (copies of which are on file at the office of the Successor Agency) and all indentures supplemental thereto and to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the California Health and Safety Code (the "Redevelopment Law") for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Tax Revenues (as that term is defined in the Indenture), and the rights thereunder of the registered owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Successor Agency thereunder, to all of the provisions of which Indenture the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds are being issued for the purpose of (a) providing funds to the Successor Agency to refund, on an advance basis, the outstanding Community Development Agency of the City of King Tax Allocation Refunding Bonds, Series 2011 (the "2011 Bonds"), payable from tax increment revenue generated in the King City Redevelopment Project established in the City of King (the "City"), as identified in the Indenture, (b) funding a reserve fund for the Bonds, and (c) paying the costs of issuing the Bonds.

The Bonds are special obligations of the Successor Agency and this Bond and the interest hereon and on all other Bonds and the interest thereon (to the extent set forth in the Indenture), are payable from, and are secured by a pledge of, security interest in and lien on the Tax Revenues being the moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subdivision (c) of section 34172 the California Health and Safety Code, as provided in paragraph (2) of subdivision (a) of section 34183 of the California Health and Safety Code. If, and to the extent, that the provisions of section 34172 or paragraph (2) of subdivision (a) of section 34183 the California Health and Safety Code are invalidated by a final judicial decision, then Tax Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to section 33670 of the California Health and Safety Code or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution.

There has been created and will be maintained by the Successor Agency, the Redevelopment Obligation Retirement Fund (as defined in the Indenture) into which Tax Revenues shall be deposited and from which the Successor Agency shall transfer amounts to

the Trustee for payment of the principal of and the interest and redemption premium, if any, on the Bonds when due. As and to the extent set forth in the Indenture, all such Tax Revenues are exclusively and irrevocably to and constitute a trust fund, in accordance with the terms hereof and the provisions of the Indenture and the Redevelopment Law, for the security and payment or redemption of, including any premium upon early redemption, and for the security and payment of interest on, the Bonds. In addition, the Bonds shall be additionally secured at all times by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Redevelopment Obligation Retirement Fund, the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account and the Redemption Account (as such terms are defined in the Indenture). Except for the Tax Revenues and such moneys, no funds or properties of the Successor Agency shall be to, or otherwise liable for, the payment of principal of or interest or redemption premium, if any, on the Bonds.

The Bonds are subject to redemption, at the option of the Successor Agency on any date on or after August 1, \_\_\_\_, as a whole or in part, by lot, from any available source of funds, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

The Bonds are subject to mandatory redemption from sinking fund payments made by the Successor Agency, in part by lot, on August 1, 2017, and on each August 1 to and including August 1, 2034, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, as set forth in the following table:

| Redemption Date<br>(August 1) | Principal<br>Amount | Redemption Date<br>(August 1) | Principal<br>Amount |
|-------------------------------|---------------------|-------------------------------|---------------------|
| 2017                          |                     | 2026                          |                     |
| 2018                          |                     | 2027                          |                     |
| 2019                          |                     | 2028                          |                     |
| 2020                          |                     | 2029                          |                     |
| 2021                          |                     | 2030                          |                     |
| 2022                          |                     | 2031                          |                     |
| 2023                          |                     | 2032                          |                     |
| 2024                          |                     | 2033                          |                     |
| 2025                          |                     | 2034†                         |                     |

† Maturity.

As provided in the Indenture, notice of redemption shall be given by first class mail no less than twenty (20) nor more than sixty (60) days prior to the redemption date to the respective registered owners of any Bonds designated for redemption at their addresses appearing on the Bond registration books maintained by the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption. Notices of optional redemption may be conditioned upon receipt by the Trustee of sufficient moneys to redeem the Bonds on the anticipated redemption date, and if the Trustee does not receive sufficient funds by the scheduled redemption date the redemption shall not occur and the Bonds for which notice of redemption was given shall remain outstanding for all purposes of the Indenture.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

The Bonds are issuable as fully registered Bonds without coupons in denominations of \$5,000 and any integral multiple thereof. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Indenture, Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations and of the same maturity.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Principal Corporate Trust Office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new fully registered Bond or Bonds, of any authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor. The Trustee may refuse to transfer or exchange (a) any Bonds during the fifteen (15) days prior to the date established for the selection of Bonds for redemption, or (b) any Bonds selected for redemption.

The Successor Agency and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Successor Agency and the Trustee shall not be affected by any notice to the contrary.

The rights and obligations of the Successor Agency and the registered owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Successor Agency to pay the principal, interest or redemption premiums (if any) at the time and place and at the rate and in the currency provided herein of any Bond without the express written consent of the registered owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

This Bond is not a debt of the City of King, the State of California, or any of its political subdivisions, and neither said City, said State, nor any of its political subdivisions is liable hereon, nor in any event shall this Bond be payable out of any funds or properties other than those of the Successor Agency. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

THE BONDS HAVE BEEN DESIGNATED BY THE SUCCESSOR AGENCY AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" WITHIN THE MEANING OF SECTION 265(b)(3) OF THE INTERNAL REVENUE CODE OF 1986.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time and manner as required by the Redevelopment Law and the laws of the State of California, and that the amount of this Bond, together with all other indebtedness of the Successor Agency, does not exceed any limit prescribed by the Redevelopment Law or any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the Trustee's Certificate of Authentication hereon shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the Successor Agency to the Community Development Agency of the City of King has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its Chair and attested by the facsimile signature of its Secretary, all as of the Dated Date stated above.

SUCCESSOR AGENCY TO THE  
COMMUNITY DEVELOPMENT AGENCY  
OF THE CITY OF KING

By \_\_\_\_\_  
Chair

ATTEST:

\_\_\_\_\_  
Secretary

**TRUSTEE'S CERTIFICATE OF AUTHENTICATION**

This is one of the Bonds described in the within-mentioned Indenture.

Authentication Date: \_\_\_\_\_

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

By: \_\_\_\_\_  
Authorized Signatory

**ASSIGNMENT**

For value received, the undersigned do(es) hereby sell, assign and transfer unto

\_\_\_\_\_  
\_\_\_\_\_

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint

\_\_\_\_\_  
attorney, to transfer the same on the registration books of the Trustee, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution (banks, stock brokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program) pursuant to Securities and Exchange Commission Rule 17 Ad-15.

\_\_\_\_\_  
NOTICE: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

**EXHIBIT B**

**RECOGNIZED OBLIGATION DEBT SERVICE PAYMENT SCHEDULE**

| Interest<br>Payment<br>Date | Principal | Interest | Total |
|-----------------------------|-----------|----------|-------|
| 2/1/17                      |           |          |       |
| 8/1/17                      |           |          |       |
| 2/1/18                      |           |          |       |
| 8/1/18                      |           |          |       |
| 2/1/19                      |           |          |       |
| 8/1/19                      |           |          |       |
| 2/1/20                      |           |          |       |
| 8/1/20                      |           |          |       |
| 2/1/21                      |           |          |       |
| 8/1/21                      |           |          |       |
| 2/1/22                      |           |          |       |
| 8/1/22                      |           |          |       |
| 2/1/23                      |           |          |       |
| 8/1/23                      |           |          |       |
| 2/1/24                      |           |          |       |
| 8/1/24                      |           |          |       |
| 2/1/25                      |           |          |       |
| 8/1/25                      |           |          |       |
| 2/1/26                      |           |          |       |
| 8/1/26                      |           |          |       |
| 2/1/27                      |           |          |       |
| 8/1/27                      |           |          |       |
| 2/1/28                      |           |          |       |
| 8/1/28                      |           |          |       |
| 2/1/29                      |           |          |       |
| 8/1/29                      |           |          |       |
| 2/1/30                      |           |          |       |
| 8/1/30                      |           |          |       |
| 2/1/31                      |           |          |       |
| 8/1/31                      |           |          |       |
| 2/1/32                      |           |          |       |
| 8/1/32                      |           |          |       |
| 2/1/33                      |           |          |       |
| 8/1/33                      |           |          |       |
| 2/1/34                      |           |          |       |
| 8/1/34                      |           |          |       |
| <b>Total</b>                | _____     | _____    | _____ |
|                             | =====     | =====    | ===== |

**EXHIBIT C**  
**FORM OF INVESTOR'S LETTER**

Successor Agency to the Community Development Agency of the City of King  
City of King, California

Re: Successor Agency to the Community Development Agency of the City of King Senior Lien  
Tax Allocation Refunding Bonds, Series 2016

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Ladies and Gentlemen:

The undersigned (the "Purchaser"), being the purchaser of the above-referenced bonds (the "Bonds") does hereby certify, represent and warrant for the benefit of the Successor Agency to the Successor Agency to the Community Development Agency of the City of King (the "Successor Agency") and U.S. Bank National Association, as trustee (the "Trustee") that:

(a) The Purchaser (MARK OR INDICATE APPROPRIATELY):

[ ] is a qualified institutional buyer" (a "Qualified Institutional Buyer") within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended (the "Securities Act"),

[ ] is an "accredited investor" as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act (an "Accredited Investor"), or

[ ] a trust, partnership, custodial arrangement or similar entity, interests in which are offered and sold in a private placement or limited offering only to Qualified Institutional Buyers or Accredited Investors.

(b) The Purchaser understands that the Bonds have not been registered under the United States Securities Act of 1933, as amended, or under any state securities laws. The Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Bonds by it, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish such requirements.

(c) The Purchaser is not now and has never been controlled by, or under common control with, the Successor Agency. The Successor Agency has never been and is not now controlled by the Purchaser. The Purchaser has entered into no arrangements with the Successor Agency or with any affiliate in connection with the Bonds, other than as disclosed to the Successor Agency.

(d) The Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds. The individual who is signing this letter on behalf of the Purchaser is a duly appointed, qualified, and acting officer of the Purchaser and is authorized to cause the Purchaser to make the certificates,

representations and warranties contained herein by execution of this letter on behalf of the Purchaser.

(e) The Purchaser has been informed that the Bonds (i) have not been and will not be registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any jurisdiction, and (ii) will not be listed on any stock or other securities exchange.

(f) The Purchaser acknowledges that it has the right to sell and transfer the Bonds, subject to compliance with the transfer restrictions set forth in Section 2.06 of the Indenture of Trust, dated as of August 1, 2016, by and between the Successor Agency and the Trustee (the "Indenture"), including in certain circumstances the requirement for the delivery to the Successor Agency and the Trustee of an investor's letter in the same form as this Investor's Letter, including this paragraph. Failure to comply with the provisions of Section 2.06 of the Indenture shall cause the purported transfer to be null and void.

(h) Neither the Trustee nor Bond Counsel, or any of their employees, counsel or agents will have any responsibility to the Purchaser for the accuracy or completeness of information obtained by the Purchaser from any source regarding the Successor Agency or its financial condition, the provision for payment of the Bonds, or the sufficiency of any security therefor. The Purchaser acknowledges that, as between the Purchaser and all of such parties, the Purchaser has assumed responsibility for obtaining such information and making such review as the Purchaser deemed necessary or desirable in connection with its decision to purchase the Bonds.

(i) The Purchaser acknowledges that the Bonds are exempt from the requirements of Rule 15c2-12 of the Securities and Exchange Commission and that the Successor Agency has not undertaken to provide any continuing disclosure with respect to the Bonds, except as otherwise provided in the Indenture.

The Purchaser acknowledges that the sale of the Bonds to the Purchaser is made in reliance upon the certifications, representations and warranties herein by the addressees hereto. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture.

[PURCHASER]

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

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**ESCROW AGREEMENT**

**by and between the**

**SUCCESSOR AGENCY TO THE  
COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF KING**

**and**

**U.S. BANK NATIONAL ASSOCIATION, as Escrow Bank**

**Dated August 18, 2016**

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Relating to Refunding of the Outstanding  
Community Development Agency of the City of King  
Tax Allocation Refunding Bonds, Series 2011

## ESCROW AGREEMENT

This ESCROW AGREEMENT is made and entered into this 18th day of August, 2016, by and between the SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF KING, as successor to the former Community Development Agency of the City of King, a public entity, organized and existing under the laws of the State of California (the "Successor Agency"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, with a corporate trust office in Los Angeles, California, and being qualified to accept and administer the funds and accounts hereby created, as successor trustee with respect to the hereinafter described 2011 Bonds and as escrow agent hereunder (the "Escrow Bank");

### WITNESSETH:

WHEREAS, the Community Development Agency of the City of King (the "Former Agency") was a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the California Health and Safety Code (the "Law"), including the power to issue bonds for any of its corporate purposes;

WHEREAS, the Former Agency has previously issued its Community Development Agency of the City of King Tax Allocation Refunding Bonds, Series 2011 (the "2011 Bonds");

WHEREAS, the 2011 Bonds were issued pursuant to an indenture of trust, dated as of June 1, 2011 (the "2011 Indenture"), by and between the Former Agency and U.S. Bank National Association, as trustee (the "2011 Trustee");

WHEREAS, the 2011 Indenture provides that if the Successor Agency shall pay and provide for the entire indebtedness on all or any portion of the 2011 Bonds by irrevocably depositing cash or non-callable Defeasance Obligations (as defined in the 2011 Indenture) with the 2011 Trustee in such amount as will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to the 2011 Indenture, be fully sufficient to pay and discharge the indebtedness on all or such portion of the 2011 Bonds (including all principal, interest and redemption premiums) at or before maturity, and if the 2011 Bonds are to be redeemed prior to the maturity thereof, and notice of such redemption is given pursuant to the 2011 Indenture or provision satisfactory to the 2011 Trustee shall have been made for the giving of such notice, then, at the election of the Successor Agency, and notwithstanding that any 2011 Bonds shall not have been surrendered for payment, the pledge of the Revenues (as defined in the 2011 Indenture) and other funds provided for in the 2011 Indenture and all other obligations of the 2011 Trustee and the Successor Agency under the 2011 Indenture with respect to all or such portion of the 2011 Bonds shall cease and terminate, except only the obligations of the 2011 Trustee to transfer and exchange the 2011 Bonds thereunder and except the obligations of the Successor Agency to pay or cause to be paid to the owners of the 2011 Bonds not so surrendered and paid all sums due thereon and all expenses and costs of the 2011 Trustee; and thereafter Revenues shall not be payable to the 2011 Trustee;

WHEREAS, the Successor Agency has determined that, due to prevailing financial market conditions, it is in the best interests of the Successor Agency at this time to provide for the defeasance of the 2011 Bonds;

WHEREAS, to raise funds necessary to effectuate such refunding, and for other purposes, the Successor Agency has issued its Successor Agency to the Community Development Agency of the City of King Senior Lien Tax Allocation Refunding Bonds, Series 2016 (the "2016 Bonds"), pursuant to an Indenture of Trust, dated as of August 1, 2016 (the "2016 Indenture"), by and between the Successor Agency and U.S. Bank National Association, as trustee (the "2016 Trustee");

WHEREAS, the Successor Agency wishes to make a deposit with the Escrow Bank and to enter into this Escrow Agreement for the purpose of providing the terms and conditions for the deposit and application of amounts so deposited; and

WHEREAS, the Escrow Bank has full powers to act with respect to the irrevocable escrow and escrow created herein and to perform the duties and obligations to be undertaken pursuant to this Escrow Agreement;

NOW, THEREFORE, in consideration of the above premises and of the mutual promises and covenants herein contained and for other valuable consideration, the parties hereto do hereby agree as follows:

*Section 1. Appointment of Escrow Bank.* The Successor Agency hereby appoints the Escrow Bank as escrow agent for all purposes of this Escrow Agreement and in accordance with the terms and provisions of this Escrow Agreement, and the Escrow Bank hereby accepts such appointment.

*Section 2. Establishment of Escrow Fund.* There is hereby created by the Successor Agency with, and to be held by, the Escrow Bank, as security for the defeasance and redemption of the 2011 Bonds, as hereinafter set forth, an irrevocable escrow to be maintained by the Escrow Bank on behalf of the Successor Agency and for the benefit of the owners of the 2011 Bonds, said escrow to be designated the "Escrow Fund." All moneys deposited in the Escrow Fund shall constitute a special fund for the defeasance and redemption of the 2011 Bonds in accordance with the provisions of the 2011 Indenture. If at any time the Escrow Bank shall receive actual knowledge that the moneys in the Escrow Fund will not be sufficient to make any payment required by Section 4 hereof, the Escrow Bank shall notify the Successor Agency of such fact and the Successor Agency shall immediately cure such deficiency.

*Section 3. Deposit into Escrow Fund.*

(a) Concurrently with delivery of the Bonds, the Successor Agency shall cause to be transferred to the Escrow Bank for deposit into the Escrow Fund the amount of \$\_\_\_\_\_, derived as follows:

(i) from the proceeds of the 2016 Bonds, the sum of \$\_\_\_\_\_; and

(ii) from amounts on deposit in the reserve account created for the 2011 Bonds (the "2011 Reserve Account"), the sum of \$\_\_\_\_\_.

(b) The Escrow Bank shall invest \$\_\_\_\_\_ of the moneys deposited into the Escrow Fund pursuant to the preceding paragraph in the securities set forth in Exhibit A attached hereto and by this reference incorporated herein (the "Escrowed Federal Securities") and shall hold the remaining \$\_\_\_\_\_ in cash, uninvested. The Escrowed Federal Securities and such cash shall be deposited with and held by the Escrow Bank in the Escrow Fund solely for the uses and purposes set forth herein.

If the Escrow Bank learns that the Department of the Treasury or the Bureau of Public Debt will not, for any reason, accept a SLGS subscription, the Escrow Bank shall promptly request alternative written investment instructions from the Successor Agency with respect to escrowed funds which were to be invested in the Escrowed Federal Securities. The Escrow Bank shall follow such instructions and, upon the maturity of any such alternative investment, the Escrow Bank shall hold funds uninvested and without liability for interest until receipt of further written instructions from the Successor Agency. In the absence of investment instructions from the Successor Agency the Escrow Bank shall not be responsible for the investment of such funds or interest thereon. The Escrow Bank may conclusively rely upon the Successor Agency selection of an alternative investment as a determination of the alternative investment's legality and suitability and shall not be liable for any losses related to the alternative investments or for compliance with any yield restriction applicable thereto.

(c) The Escrow Bank may rely upon the conclusion of Grant Thornton LLP, as contained in its opinion and accompanying schedules (the "Report") dated August 18, 2016, that the Escrowed Federal Securities mature and bear interest payable in such amounts and at such times as, together with cash on deposit in the Escrow Fund, will be sufficient to pay the principal of and interest on the 2011 Bonds, to and including August 1, 2021, and to redeem the 2011 Bonds in full on August 1, 2021 (the "Redemption Date") at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to such date (the "Redemption Price");

(d) The Escrow Bank shall not be liable or responsible for any loss resulting from its full compliance with the provisions of this Escrow Agreement.

(e) Any money left on deposit in the Escrow Fund after payment in full of the 2011 Bonds, and the payment of all amounts due to the Escrow Bank hereunder, shall be paid to the Successor Agency.

Section 4. Instructions as to Application of Deposit; Defeasance Notice; Redemption Notice.

(a) The moneys deposited in the Escrow Fund pursuant to Section 3 shall be applied by the Escrow Bank for the sole purpose of paying the principal of and interest on the 2011 Bonds to and including August 1, 2021, and of redeeming the outstanding 2011 Bonds in full on the Redemption Date at the Redemption Price, all as set forth in Exhibit B attached hereto and by this reference incorporated herein.

(b) The Escrow Bank, in its capacity as 2011 Trustee, is hereby requested, and the Escrow Bank, in its capacity as 2011 Trustee, hereby agrees to give notice of the defeasance of the 2011 Bonds in the form of defeasance notice attached hereto as Exhibit C.

(c) The Escrow Bank, in its capacity as 2011 Trustee, is hereby requested, and the Escrow Bank, as 2011 Trustee, hereby agrees to give timely notice of the redemption of the 2011 Bonds on the Redemption Date in accordance with the applicable provisions of the 2011 Indenture and the form of redemption notice attached hereto as Exhibit D.

Section 5. Investment of Any Remaining Moneys. The Escrow Bank shall invest and reinvest the proceeds received from any of the Escrowed Federal Securities, and the cash originally deposited into the Escrow Fund, for a period ending not later than the next succeeding interest payment date relating to the 2011 Bonds, in Federal Securities pursuant to written directions of the Successor Agency; *provided, however*, that (a) such written directions of the Successor Agency shall be accompanied by (i) a certification of an independent certified public accountant or firm of certified public accountants of favorable national reputation

experienced in the refunding of obligations of political subdivisions that the Federal Securities then to be so deposited in the Escrow Fund, together with the cash then on deposit in the Escrow Fund, together with the interest to be derived therefrom, shall be in an amount at all times at least sufficient to make the payments specified in Section 3 hereof, and (ii) an opinion of nationally recognized bond counsel ("Bond Counsel") that investment in accordance with such directions will not affect, for Federal income tax purposes, the exclusion from gross income of interest due with respect to the 2011 Bonds, and (b) if the Successor Agency directs such investment or reinvestment to be made in United States Treasury Securities-State and Local Government Series, the Successor Agency shall, at its cost, cause to be prepared all necessary subscription forms therefor in sufficient time to enable the Escrow Bank to acquire such securities. In the event that the Successor Agency shall fail to file any such written directions with the Escrow Bank concerning the reinvestment of any such proceeds, such proceeds shall be held uninvested by the Escrow Bank. Any interest income resulting from investment or reinvestment of moneys pursuant to this Section 5 and not required for the purposes set forth in Section 3, as indicated by such verification, shall, promptly upon the receipt of such interest income by the Escrow Bank, be paid to the Successor Agency.

*Section 6. Substitution or Withdrawal of Federal Securities.* The Successor Agency may, at any time, direct the Escrow Bank in writing to substitute Federal Securities for any or all of the Escrowed Federal Securities then deposited in the Escrow Fund, or to withdraw and transfer to the Successor Agency any portion of the Federal Securities then deposited in the Escrow Fund, provided that any such direction and substitution or withdrawal shall be simultaneous and shall be accompanied by (a) a certification of an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions that the Federal Securities then to be so deposited in the Escrow Fund together with interest to be derived therefrom, or in the case of withdrawal, the Federal Securities to be remaining in the Escrow Fund following such withdrawal together with the interest to be derived therefrom, together with the cash then on deposit in the Escrow Fund, shall be in an amount at all times at least sufficient to make the payments specified in Section 3 hereof; and (b) an opinion of Bond Counsel that the substitution or withdrawal will not affect, for Federal income tax purposes, the exclusion from gross income of interest on the 2011 Bonds. In the event that, following any such substitution of Federal Securities pursuant to this Section 6, there is an amount of moneys or Federal Securities in excess of an amount sufficient to make the payments required by Section 3 hereof, as indicated by such verification, such excess shall be paid to the Successor Agency.

*Section 7. Application of 2011 Funds.* On the date of deposit of amounts in the Escrow Fund pursuant to Section 3, the Escrow Bank, as 2011 Trustee, is hereby directed to (a) withdraw all amounts on deposit in the 2011 Reserve Account (\$483,909.47) and transfer such sum to the Escrow Fund, and (b) withdraw all amounts on deposit in the 2011 Surplus Account (\$126,924.34) and transfer such sum to the Escrow Fund.

Any amounts remaining on deposit in any fund or account established under the 2011 Indenture relating to the 2011 Bonds, including any investment earnings received after the date of original delivery of the 2016 Bonds, shall be transferred by the Escrow Bank to the Successor Agency for deposit in the Redevelopment Obligation Retirement Fund established under the 2016 Indenture.

*Section 8. Application of Certain Terms of 2011 Indenture.* All of the terms of the 2011 Indenture relating to the making of payments of principal and interest with respect to the 2011 Bonds are incorporated in this Escrow Agreement as if set forth in full herein. The provisions of the 2011 Indenture relating to the limitations from liability and protections afforded the 2011 Trustee and the resignation and removal of the 2011 Trustee are also incorporated in this

Escrow Agreement as if set forth in full herein and shall be the procedure to be followed with respect to any resignation or removal of the Escrow Bank hereunder.

*Section 9. Compensation to Escrow Bank.* The Successor Agency shall pay the Escrow Bank full compensation for its duties under this Escrow Agreement, including out-of-pocket costs such as publication costs, prepayment or redemption expenses, legal fees and other costs and expenses relating hereto. Under no circumstances shall amounts deposited in the Escrow Fund be deemed to be available for said purposes.

*Section 10. Liabilities and Obligations of Escrow Bank.* The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Escrow Agreement unless the Successor Agency shall have deposited sufficient funds with the Escrow Bank. The Escrow Bank may rely and shall be protected in acting upon the written instructions of the Successor Agency or its agents relating to any matter or action as Escrow Bank under this Escrow Agreement.

The Escrow Bank and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the acceptance of the moneys deposited therein, the sufficiency of the uninvested moneys held hereunder to accomplish the purposes set forth in Section 3 hereof, or any payment, transfer or other application of moneys by the Escrow Bank in accordance with the provisions of this Escrow Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Bank made in good faith in the conduct of its duties. The recitals of fact contained in the "whereas" clauses herein shall be taken as the statement of the Successor Agency, and the Escrow Bank assumes no responsibility for the correctness thereof. The Escrow Bank makes no representations as to the sufficiency of the uninvested moneys to accomplish the purposes set forth in Section 3 hereof or to the validity of this Escrow Agreement as to the Successor Agency and, except as otherwise provided herein, the Escrow Bank shall incur no liability in respect thereof. The Escrow Bank shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Bank shall be determined by the express provisions of this Escrow Agreement. The Escrow Bank may consult with counsel, who may or may not be counsel to the Successor Agency, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Escrow Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of counsel) may be deemed to be conclusively established by a written certification of the Successor Agency.

Anything in this Escrow Agreement to the contrary notwithstanding, in no event shall the Escrow Bank be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Bank has been advised of the likelihood of such loss or damage and regardless of the form of action.

The Escrow Bank agrees to accept and act upon instructions or directions pursuant to this Escrow Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Escrow Bank shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Successor Agency elects to give the Escrow Bank e-mail or facsimile instructions (or

instructions by a similar electronic method) and the Escrow Bank in its discretion elects to act upon such instructions, the Escrow Bank's understanding of such instructions shall be deemed controlling. The Escrow Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Bank's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Successor Agency agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Escrow Bank, including without limitation the risk of the Escrow Bank acting on unauthorized instructions, and the risk of interception and misuse by third parties.

The Successor Agency hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated), to the extent permitted by law, to indemnify, protect, save and hold harmless the Escrow Bank and its respective successors, assigns, agents and servants from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Bank (whether or not also indemnified against by any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the retention of the moneys therein and any payment, transfer or other application of moneys by the Escrow Bank in accordance with the provisions of this Escrow Agreement, or as may arise by reason of any act, omission or error of the Escrow Bank made in good faith in the conduct of its duties; provided, however, that the Successor Agency shall not be required to indemnify the Escrow Bank against its own negligence or misconduct. The indemnities contained in this Section 10 shall survive the termination of this Escrow Agreement or the resignation or removal of the Escrow Bank.

The Successor Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Successor Agency the right to revive brokerage confirmations of security transactions as they occur, the Successor Agency specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Bank will furnish the Successor Agency periodic cash transaction statements which include detail for all investment transactions made by the Escrow Bank hereunder.

No provision of this Escrow Agreement shall require the Escrow Bank to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

The Escrow Bank may execute any of the obligations or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

The Escrow Agent shall furnish the Successor Agency periodic cash transaction statements which include detail for all investment transactions effected by the Escrow Agent. Upon the Successor Agency's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The Successor Agency further understands that trade confirmations for securities transactions effected by the Escrow Agent will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

*Section 11. Amendment.* This Escrow Agreement may be modified or amended at any time by a supplemental agreement which shall become effective when the written consents of the owners of one hundred percent (100%) in aggregate principal amount of the 2011 Bonds

shall have been filed with the Escrow Bank. This Escrow Agreement may be modified or amended at any time by a supplemental agreement, without the consent of any such owners, but only (1) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein or therein reserved to the Successor Agency and the Successor Agency, (2) to cure, correct or supplement any ambiguous or defective provision contained herein, (3) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which, in the opinion of counsel, shall not materially adversely affect the interests of the owners of the 2011 Bonds or the 2016 Bonds, and that such amendment will not cause interest on the 2011 Bonds or the 2016 Bonds to become subject to federal income taxation. In connection with any contemplated amendment or revocation of this Escrow Agreement, prior written notice thereof and draft copies of the applicable legal documents shall be provided by the Successor Agency to each rating agency then rating the 2011 Bonds.

*Section 12. Severability.* If any section, paragraph, sentence, clause or provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence clause or provision shall not affect any of the remaining provisions of this Escrow Agreement. Notice of any such invalidity or unenforceability shall be provided to each rating agency then rating the 2011 Bonds.

*Section 13. Notice of Escrow Bank, Agency and Successor Agency.* Any notice to or demand upon the Escrow Bank may be served and presented, and such demand may be made, at the Principal Corporate Trust Office of the Escrow Bank as specified by the Escrow Bank as 2011 Trustee in accordance with the provisions of the 2011 Indenture. Any notice to or demand upon the Successor Agency shall be deemed to have been sufficiently given or served for all purposes by being mailed by first class mail, and deposited, postage prepaid, in a post office letter box, addressed to such party as provided in the 2011 Indenture (or such other address as may have been filed in writing by the Successor Agency with the Escrow Bank).

*Section 14. Merger or Consolidation of Escrow Bank.* Any company into which the Escrow Bank may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Bank may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible to act as trustee under the 2011 Indenture, shall be the successor hereunder to the Escrow Bank without the execution or filing of any paper or any further act.

*Section 15. Execution in Several Counterparts.* This Escrow Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts shall together constitute but one and the same instrument.

*Section 16. Governing Law.* This Escrow Agreement shall be construed and governed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF KING has caused this Escrow Agreement to be signed in its name by its Executive Director and U.S. BANK NATIONAL ASSOCIATION in token of its acceptance of the escrow created hereunder, has caused this Escrow Agreement to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

SUCCESSOR AGENCY TO THE  
COMMUNITY DEVELOPMENT AGENCY  
OF THE CITY OF KING

By \_\_\_\_\_  
Steven Adams  
Executive Director

U.S. BANK NATIONAL ASSOCIATION, as  
Escrow Bank and 2011 Trustee

By \_\_\_\_\_  
John Axt  
Vice President

**EXHIBIT A**

**SCHEDULE OF ESCROWED FEDERAL SECURITIES**

| <u>Type</u> | <u>Maturity</u> | <u>Coupon</u> | <u>Principal</u> | <u>Price</u> | <u>Cost</u> | <u>Accrued</u> | <u>Total</u> |
|-------------|-----------------|---------------|------------------|--------------|-------------|----------------|--------------|
| SLGS        | 02/01/17        |               |                  |              |             |                |              |
| SLGS        | 08/01/17        |               |                  |              |             |                |              |
| SLGS        | 02/01/18        |               |                  |              |             |                |              |
| SLGS        | 08/01/18        |               |                  |              |             |                |              |
| SLGS        | 02/01/18        |               |                  |              |             |                |              |
| SLGS        | 08/01/18        |               |                  |              |             |                |              |
| SLGS        | 02/01/20        |               |                  |              |             |                |              |
| SLGS        | 08/01/20        |               |                  |              |             |                |              |
| SLGS        | 02/01/21        |               |                  |              |             |                |              |
| SLGS        | 08/01/21        |               |                  |              |             |                |              |

## EXHIBIT B

### PAYMENT AND REDEMPTION SCHEDULE

| Date     | Scheduled<br>Sinking Fund<br>Payment | Optionally<br>Called<br>Principal | Interest     | Redemption<br>Premium | Total<br>Payment |
|----------|--------------------------------------|-----------------------------------|--------------|-----------------------|------------------|
| 02/01/17 | —                                    | —                                 | \$171,281.25 | —                     | \$ 171,281.25    |
| 08/01/17 | \$135,000                            | —                                 | 171,281.25   | —                     | 306,281.25       |
| 02/01/18 | —                                    | —                                 | 166,387.50   | —                     | 166,387.50       |
| 08/01/18 | 145,000                              | —                                 | 166,387.50   | —                     | 311,387.50       |
| 02/01/18 | —                                    | —                                 | 161,131.25   | —                     | 161,131.25       |
| 08/01/18 | 155,000                              | —                                 | 161,131.25   | —                     | 316,131.25       |
| 02/01/20 | —                                    | —                                 | 155,512.50   | —                     | 155,512.50       |
| 08/01/20 | 165,000                              | —                                 | 155,512.50   | —                     | 320,512.50       |
| 02/01/21 | —                                    | —                                 | 149,531.25   | —                     | 149,531.25       |
| 08/01/21 | 180,000                              | \$3,945,000                       | 149,531.25   | —                     | 4,274,531.25     |

## EXHIBIT C

### NOTICE OF DEFEASANCE

#### Community Development Agency of the City of King Tax Allocation Refunding Bonds, Series 2011

| <u>Maturity<br/>Date</u> | <u>Amount<br/>Defeased</u> | <u>Interest<br/>Rate</u> | <u>CUSIP<br/>Number</u> |
|--------------------------|----------------------------|--------------------------|-------------------------|
| 8/1/34                   | \$4,725,000                | 7.250%                   | 494689 CB6              |

NOTICE IS HEREBY GIVEN, on behalf of the Successor Agency to the Community Development Agency of the City of King (the "Successor Agency") to the owners of the outstanding Community Development Agency of the City of King Tax Allocation Refunding Bonds, Series 2011, as described above (the "Bonds"), that pursuant to the indenture authorizing the issuance of the Bonds (the "Indenture"), the lien of the Indenture with respect to the Bonds has been discharged through the irrevocable deposit of cash and U.S. Treasury securities in an escrow fund (the "Escrow Fund"). The Escrow Fund has been established and is being maintained pursuant to that certain Escrow Agreement, dated August 18, 2016, by and between the Successor Agency and U.S. Bank National Association, as escrow agent. As a result of such deposit, the Bonds are deemed to have been paid and defeased in accordance with the Indenture. The pledge of the funds provided for under the Indenture and all other obligations of the Successor Agency to the owners of the defeased Bonds shall hereafter be limited to the application of moneys in the Escrow Fund for the payment of the principal and interest with respect to the Bonds as the same become due and payable as described below.

As evidenced by the verification report delivered to the Escrow Bank, amounts deposited in the Escrow Fund are calculated to provide sufficient moneys to pay the principal of and interest on the 2011 Bonds to and including August 1, 2021, and to redeem the outstanding Bonds in full on August 1, 2021 (the "Redemption Date"), at a redemption price equal to 100% of the principal amount thereof. From and after the Redemption Date, interest with respect to the Bonds shall cease to accrue and be payable.

Dated: \_\_\_\_\_, 2016

U.S. BANK NATIONAL  
ASSOCIATION, as Escrow Bank

EXHIBIT D

NOTICE OF FULL/FINAL REDEMPTION OF

Community Development Agency of the City of King  
Tax Allocation Refunding Bonds, Series 2011

| Original<br>Issue<br>Date | Maturity<br>Date | Amount<br>Redeemed | Interest<br>Rate | Redemption<br>Premium | Redemption<br>Price (1) | CUSIP<br>Number |
|---------------------------|------------------|--------------------|------------------|-----------------------|-------------------------|-----------------|
| 6/21/11                   | 8/1/34           | \$3,945,000        | 7.250%           | —                     | \$3,945,000             | 494689 CB6      |

NOTICE is hereby given that the Successor Agency to the Community Development Agency of the City of King (the "Successor Agency") has called for redemption on August 1, 2021 (the "Redemption Date"), the outstanding Community Development Agency of the City of King Tax Allocation Refunding Bonds, Series 2011, as described above (the "Bonds"), at a price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Redemption Price").

On the Redemption Date, the Redemption Price will become due and payable upon each Bond and interest with respect thereto shall cease to accrue from and after the Redemption Date.

Payment of principal will be made upon presentation on and after the Redemption Date, at the following addresses:

U.S. Bank National Association  
Global Corporate Trust Services  
111 Fillmore Avenue E.  
St Paul, MN 55107

Owners of Bonds presenting their certificates in person for the same day payment must surrender their certificate by 1:00 p.m. on the prepayment date and a check will be available for pickup after 2:00 p.m. Checks not picked up by 4:30 p.m. will be mailed to the Bondholder by first class mail.

Interest with respect to the principal amount designated to be redeemed shall cease to accrue on and after the Redemption Date.

If payment of the Redemption Price is to be made to the registered owner of the Bond you are not required to endorse the Bond to collect the Redemption Price.

Under the Economic Growth and Tax Relief Reconciliation Act of 2003 (the "Act") 28% will be withheld if tax identification number is not properly certified. The Form W-9 may be obtained from the Internal Revenue Service.

Neither the Successor Agency nor U.S. Bank National Association, as paying agent shall be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness as shown in the Redemption Notice. It is included solely for convenience of the Holders.

Dated: \_\_\_\_\_, 2021

U.S. BANK NATIONAL  
ASSOCIATION, as Paying Agent



Item No. **9(L)**

**REPORT TO THE CITY COUNCIL**

**DATE: MAY 24, 2016**

**TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL**

**FROM: STEVEN ADAMS, CITY MANAGER**

**RE: CONSIDERATION OF EMERGENCY OPERATIONS PLAN**

---

**RECOMMENDATION:**

It is recommended the City Council adopt a Resolution approving a new City Emergency Operations Plan for the City.

**BACKGROUND:**

The City's current Emergency Operations Plan was adopted in 2004 and is in need of updating. Staff has developed an Emergency Preparedness Planning Committee that has been meeting on a regular basis to improve the City's planning and coordination for major disaster incidents. The Committee is chaired by the City Manager and includes representatives from the Fire, Police, Recreation, and Public Works Departments. At the last meeting, representatives from both school districts, Cal Water, and Mee Memorial Hospital also participated. As part of these efforts, the City has contracted with a professional consultant to assist in preparing a new Emergency Operations Plan, which has been completed.

An Emergency Operations Plan is important in order to serve as guideline for coordinating City resources in the event of a disaster. It is required by both the State and Federal Government to be in place in order to qualify for reimbursement of costs by the Federal Emergency Management Agency (FEMA) for response and damage associated with a declared disaster. Most importantly, in the event of a major disaster, the City's resources will be quickly depleted and outside resources will be needed. An Emergency Operation Plan sets forth a standard incident command structure utilized by all other agencies throughout the United States. As a result, the system includes procedures for deploying resources and for personnel to understand their basic functions no matter where they are assigned.

**CITY COUNCIL  
CONSIDERATION OF EMERGENCY OPERATIONS PLAN  
MAY 24, 2016  
PAGE 2 OF 3**

**DISCUSSION:**

The proposed plan is compliant with both the Standardized Emergency Management System (SEMS) and the National Incident Management System (NIMS). SEMS is the cornerstone of California's emergency response system and the fundamental structure for the response phase of emergency management. The system unifies all elements of California's emergency management community into a single integrated system and standardizes key elements. NIMS is the national equivalent to SEMS and is applicable at all jurisdictional levels and across functional disciplines. It is intended to improve coordination and cooperation between public and private entities in a variety of incident management activities and to provide a common standard for overall incident management.

The proposed Emergency Operations Plan institutes the basic incident command structure set forth by SEMS and NIMS. The City Manager serves as the Director of Emergency Services. There are four Sections, including Operations, Planning & Intelligence, Logistics, and Finance. Within the Operations Section, there are four branches, including Law, Fire and Medical, Public Works, and Care & Shelter.

The Police Station Training Room has been designated as the City's Emergency Operations Center (EOC). Arrangements have been made for the Salinas Valley Fairgrounds and King City High School Auditorium to be available as evacuation centers if needed. Representatives from both school districts, Cal Water and Mee Memorial Hospital have all agreed to assign representatives to the City's EOC in the event of a disaster.

The next steps are to add to the plan emergency contact information, to make arrangements with private parties for resource assistance, to fully train all City staff, and then to begin preparation for training exercises. The Emergency Preparedness Planning Committee will meet monthly and representatives from the outside agencies will attend quarterly.

During an emergency, the County will coordinate requests and deployment of resource assistance. Staff has been working with a representative from the County of Monterey Office of Emergency Services. They will be providing required training to all City staff on May 25<sup>th</sup> at no cost to the City and then will be assisting the City in design of training exercises and other emergency planning functions.

**CITY COUNCIL  
CONSIDERATION OF EMERGENCY OPERATIONS PLAN  
MAY 24, 2016  
PAGE 3 OF 3**

**COST ANALYSIS:**

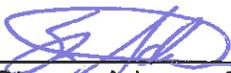
There is no cost associated with the recommended action. Total cost for preparation of the Emergency Operations Plan was \$2,500. The cost was negotiated and reduced by having City staff perform much of the work. Normally, a project like this would cost \$15,000 to \$20,000.

**ALTERNATIVES:**

The following alternatives are provided for City Council consideration:

1. Adopt the resolution approving the Emergency Operations Plan;
2. Request additions or modifications to the Emergency Operations Plan and then adopt the resolution;
3. Delay action on the Emergency Operations Plan until emergency contact information and arrangements with private vendors are completed;
4. Do not adopt the resolution and continue operating under the old plan; or
5. Provide staff other direction.

Prepared and Approved by:

  
\_\_\_\_\_  
Steven Adams, City Manager

**RESOLUTION NO. 2016-4520**

**A RESOLUTION OF CITY COUNCIL OF CITY OF KING, CALIFORNIA  
APPROVING THE KING CITY EMERGENCY OPERATIONS PLAN**

**WHEREAS**, the Standardized Emergency Management System (SEMS) is the system required by Government Code §8607(a) for managing response to multi-agency and multi-jurisdiction emergencies in the State of California;

**WHEREAS**, cities are required to establish and maintain and Emergency Operations Plans to set forth the incident command structure for use in response to declared disasters; and

**WHEREAS**, Section 2.28.080 of the City's Municipal Code sets forth that the City shall develop an emergency plan; and

**WHEREAS**, the City's Emergency Operations Plan has not been updated since 2004; and

**WHEREAS**, the City has prepared an Emergency Operations Plan compliant with the requirements of the Standardized Emergency Management System and the National Incident Management System; and

**WHEREAS**, the City Council has determined that it is in the best interest of the community to enact a new Emergency Operations Plan to coordinate resources in the most effective manner in response to a disaster.

**NOW, THEREFORE BE IT RESOLVED** by the City Council of the City of King, California that the 2016 King City Emergency Operations Plan attached hereto as Exhibit A is hereby approved and enacted immediately.

**NOW BE IT FURTHER RESOLVED** that the Emergency Operations Plan approved by this Resolution superseded and replaces the 2004 King City Emergency Operations Plan.

**PASSED AND ADOPTED** at a regular meeting of the City Council on the    day of    , 2016, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
Robert Cullen, Mayor

ATTEST:

\_\_\_\_\_  
Steven Adams, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Martin Koczanowicz, City Attorney

# EXHIBIT A

**Upon Request**



Item No. **10 (A)**

**REPORT TO THE CITY COUNCIL**

**DATE: MAY 24, 2016**

**TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL**

**FROM: STEVEN ADAMS, CITY MANAGER**

**RE: CONSIDERATION OF ORDINANCE ESTABLISHING CITY COUNCIL DISTRICT ELECTORAL SYSTEM AND CITY COUNCIL DISTRICT BOUNDRIES AND MAP**

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**RECOMMENDATION:**

It is recommended the City Council introduce for first reading an Ordinance establishing a City Council district electoral system and the City Council district maps.

**BACKGROUND:**

In August of 2015, the City Council reinitiated the process to consider changing to a by-district electoral system and entered into an agreement with National Demographics Corporation (NDC) to study the City's current at-large electoral system. Since that time, the City has engaged in an extensive public engagement process, which has included a series of public workshops and public hearings, press releases and articles, the City's website, social media, radio announcements, and other channels of communication with City residents. As a result of the extensive public outreach, approximately 20 members of the community have attended one or more of the forums and/or hearings. The consultant, NDC President Doug Johnson, has drawn five draft maps (A, B, C, D2 and D3), and members of the public and the Council have evaluated these based on public comments, applicable legal standards, and the other map-drawing criteria adopted by the Council at its February 23, 2016 meeting.

At its April 25<sup>th</sup> meeting, members of the public and a unanimous vote of the Council preferred Map C, concern was expressed regarding the irregular shape of one of the districts. However, at the May 10, 2016 meeting, the City Council directed staff to instead base the districts on Map D3 in response to Mr. Johnson's recommendation. Initially, the consultant had excluded D3 due to a determination that it did not meet legal requirements regarding the distribution of

**CITY COUNCIL  
CONSIDERATION OF CHANGES AND UPDATE REGARDING CITY COUNCIL  
DISTRICT MAPS  
MAY 24, 2016  
PAGE 2 OF 2**

residents. However, in response to community input, it was re-evaluated and determined that it did comply with the requirements. In addition, it was determined that Map D3 was identical to Map C except for the fact that removed the irregular shape of the one district. As a result, Map D3 was selected because it is consistent with Map C originally chosen, but also addressed the one concern identified by the City Council.

**DISCUSSION:**

The attached Ordinance will establish the district election process and will designate the boundaries consistent with those set forth in Map D3 per Council's direction. All five existing council members reside in different districts. The terms will be staggered so the districts of those up for re-election in 2016 will be on the ballot in November. The other two council members will continue to serve at-large until the 2018 election. Therefore, seats for districts 3, 4 and 5 will be on the ballot for this election and districts 1 and 2 will be on the ballot in 2018.

The Ordinance is recommended to be introduced this meeting and adopted at the June 14<sup>th</sup> meeting. This will enable the City to provide the district boundaries and map to the County Elections Office in time for preparation for the November 8<sup>th</sup> election.

**COST ANALYSIS:**

The Elections Office indicated that there would be minimal cost impact to the City for them to run an election by district versus an at-large election.

**ALTERNATIVES:**

The following alternatives are provided for City Council consideration:

1. Introduce for first reading an Ordinance establishing a City Council district electoral system and the City Council district maps:
2. Delay the action and request additional map changes be made, but it may prevent the City from providing maps to the County Office of Elections within their requested timeframe;
3. Do not introduce an Ordinance; or
4. Provide staff with other direction.

Prepared and Approved by:

  
\_\_\_\_\_  
Steven Adams, City Manager

**ORDINANCE NO. 2016-\_\_\_**

**AN ORDINANCE OF THE CITY OF KING AMENDING TITLE II ADMINISTRATION AND PERSONNEL, CHAPTER 2.04, CITY COUNCIL, OF THE CITY OF KING MUNICIPAL CODE BY ADDING NEW SECTIONS 2.04.030, 2.04.040, 2.04.50 AND 2.04.0660, CHANGING THE CITY'S ELECTORAL SYSTEM FROM AT-LARGE TO BY-DISTRICT ELECTIONS WITH RESPECT TO ELECTING CITY COUNCIL MEMBERS, ESTABLISHING DISTRICT BOUNDARIES, AND SCHEDULING ELECTIONS WITHIN THE DISTRICTS**

**WHEREAS**, the City of King supports the full participation of all residents in electing Members of the City Council; and

**WHEREAS**, the City of King currently elects its five City Council Members using an at-large election system; and

**WHEREAS**, in the at-large election system, candidates may reside in any part of the City and each City Council Member is elected by the voters of the entire City; and

**WHEREAS**, in a by-district election system, a candidate for City Council must reside in the district that he or she wishes to represent, and only the voters of that district are entitled to vote to decide who their representative will be; and

**WHEREAS**, under the provisions of California Government Code sections 34870-34884, a proposal to adopt a by-district method of election in a general law city must be submitted to the voters of the City along with the proposed boundaries of the districts; and

**WHEREAS**, California Government Code section 34886, effective January 1, 2016, changed the State Law and permits the City Council of a city with a population of fewer than 100,000 people, to change the city's method of election by ordinance, with certain formalities, to a "by-district" system as described above; and

**WHEREAS**, the City of King population, according to the the 2010 Census was 12,874; and

**WHEREAS**, pursuant to California Government Code section 34886, it is declared the change in the method of electing members of the City Council of the City of King made by this ordinance is to implement the guarantees of Section 7 of Article I and of Section 2 of Article II of the California Constitution, as set forth in Section 14031 of the California Voting Rights Act, and

Member that Member's successor shall be elected on a by-district basis in the districts established in Section 2.04.040 and as provided in Section 2.04.050.

**Section 2.04.040. - Establishment of City Council Electoral Districts.**

- A. Subject to Section 2.06.010, Members of the City Council shall be elected on a "by-district" basis from the Council districts depicted on the Official District Map attached as Exhibit 1 to this Section and incorporated by this reference and further described as follows:
1. Council District 1 shall comprise all that portion of the City beginning at the intersection of Bitterwater Rd and the City's northeastern border; thence proceeding southwest along Bitterwater Rd to where Bitterwater becomes Lyons St and continuing southwest along Lyons St to 1<sup>st</sup> St; thence proceeding southeasterly along 1<sup>st</sup> St to Ellis St; thence proceeding southwesterly along Ellis St to Spreckels Rd ; thence proceeding northwesterly along Spreckels Rd to Ulrey St ; thence proceeding southwesterly along Ulrey St to N Vanderhurst Ave; thence proceeding northwesterly along Vanderhurst Ave to King St; thence proceeding southwesterly along King St to Mildred Ave; thence proceeding northwesterly along Mildred Ave to San Antonio Dr; thence proceeding southwesterly along San Antonio Dr to the dirt road referred to as Cemetery; thence proceeding northerly along Cemetery to the City border; thence proceeding clockwise along the City border to the point of beginning.
  2. Council District 2 shall comprise all that portion of the City beginning at the intersection of Bitterwater Rd and the City's northeastern border; thence proceeding southwest along Bitterwater Rd to where Bitterwater becomes Lyons St and continuing southwest along Lyons St to 1<sup>st</sup> St; thence proceeding southeasterly along 1<sup>st</sup> St to Ellis St; thence proceeding southwesterly along Ellis St to N Vanderhurst Ave; thence proceeding southeasterly along Vanderhurst Ave to Broadway St; thence proceeding southwesterly along Broadway St to Mildred Ave; thence proceeding southeasterly along Mildred Ave to Lockett St; thence proceeding northeasterly along Lockett St to San Lorenzo Ave; thence proceeding southeasterly along San Lorenzo Ave to Division St; thence proceeding northeasterly along Division St to 1<sup>st</sup> St; thence proceeding southeasterly along 1<sup>st</sup> St to Lonoak Rd; thence proceeding easterly along Lonoak Rd to the Union Pacific Railroad tracks; thence proceeding southeasterly along the railroad tracks to the City border; thence proceeding counter-clockwise along the City border to the point of beginning.
  3. Council District 3 shall comprise all that portion of the City beginning at the intersection of Ellis St and 3<sup>rd</sup> St; thence proceeding northwesterly along 3<sup>rd</sup> St to Ulrey St; thence proceeding southwesterly along Ulrey St to N

**Section 2.04.06. – Vacancies.**

Any mid-term Council seat vacancy in any District shall be filled in accordance with State Law, only by an eligible resident of that District.

**SECTION 2. Implementation.**

A map showing the districts described in the Ordinance codified in this chapter is attached hereto as Exhibit 1 and incorporated by this reference. To the extent there is a conflict between the descriptions contained in the Ordinance codified in this chapter and the map incorporated herein, the map shall prevail.

If necessary to facilitate the implementation of this Ordinance, the City Clerk is authorized to make technical adjustments to the district boundaries that do not substantively affect the populations in the districts, the eligibility of candidates, or the residence of elected officials within any district. The City Clerk shall consult with the City Manager and City Attorney concerning any technical adjustments deemed necessary and shall advise the City Council of any such adjustments required in the implementation of the districts.

**SECTION 3. Effective Date.**

This ordinance shall become effective thirty (30) days after its final passage and shall be published at least once within fifteen (15) days prior to its effective date in the newspaper of general circulation in the City of King.

**SECTION 4. Inconsistencies.**

To the extent the terms and provisions of this Ordinance may be inconsistent or in conflict with the terms or conditions of any prior City ordinance, motion, resolution, rule or regulation governing the same subject, the terms of this Ordinance shall prevail with respect to the subject matter thereof.

**SECTION 5. Interpretation.**

In interpreting this Ordinance or resolving any ambiguity, this Ordinance shall be interpreted in a manner that effectively accomplishes its stated purposes.

**SECTION 6. Severability.**

If any section, subsection, subdivision, sentence, clause, phrase, or portion of this Ordinance, is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, then such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council of the City of King hereby declare they would have adopted this Ordinance, and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that anyone or more sections, subsections, subdivisions, sentences, clauses, phrases, or portions thereof be declared invalid or unconstitutional.

**ORDINANCE NO. 2016-\_\_**

**AN ORDINANCE OF THE CITY OF KING AMENDING TITLE II ADMINISTRATION AND PERSONNEL, CHAPTER 2.04, CITY COUNCIL, OF THE CITY OF KING MUNICIPAL CODE BY ADDING NEW SECTIONS 2.04.030, 2.04.040, 2.04.50 AND 2.04.0660, CHANGING THE CITY'S ELECTORAL SYSTEM FROM AT-LARGE TO BY-DISTRICT ELECTIONS WITH RESPECT TO ELECTING CITY COUNCIL MEMBERS, ESTABLISHING DISTRICT BOUNDARIES, AND SCHEDULING ELECTIONS WITHIN THE DISTRICTS**

**WHEREAS**, the City of King supports the full participation of all residents in electing Members of the City Council; and

**WHEREAS**, the City of King currently elects its five City Council Members using an at-large election system; and

**WHEREAS**, in the at-large election system, candidates may reside in any part of the City and each City Council Member is elected by the voters of the entire City; and

**WHEREAS**, in a by-district election system, a candidate for City Council must reside in the district that he or she wishes to represent, and only the voters of that district are entitled to vote to decide who their representative will be; and

**WHEREAS**, under the provisions of California Government Code sections 34870-34884, a proposal to adopt a by-district method of election in a general law city must be submitted to the voters of the City along with the proposed boundaries of the districts; and

**WHEREAS**, California Government Code section 34886, effective January 1, 2016, changed the State Law and permits the City Council of a city with a population of fewer than 100,000 people, to change the city's method of election by ordinance, with certain formalities, to a "by-district" system as described above; and

**WHEREAS**, the City of King population, according to the the 2010 Census was 12,874; and

**WHEREAS**, pursuant to California Government Code section 34886, it is declared the change in the method of electing members of the City Council of the City of King made by this ordinance is to implement the guarantees of Section 7 of Article I and of Section 2 of Article II of the California Constitution, as set forth in Section 14031 of the California Voting Rights Act, and

**WHEREAS**, under the provisions of California Elections Code section 10010, a political subdivision that changes from an at-large method of election to a by-district method of election shall hold at least two public hearings on a proposal to establish the district boundaries of the political subdivision prior to a public hearing at which the governing body of the political subdivision votes to approve or defeat the proposal; and

**WHEREAS**, the City Council held several public hearings on the proposal to establish district boundaries including one on on April 16 2016 and May 10, 2016, at which it considered the proposal to establish district boundaries, and also held a public hearing on May 24, 2016, the public meeting at which the City Council voted on the proposal; and

**WHEREAS**, the purpose of this Ordinance is to enact, pursuant to California Government Code section 34886, a by-district method for the election of the Members of the City Council of the City of King in five single-member districts as reflected in Exhibit 1 to this Ordinance.

**NOW, THEREFORE, THE COUNCIL OF THE CITY OF KING ON BEHALF OF ITS RESIDENTS DOES HEREBY ORDAINS AS FOLLOWS:**

**SECTION 1.** Title II Administration and Personnel, Chapter 2.04 City Council, is amended to add new Sections 2.04.030, 2.04.040, 2.04.050 and 2.04.060 to read as follows:

**Section 2.04.030. - By-District Electoral System.**

- A. Pursuant to California Government Code section 34886, Members of the City Council of the City of King shall be elected by-districts in five (5) single-member districts.
- B.
  - (1) Beginning with the general municipal election in November 2016, Members of the City Council shall be elected in the electoral districts established by Section 2.04.040 and subsequently reapportioned as provided by State law. Elections shall take place “by-district” as that term is defined in California Government Code section 34871, meaning one Member of the City Council shall be elected from each district, by the voters of that district alone. Each Member of the City Council shall serve a four-year term until his or her successor is qualified.
  - (2) Except as provided in subdivision (3) of this section, the Council Member elected to represent a district must reside in that district and be a registered voter in that district, and any candidate for City Council must live in, and be a registered voter in, the district in which he or she seeks election at the time nomination papers are issued, pursuant to California Government Code section 34882 and Elections Code section 10227. Termination of residency in a district by a Council Member shall create an immediate vacancy for that Council district unless a substitute residence within the district is established within thirty (30) days after the termination of residency.
  - (3) Notwithstanding any other provision of this section, the Members of the City Council in office at the time the Ordinance codified in this chapter takes effect shall continue in office until the expiration of the full term to which he or she was elected and until his or her successor is qualified. At the end of the term of each Council

Member that Member's successor shall be elected on a by-district basis in the districts established in Section 2.04.040 and as provided in Section 2.04.050.

**Section 2.04.040. - Establishment of City Council Electoral Districts.**

A. Subject to Section 2.06.010, Members of the City Council shall be elected on a "by-district" basis from the Council districts depicted on the Official District Map attached as Exhibit 1 to this Section and incorporated by this reference and further described as follows:

1. Council District 1 shall comprise all that portion of the City beginning at the intersection of Bitterwater Rd and the City's northeastern border; thence proceeding southwest along Bitterwater Rd to where Bitterwater becomes Lyons St and continuing southwest along Lyons St to 1<sup>st</sup> St; thence proceeding southeasterly along 1<sup>st</sup> St to Ellis St; thence proceeding southwesterly along Ellis St to Spreckels Rd ; thence proceeding northwesterly along Spreckels Rd to Ulrey St ; thence proceeding southwesterly along Ulrey St to N Vanderhurst Ave; thence proceeding northwesterly along Vanderhurst Ave to King St; thence proceeding southwesterly along King St to Mildred Ave; thence proceeding northwesterly along Mildred Ave to San Antonio Dr; thence proceeding southwesterly along San Antonio Dr to the dirt road referred to as Cemetery; thence proceeding northerly along Cemetery to the City border; thence proceeding clockwise along the City border to the point of beginning.
2. Council District 2 shall comprise all that portion of the City beginning at the intersection of Bitterwater Rd and the City's northeastern border; thence proceeding southwest along Bitterwater Rd to where Bitterwater becomes Lyons St and continuing southwest along Lyons St to 1<sup>st</sup> St; thence proceeding southeasterly along 1<sup>st</sup> St to Ellis St; thence proceeding southwesterly along Ellis St to N Vanderhurst Ave; thence proceeding southeasterly along Vanderhurst Ave to Broadway St; thence proceeding southwesterly along Broadway St to Mildred Ave; thence proceeding southeasterly along Mildred Ave to Lockett St; thence proceeding northeasterly along Lockett St to San Lorenzo Ave; thence proceeding southeasterly along San Lorenzo Ave to Division St; thence proceeding northeasterly along Division St to 1<sup>st</sup> St; thence proceeding southeasterly along 1<sup>st</sup> St to Lonoak Rd; thence proceeding easterly along Lonoak Rd to the Union Pacific Railroad tracks; thence proceeding southeasterly along the railroad tracks to the City border; thence proceeding counter-clockwise along the City border to the point of beginning.
3. Council District 3 shall comprise all that portion of the City beginning at the intersection of Ellis St and 3<sup>rd</sup> St; thence proceeding northwesterly along 3<sup>rd</sup> St to Ulrey St; thence proceeding southwesterly along Ulrey St to N

Vanderhurst Ave; thence proceeding northwesterly along Vanderhurst Ave to King St; thence proceeding southwesterly along King St to Sandringham St; thence proceeding southerly along Sandringham St to Willow St; thence proceeding westerly along Willow St to San Antonio Dr; thence proceeding southerly along San Antonio Dr to Broadway St; thence proceeding northeasterly along Broadway St to N Vanderhurst Ave; thence proceeding northwesterly along N Vanderhurst Ave to Ellis St; thence proceeding northeasterly along Ellis St to the point of beginning.

4. Council District 4 shall comprise all that portion of the City beginning at the intersection of Highway 101 and the City's western border; thence proceeding easterly along Highway 101 to San Antonio Dr; thence proceeding northerly along San Antonio Dr to Willow St; thence proceeding easterly along Willow St to Sandringham St; thence proceeding northerly along Sandringham St to King St; thence proceeding easterly along King St to Mildred Ave; thence proceeding northwesterly along Mildred Ave to San Antonio Dr; thence proceeding southwesterly along San Antonio Dr to the dirt road referred to as Cemetery; thence proceeding northerly along Cemetery to the City border; thence proceeding counter-clockwise along the City border to the point of beginning.
5. Council District 5 shall comprise all that portion of the City beginning at the intersection of Highway 101 and the City's western border; thence proceeding easterly along Highway 101 to San Antonio Dr; thence proceeding northerly along San Antonio Dr to Broadway St; thence proceeding easterly along Broadway St to Mildred Ave; thence proceeding southeasterly along Mildred Ave to Lockett St; thence proceeding northeasterly along Lockett St to San Lorenzo Ave; thence proceeding southeasterly along San Lorenzo Ave to Division St; thence proceeding northeasterly along Division St to 1<sup>st</sup> St; thence proceeding southeasterly along 1<sup>st</sup> St to Lonoak Rd; thence proceeding easterly along Lonoak Rd to the Union Pacific Railroad tracks; thence proceeding southeasterly along the railroad tracks to the City border; thence proceeding clockwise along the City border to the point of beginning.

- B. The Council districts specified in subdivision (A) shall continue in effect until they are amended or repealed in accordance with law.

**Section 2.04.050. - Election Schedule.**

Council Members shall be elected in Council Districts 3, 4 and 5 beginning at the general municipal election in November 2016, and every four years thereafter. Council Members shall be elected from Council Districts 1 and 2 beginning at the general municipal election in November 2018, and every four years thereafter.

**Section 2.04.06. – Vacancies.**

Any mid-term Council seat vacancy in any District shall be filled in accordance with State Law, only by an eligible resident of that District.

**SECTION 2. Implementation.**

A map showing the districts described in the Ordinance codified in this chapter is attached hereto as Exhibit 1 and incorporated by this reference. To the extent there is a conflict between the descriptions contained in the Ordinance codified in this chapter and the map incorporated herein, the map shall prevail.

If necessary to facilitate the implementation of this Ordinance, the City Clerk is authorized to make technical adjustments to the district boundaries that do not substantively affect the populations in the districts, the eligibility of candidates, or the residence of elected officials within any district. The City Clerk shall consult with the City Manager and City Attorney concerning any technical adjustments deemed necessary and shall advise the City Council of any such adjustments required in the implementation of the districts.

**SECTION 3. Effective Date.**

This ordinance shall become effective thirty (30) days after its final passage and shall be published at least once within fifteen (15) days prior to its effective date in the newspaper of general circulation in the City of King.

**SECTION 4. Inconsistencies.**

To the extent the terms and provisions of this Ordinance may be inconsistent or in conflict with the terms or conditions of any prior City ordinance, motion, resolution, rule or regulation governing the same subject, the terms of this Ordinance shall prevail with respect to the subject matter thereof.

**SECTION 5. Interpretation.**

In interpreting this Ordinance or resolving any ambiguity, this Ordinance shall be interpreted in a manner that effectively accomplishes its stated purposes.

**SECTION 6. Severability.**

If any section, subsection, subdivision, sentence, clause, phrase, or portion of this Ordinance, is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, then such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council of the City of King hereby declare they would have adopted this Ordinance, and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that anyone or more sections, subsections, subdivisions, sentences, clauses, phrases, or portions thereof be declared invalid or unconstitutional.

**SECTION 7. Publication.**

The City clerk is authorized and directed to cause this Ordinance to be published within fifteen (15) days after its passage in a newspaper of general circulation and circulated within the City in accordance with Government Code Section 36933(a) or, to cause this Ordinance to be published in the manner required by law using the alternative summary and pasting procedure authorized under Government Code Section 39633(c).

The foregoing ordinance was introduced and the title thereof read at a meeting of the City Council of the City of King held on the 24<sup>th</sup> day of May, 2016, and by majority vote of the council members present, further reading was waived.

On a motion by Councilperson \_\_\_\_\_, seconded by Councilperson \_\_\_\_\_, the foregoing ordinance was duly passed and adopted by the City Council of the City of King at a regular meeting thereof held on this 14th day of June, 2016, by the following vote, TO WIT:

AYES:  
NOES:  
ABSENT:  
ABSTAINING:

APPROVED:

\_\_\_\_\_  
STEVEN ADAMS, CITY CLERK

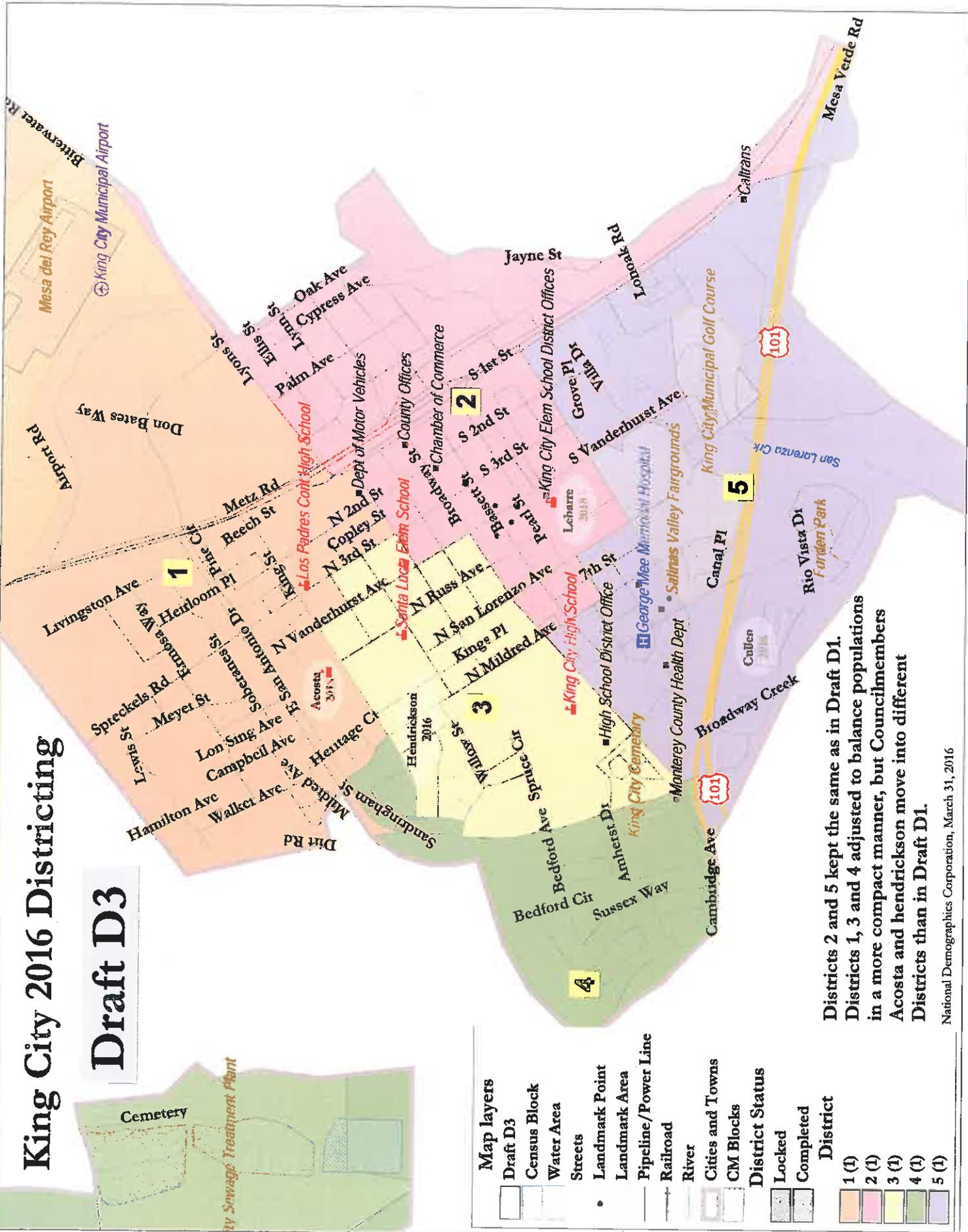
\_\_\_\_\_  
ROBERT CULLEN, MAYOR

APPROVED AS TO FORM:

\_\_\_\_\_  
Martin Koczanowicz, City Attorney

# King City 2016 Districting

## Draft D3



| Map layers      |                     |
|-----------------|---------------------|
| [Symbol]        | Draft D3            |
| [Symbol]        | Census Block        |
| [Symbol]        | Water Area          |
| [Symbol]        | Streets             |
| [Symbol]        | Landmark Point      |
| [Symbol]        | Landmark Area       |
| [Symbol]        | Pipeline/Power Line |
| [Symbol]        | Railroad            |
| [Symbol]        | River               |
| [Symbol]        | Cities and Towns    |
| [Symbol]        | CM Blocks           |
| District Status |                     |
| [Symbol]        | Locked              |
| [Symbol]        | Completed           |
| District        |                     |
| [Color]         | 1 (1)               |
| [Color]         | 2 (1)               |
| [Color]         | 3 (1)               |
| [Color]         | 4 (1)               |
| [Color]         | 5 (1)               |

Districts 2 and 5 kept the same as in Draft D1.  
 Districts 1, 3 and 4 adjusted to balance populations in a more compact manner, but Councilmembers Acosta and Hendrickson move into different Districts than in Draft D1.



Item No. **10 (B)**

**REPORT TO THE CITY COUNCIL**

**DATE:** MAY 24, 2016  
**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL  
**FROM:** DOREEN LIBERTO – BLANCK, AICP COMMUNITY DEVELOPMENT DIRECTOR  
**BY:** SCOTT BRUCE, CONTRACT PRINCIPAL PLANNER  
**RE:** ARBOLEDA SPECIFIC PLAN AMENDMENT NO. 3 (APPLICANT: NINO FAMILY II, LP)

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**RECOMMENDATION:**

It is recommended that the City Council review Planning Commission Resolution 2016-149, execute first reading of Ordinance 2016-725 and hear presentation, open for public comment and discuss the request for Arboleda Specific Plan Amendment No. 3. (*Reference Exhibit 6 - CC Ordinance.*)

**BACKGROUND:**

The Applicant is requesting a third Specific Plan Amendment to the Arboleda Specific Plan (SPA-No. 3). The requested change includes the addition of two Lane Home foot prints and elevations. The new plans are presented as having the same permeable area as the old plans.

On May 03, 2016 the Planning Commission approved Resolution 2016-149, recommending that the City Council approve SPA-No.3.

Amendments 1 and 2 were approved by the Council by Ordinance (*see Exhibit 6*). Staff recommends that Council now approve SPA-No.3 by Ordinance.

In 2004, the City Council ("*Council*") certified the EIR and approved a General Plan Amendment ("*GPA*"), Specific Plan ("*SP*") and Vesting Tentative Tract Map ("*VTM*"). The 115.20 acre project includes 400 residential lots, 8.6 acres of parklands, and a 22 acre middle school.

The approved 2004 Specific Plan included seven types of housing products: *carriage apartments, courtyard apartments, town homes, cottages, small single family homes, large single family homes, and lane homes.* Infrastructure

**CITY COUNCIL  
 ARBOLEDA SPECIFIC PLAN AMENMENT NO. 3  
 MAY 24, 2016  
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requirements include roads, water and wastewater conveyance systems, and storm water conveyance systems.

Two previous Specific Plan Amendments have been approved by the City Council. The first (i.e., SPA-No.1) was approved on August 26, 2014. The Second (SPA- No.2) was approved on May 12, 2015. The approved changes are outlined in Tables 1 and 2.

The Applicant is now requesting a third Specific Plan Amendment, or SPA-No. 3. The changes include the addition of two new footprints and elevations the new plans have the same or more permeable area as the old plans. (*Reference Table 3 and Exhibits 1 and 2.*)

**DISCUSSION:**

SPA-No. 1 Changes

In 2004, the City Council certified the EIR and approved a General Plan Amendment, Specific Plan and Vesting Tentative Tract Map. On or about July 31, 2012, Nino Family, LP (*"Applicant"*) purchased all rights and interest in the Arboleda project. In 2014, the Applicant submitted Specific Plan Amendment No. 1 (*"SPA-No 1"*), which was approved by the City Council (*"Council"*) on July 22, 2014. The Applicant requested a second Specific Plan Amendment (*"SPA-No. 2"*) to make several more changes to the Arboleda Specific Plan. On April 28, 2015, the City Council (*"Council"*) conducted a public hearing and approved Ordinance 2015-713 with changes as identified below.

| <b>Table No. 1<br/>SPA-No. 1 (Approved in 2014)</b> |  |
|---|--|
| <b>Items</b>  | <b>Comments</b>  |
| Adoption Dates and Citations                        | Summary of approvals.  |
| Title Page Update                                   | List of current individuals who worked on the A-SP.  |
| Table of Contents Update                            | Amended page numbers with topics.  |
| Design Standards                                    | Amended number of housing types from eight (8) to five (5) combining small single family, single family, large single family into one category of single family. |
| Housing Element Provision                           | Language update to reflect current housing element policies.   |

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 MAY 24, 2016  
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| <b>Table No. 1<br/>SPA-No. 1 (Approved in 2014)</b> |   |
|---|---|
| <b>Items</b>  | <b>Comments</b>   |
| Land Use and Regulating Plan                        | Combined "large" and "small" single family into "standard single family units"  |
| Home Modification                                   | Created a land use process that allows property owners to make home modifications. The SP would allow a plot plan review process for minor changes and conditional use permit process for "major" home modifications. Findings of facts that need to be made in the affirmative in order to approve the home modifications are listed. Diagrams are provided to help explain the home modification process. |
| Crime Prevention through Landscaping                | Additional landscaping criteria based on Crime Prevention standards.  |
| Tables  | Modified Tables to reflect merger of single-family categories.  |
| Definitions   | Re-arranged and expanded definitions.   |
| Design Standards                                    | Additional Plan Numbers (e.g., Plan #1378A). This will make it easier to identify housing designs.  |
| Additional Language                                 | Added the following language,<br><i>"Renderings are artist's concepts. Completed homes may vary slightly from renderings due to plan options and availability of building materials."</i>   |

**SPA-No. 2 Changes**

The Applicant requested a second Specific Plan, or SPA-No. 2. The approved changes are listed below. (*Reference Table 2 and Exhibits 1, 2 and 3.*) The changes included:

- Addition of seven new home plans, including five single-story and 2 two-story homes to be used on any sized lot as long as the setbacks are met. Each plan had two elevations using many of the approved Specific Plan design styles. All plans are reversible to help provide wind protection for patios and backyards.

The five approved single-story plans range from 1,165 to 1,760 square feet and include three or four bedrooms with two baths with an attached two car garage. The two story plans range from 2,078 to 2,275 square feet with five and six bedrooms, three baths and attached two car garage. The two

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ARBOLEDA SPECIFIC PLAN AMENMENT NO. 3  
MAY 24, 2016  
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story plans include a *flex/second master bedroom* to allow for multi-generational living or a home office.

The additional home plans allow more variety to the project and reflect the shifting desires of homebuyers including the aging of baby boomers age SPA No. 2 also provides alternative housing design to accommodate multi-generation housing needs. The larger two story homes can accommodate home offices, which address the issue of more people working from home.

- Provide for a minimum of an eight foot driveway off the attached garage, with no maximum setback from attached garage.

The amendment provided a minimum of an eight foot driveways, with no maximum setback to address parking concerns

| <b>Table No. 2<br/>SPA-No. 2 (Approved in 2015)</b> |   |
|---|---|
| <b>Items</b>  | <b>Comments</b>   |
| Adoption Dates and Citations                        | Summary of approvals.   |
| Title Page Update                                   | Update the list of current individuals who worked on the A-SP.  |
| Table of Contents Update                            | Amended page numbers with topics.   |
| Design Standards                                    | Seven (7) new home plans, including five (5) single-story and 2 two-story homes. The two (2) story plans include a <i>flex/second master bedroom</i> to allow for multi-generational living or a home office  |
| Alternative Design Standards                        | To accommodate multi-generation housing needs   |
| Alley Design Standards                              | A minimum of an eight (8') foot driveway off the attached garage, with no maximum setback of attached garage.   |
| Lot Coverage  | SPA-No. 2 will not increase the impervious area of the approved Specific Plan based on the following reasons:<br><br>The proposed housing plans will have smaller average footprints based on smaller average housing size than the originally designated Large/Villa lots.<br><br>The proposed attached garages alleviate the need for thirty (30') foot by three (3') foot sidewalks from the garage to the houses.<br><br>The overall average coverage of the proposed houses is |

| Table No. 2<br>SPA-No. 2 (Approved in 2015) |   |
|---|---|
| Items                                       | Comments  |
|   | <p>slightly smaller than the overall average coverage of the originally approved houses.</p> <p>All plans, with the exception of inclusionary houses, are now restricted to two (2) car garages. The original three (3) car garages with an eight (8') foot approach has more impermeable surface than a two (2) car garage with a thirty (30') foot by sixteen (16') foot approach.</p>  |
| Garages                                     | <p>All plans, with the exception of inclusionary houses, are now restricted to two (2) car garages. The following language on three (3) car garages is proposed by the applicant for lots requiring a Carriage Apartment Unit. Staff has amended the language as shown with <u>underlines</u> and <del>strikes</del> as follows:</p> <p><i>"If home is placed on a designated Inclusionary Housing Lot where a Carriage Apartment is required, a <u>detached 3-car garage</u> <del>with carriage apartment unit</del> will be used including one 16'-0"x7'-0" sectional garage door and one 8'-0"x7'-0" sectional garage door which is accessed from the alley."</i></p> <p>The following Plan Types <b>eliminate a three (3) car garage option</b>:</p> <ul style="list-style-type: none"> <li>• California &amp; Monterey Style Plan #2245A &amp; #2245B</li> <li>• California &amp; Colonial Style Plan #2418A &amp; #2418B</li> <li>• French Style &amp; Colonial Style Plan #2257A &amp; #2257B</li> </ul> <p>The following Plan Types, <b>provided that they do not exceed lot coverage requirements</b> will contain language for a <u>detached</u> three (3) car garage <b>only</b> for lots designated for Inclusionary Housing where a <b>Carriage Apartment</b> is required:</p> <ul style="list-style-type: none"> <li>• California &amp; Craftsman Style Plan #1378A &amp; #1378B</li> <li>• California &amp; Colonial Style Plan #1552A &amp; #1552B</li> <li>• California &amp; Bungalow Style Plan #1207A &amp; #1207B</li> <li>• Monterey &amp; Colonial Style Plan #1942A &amp; #1942B</li> </ul> |

| Table No. 2<br>SPA-No. 2 (Approved in 2015)        |   |
|--|---|
| Items  | Comments  |
|  | <ul style="list-style-type: none"> <li>• California &amp; Monterey Style Plan #1716A &amp; #1716B</li> <li>• Monterey &amp; Victorian Style Plan #2651A &amp; #2651B</li> <li>• French &amp; Colonial Style Plan #2578A &amp; #2578B</li> <li>• California &amp; Italianate Style Plan #2334A &amp; #2334B</li> </ul> <p>The following are <b>New Plan Types</b> which all are proposed with attached <b>two (2)</b> car garages:</p> <ul style="list-style-type: none"> <li>• Craftsman &amp; Bungalow Style Plan #1754A &amp; #1754B</li> <li>• California &amp; Monterey Style Plan #2078A &amp; #2078B</li> <li>• Bungalow &amp; Monterey Style Plan #1560A &amp; #1560B</li> <li>• California &amp; Craftsman Style Plan #2275A &amp; #2275B</li> <li>• Bungalow &amp; Monterey Style Plan #1760A &amp; #1760B</li> <li>• Monterey &amp; Craftsman Style Plan #1314A &amp; #1314B</li> <li>• California &amp; Bungalow Style Plan #1165A &amp; #1165B</li> </ul> |
| Correction to page 35 California Style Plan #2334A | <p>Eliminate the strike through language:</p> <p><i>"A single-family dwelling in the California style. Two-story massing with a covered entry porch oriented to the street. The maximum height is two stories. Parking is provided by a two-car detached garage with a 16'-0" x 7'-0" sectional garage door <del>or an optional three-car detached garage with one 16'-0" x 7'-0" sectional garage door</del> which is accessed from the alley. If home is placed on a designated Inclusionary Housing Lot <u>where a Carriage Apartment is required</u>, a 3-car garage with <del>carriage apartment unit</del> will be used including one 16'-0" x 7'-0" sectional garage door and one 8'-0" x 7'-0" sectional garage door which is accessed from the alley."</i></p>   |

SPA-No. 3 Changes

The Applicant is now requesting a third Specific Plan Amendment, or SPA-No. 3. The requested changes are listed below. (Reference Table 3 and Exhibits 1 and 2.) The changes include:

**CITY COUNCIL  
 ARBOLEDA SPECIFIC PLAN AMENMENT NO. 3  
 MAY 24, 2016  
 PAGE 7 OF 10**

Nino Homes at Arboleda, Inc. is proposing the addition of two additional Lane Home plans to the Arboleda Specific Plan. The two-story plans are 1202 and 1327 square feet, they have three bedrooms with two baths with an attached two car garage. Symmetry by Design did calculations to ensure that the new plans have the same or more permeable area as the old plans.

The new plans include a longer twenty foot approach off the attached garage and allow for a side patio/yard area. The longer approach will help with the parking by providing additional parking in the rear of the home instead of on the street. These plans will be used on any Lane Home lot as long as they meet the required setbacks. Each plan has two elevations using the current Specific Plan design styles of California and Monterey.

***Staff Comments:** These changes provide more affordable homes for local residents and address parking concerns by lengthening the driveway to allow parking. As noted above, permeable area is the same or greater for each lot.*

| <b>Table No. 3<br/>SPA-No. 3 (May, 2016)</b> |  |
|--|--|
| <b>Items</b>                                 | <b>Comments</b>  |
| Adoption Dates and Citations                 | Summary of approvals.  |
| Title Page Update                            | Update the list of current individuals who worked on the A-SP.   |
| Design Standards                             | Two (2) new Lane Home plans with two (2) reversing elevations for each.  |
| Lot Coverage                                 | SPA-No. 3 will not increase the impervious area of the approved Specific Plan based on the following reasons:<br><br>The proposed housing plans will have smaller average footprints based on smaller average housing size than the originally designated Lane Home. |

The Council staff report includes the proposed amended pages and a cd that includes the complete Arboleda Specific Plan. A copy of the complete Arboleda Specific Plan with proposed amended pages is available at the front counter at City Hall for public review.

C. **Environmental Review**

The City of King is the custodian of the documents and other material that constitute the record of proceedings upon which this decision is based. There was an Environmental Impact Report ("**EIR**") certified by the City Council on **July 24, 2004. (SCH No. 2003091118)**

An initial study was prepared to determine whether the findings needing to be made pursuant to CEQA Guidelines §15162 (Subsequent EIRs) could be made in the affirmative.

The City must determine that on the basis of substantial evidence in the record, the following findings do not exist:

1. There are no substantial changes to the proposed project that will require major revisions to the certified EIR or increase the severity of previously identified significant effects.
2. There are no substantial changes due to circumstances under which the proposed project is undertaken that require modifications to the certified EIR, due to new significant environmental effects or increase in severity of previous impacts.
3. There is no new information that was not analyzed in the certified EIR.

A question that surfaced during the environmental review phase was whether the changes would increase the impervious area. Increased impervious area could create a conflict with the City's stormwater protection program. The State Water Resources Control Board ("**SWB**") and the US Environmental Protection Agency have regulated the runoff and treatment of storm water in industrial, municipal and residential areas of California. The program is now also emphasizing holistic strategies aimed at not only preventing problems but also providing many community benefits. Low Impact Development and Green Infrastructure techniques are emphasized. The goal is to capture the water that runs off concrete and non-permeable surfaces and use it, for example, to water trees, plants and other living things on the same plot of land from which it would flow away. Groundwater supplies are replenished, too, and the amount of pollutants that flow into our waterways is reduced.

Cities and other jurisdictions that operate large and medium and small storm water systems, including construction sites that disturb more than one (1) acre of land, must apply for storm water permits. The SWB provides policy and regulatory oversight, on behalf of the federal government regulate storm water discharges from construction activity. The Arboleda Specific Plan was originally adopted based on a set of standards that are different from the current regulations. If the project increases the impervious area, it may be subject to the new standards. Therefore, staff and the Applicant worked

together to make sure the impervious area did not increase in size.

SPA-No. 3 will not increase the impervious area of the approved Specific Plan based on the following reasons:

1. The proposed housing alternative housing plans will have smaller footprints based on smaller housing size than the originally designated Lane Home lots. This decrease offsets the increase in driveway area.

Based on the initial study checklist attached as **Exhibit 4**, the above findings of fact can be made and the development Specific Plan Amendment ("**SPA**") will not have the potential to result in significant adverse environmental impacts.

All the mitigation measures adopted in 2004 apply to the SPA. Therefore, the issues associated with the SPA are adequately addressed in the 2004 certified EIR, the project will not increase impervious area, and therefore, no additional environmental assessment pursuant to CEQA is needed.

#### Advantages

The Amendment as proposed addresses a need to provide more affordable housing in the City as well a need for additional parking in the Arboleda Development. The primary advantages are smaller (more affordable) housing options, on-site parking between the garage face and the front property line – with no increase in impermeable area.

#### Disadvantages

No disadvantages identified.

#### Environmental Review

No additional assessment pursuant to CEQA required. **See above.**

#### Public Notification and Input

The item was noticed in the Rustler on April 28 for discussion / action at the regularly scheduled Planning Commission meeting of May 03, 2016 and the regularly scheduled City Council Meeting of May 24, 2016. No public comment has been received.

**CITY COUNCIL  
ARBOLEDA SPECIFIC PLAN AMENMENT NO. 3  
MAY 24, 2016  
PAGE 10 OF 10**

**COST ANALYSIS:**

Staff time for preparation of the item is charged to the applicant. Additional staff review time is minimal (additional options to include as approved types). Review of options is equivalent to existing types. Applicant is charged for staff review time. No additional costs have been identified.

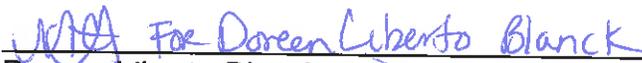
**ALTERNATIVES:**

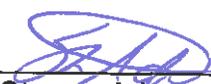
The following alternatives are provided for Council consideration:

1. Approve Arboleda SPA-No.3 as recommended by Planning Commission by adopting Ordinance 2016-725
2. Approve Arboleda SPA-No.3 with conditions / revisions.
3. Provide other direction to staff.

**Exhibits:**

- Exhibit 1 - Arboleda Specific Plan Project Description and Plot Plan
- Exhibit 2 - Arboleda Specific Plan Amendment No. 3 Proposed Page Changes
- Exhibit 3 - Arboleda Specific Plan CD
- Exhibit 4 - Planning Commission Resolution No. 2016-150
- Exhibit 5 - Initial Study Checklist
- Exhibit 6 - City Council Ordinance

Submitted by:   
Doreen Liberto-Blanck, AICP, Director Community Development  
Department

Approved by:   
Steven Adams, City Manager



## **Arboleda Specific Plan III Overview**

Nino Homes at Arboleda, Inc. is proposing the addition of two additional Lane Home plans to the Arboleda Specific Plan. The 2-story plans are 1238 and 1314 square feet, they have 3 bedrooms with 2 baths with an attached 2 car garage.

The attached exhibit, created by Symmetry by Design, calculated the impermeable area of the existing plans to be 1475 square feet. Our new plans with a longer approach have the same the impermeable area. This was accomplished by creating a smaller foot print for the home and utilizing more second story space including some area over the connected garage.

The new plans include a longer approach off the attached garage and allow for a side patio/yard area. The longer approach will help with the parking by providing additional parking in the rear of the home instead of on the street. These plans will be used on any Lane Home lot as long as it meets the required setbacks. Each plan has two elevations using the current Specific Plan design styles of California and Monterey.

PO: BOX 1180  
TRES PINOS, CA 95076  
PHONE 831-635-0745  
FAX 831-635-0740

EMAIL: [info@ninodevelopment.com](mailto:info@ninodevelopment.com)

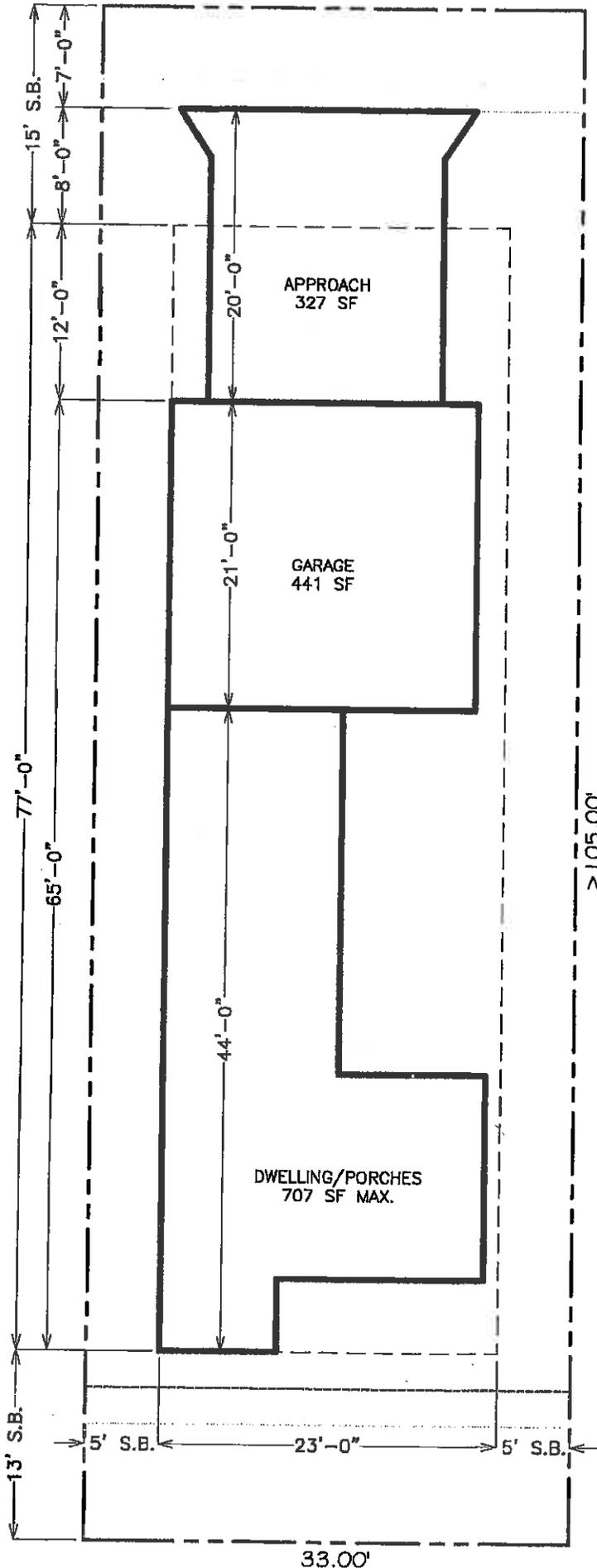
UC #60889H

# Arboleda by Nino Homes

SCALE: 1" = 10'

Lots 125-138  
Amanda Lane

9/1/15



| <u>Impermeable Area</u> |                      |        |          |         |
|-------------------------|----------------------|--------|----------|---------|
|                         | DWELLING/<br>PORCHES | GARAGE | APPROACH | TOTAL   |
| OLD:                    | 874 SF               | 441 SF | 160 SF   | 1475 SF |
| NEW:                    | 707 SF               | 441 SF | 327 SF   | 1475 SF |



**Original Specific Plan** prepared by Creeksbridge Homes in association with Moule & Polyzoides Architects and Urbanists Submitted to the City of King on March 16, 2004; Revised July 1, 2004

Recommended by the City of King Planning Commission on July 20, 2004; Resolution No. 04-03

Adopted by the City of King City Council on July 27, 2004; Resolution No. 4053

**Specific Plan Amendment I** prepared by Nino Homes at Arboleda, Inc. Submitted to the City of King on March 4, 2014; Revised June 30, 2014

Amendment I recommended by the City of King Planning Commission on July 24, 2014; Resolution No. 2014-125

Adopted by the City of King City Council on August 26, 2014; Ordinance No. 710

**Specific Plan Amendment II** prepared by Nino Homes at Arboleda, Inc. Submitted to the City of King on January 20, 2015; Revised April 6, 2015

Amendment II recommended by the City of King Planning Commission on April 21, 2015; Resolution No. 2015-136

Adopted by the City of King City Council on May 12, 2015; Ordinance No. 2015-713

**Specific Plan Amendment III** prepared by Nino Homes at Arboleda, Inc. Submitted to the City of King on January 18, 2016

Amendment III recommended by the City of King Planning Commission on \_\_\_\_\_; Resolution No. \_\_\_\_\_

Adopted by the City of King City Council on \_\_\_\_\_; Ordinance No. \_\_\_\_\_

**CITY OF KING**

JAN 25 2016

# PRODUCTION PLAN INFORMATION CREDITS, ACKNOWLEDGMENTS AND PARTICIPANTS

NG  
Fenderhurst Avenue, King City CA 95950  
381

Il:  
an, Mayor  
gan, Mayor Pro Tem  
sta, Councilmember  
endrickson, Councilmember  
Bene, Councilmember

ommission:  
Chair  
Alex, Vice-Chair  
Bree, Commissioner  
ascheilla, Commissioner  
Commissioner

us, City Manager  
erto-Blanco, AICP, Community Development Department  
Police Chief  
is, Chief Building Official  
irrado, City Engineer  
zanowicz, City Attorney  
atser, Fire Chief  
ison, Recreation Coordinator  
Julian-Navarro, Assistant Planner

RAMS:  
is at Arboleda, Inc.  
EO  
CA 95075  
8745 f. 831 635-0740

lgt:  
Myzoides Architects and Urbanists  
ifornia Boulevard, Pasadena CA 91106  
4000 f. 626 844-2410 e: info@mparchitects.com  
Myzoides  
Kibinji Mwirigi  
Juan Uehara  
Alan Loomis  
onzalez

Civil Engineering:  
Creagan + D'Angelo  
225 Cannery Row, Suite H  
Monterey, CA, 93940  
t: 831 373-1333 f: 831 373-0733  
Stan Kaleco  
Mike Blitner

Traffic Engineering:  
Kleith Higgins & Associates  
1500-B First Street  
Gilroy, CA, 95020  
t: 408 848-3122 f: 408 848-2202  
Kleith Higgins

Economic Analysis:  
Strategic Economics  
2991 Shattuck Ave # 205  
Berkeley, CA, 94705  
t: 510 647-5291 f: 510 647 5295  
Dena Belzer  
Jason Kral

Landscape Design:  
Richard Biggler Associates  
P.O. Box 308  
Del Rey, CA, 93616  
t: 559 888 2882 f: 559 888 2890  
Richard Biggler

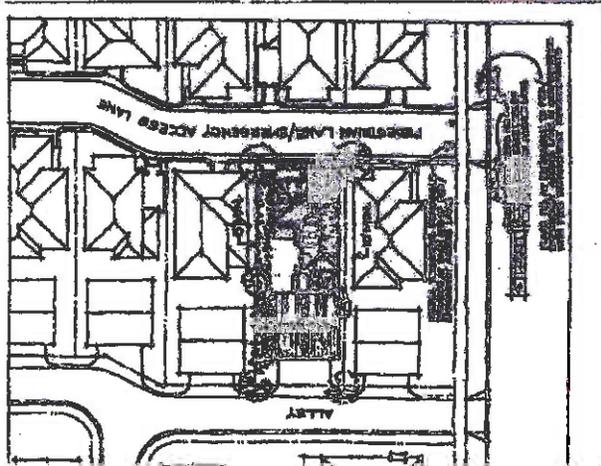
Landscape Design:  
Stigmura & Associates Architects  
2155 S. Bascom Ave, # 200  
Campbell, CA, 95008  
t: 408 879 0800 f: 408 377 6666  
Reed Greedy

Surveyor:  
Monterey County Surveyors  
235 Salinas Street  
Salinas, CA, 95901  
t: 831 424-1984, f: 831 424-4099  
Alan Miller  
Bill Blackwell



COURTYARD APARTMENTS AND TOWNHOUSES ADJACENT TO PARKS

**LAND USE PLANNING AND REGULATORY PROVISIONS**  
**DESIGN STANDARDS - LANE HOME**



Typical Lane Home Plot Map



LANE HOME - Plan # 1240

Small lot single-family dwellings with an eclectic mix of both the California style and the Monterey style. Two-story massing with a covered entry with minimal setbacks from the lane are used to create a unique environment. The maximum height is two stories. Each home is provided with a two-car attached garage with a 16'-0" x 7'-0" sectional garage door which is accessed from the alley.

Renderings are artist's conceptions. Completed homes may vary slightly from renderings due to plan options and availability of building materials.

**CITY OF KING**

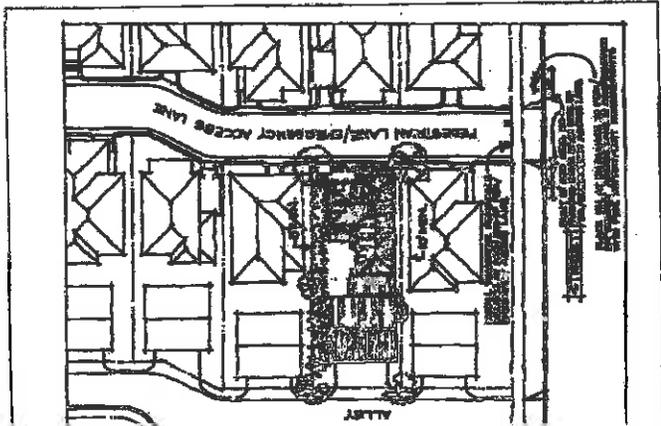
JULY 26 2016

© Homes at Arbolela, Inc.

Amended SPECIFIC PLAN FOR ARBOLEDA, January 2016  
 King City, CA

Exhibit No. 2

**LAND USE PLANNING AND REGULATORY PROVISIONS**  
**MINIMUM STANDARDS - LANE HOME**



**Typical Lane Home Plot Map**



**LANE HOME - Plan # 1320**

Small lot single-family dwellings with an eclectic mix of both the California style and the Monterey style. Two-story housing with a covered entry with minimal setbacks from the lane are used to create a unique environment. The maximum height is two stories. Each home is provided with a two-car attached garage with a 16'-0" x 7'-0" sectioned garage door which is accessed from the alley.

Images are artist's conceptions. Completed homes may vary slightly from renderings due to plan options and availability of building materials.

Images at Arbolela, Inc.

**Exhibit 3 is a CD  
Upon Request**

**PLANNING COMMISSION RESOLUTION NO. 2016 - 149**

**A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF KING  
RECOMMENDING THE CITY COUNCIL APPROVE THE 2016 ARBOLEDA SPECIFIC PLAN  
AMENDMENT FOR THE ARBOLEDA SPECIFIC PLAN LOCATED ALONG THE NORTHWEST  
CORNER OF SAN ANTONIO DRIVE AND SPRECKELS ROAD**

**(APPLICANT: NINO FAMILY II, L.P.)**

**WHEREAS**, on July 24, 2004, the City Council ("**Council**") certified the Arboleda Project Environmental Impact Report ("**EIR**") in accordance with the California Environmental Quality Act, and adopted a Statement of Overriding Considerations;

**WHEREAS**, on July 24, 2004, the Council approved a general plan amendment, adopted the Arboleda Specific Plan ("**A-SP**") and Vesting Tentative Map ("**VTM**") that included the planning, development, construction, operation and maintenance of up to four hundred (400) residential units, associated open space, parks and public improvements;

**WHEREAS**, on June 10, 2014, the Council approved a three (3) year extension of time for the VTM (which automatically extends the A-SP);

**WHEREAS**, on November 24, 2016 Nino Family II, L.P. ("**Applicant**") submitted a Specific Plan Amendment ("**2016 A-SPA- No.3**") (application amended January 26, 2016) to make various changes and clarifications, as outlined in **Exhibit 2 ("Project")**;

**WHEREAS**, two previous Amendments, similar in nature (SPA – NO. 1 and SPA – NO.2) were recommended for approval by this Commission;

**WHEREAS**, staff prepared an Initial Study checklist, attached as **Exhibit 6**, and determined that pursuant to the California Environmental Quality Act ("**CEQA**"), findings required by CEQA Guidelines §15162 (Subsequent EIRs) could be made in the affirmative, as follows:

1. There are no substantial changes to the proposed project that will require major revisions to the certified EIR or increase the severity of previously identified significant effects.
2. There are no substantial changes due to circumstances under which the proposed project is undertaken that require modifications to the certified EIR, due to new significant environmental effects or increase in severity of previous impacts.
3. There is no new information that was not analyzed in the certified EIR.

**WHEREAS**, based on the above findings of fact the 2016 A-SPA-No.3 will not have the potential to result in significant adverse environmental impacts. All the conditions of approval and mitigation measures adopted in 2004 apply to the 2016 A-SPA-No.3. Therefore, the issues associated with the SPA are adequately addressed in the 2004 certified EIR and no additional environmental assessment pursuant to CEQA is needed.

**WHEREAS**, as part of the A-SPA, the following conditions of approval are applicable:

1. **Conditions of Approval/Mitigation Measures:** All conditions of approval, mitigation measures and other regulations of the Arboleda Specific Plan are applicable with this approval.
2. **Payment of Fees:** Prior to the issuance of the first building permit after the SPA approval, the Applicant shall pay all applicable staff/consultant processing fees for this application,

## Exhibit No. 4

3. 4. **Copies of Final Specific Plan: Within thirty (30) days of final approval, the applicant shall submit ten (10) electronic and ten (10) paper copies of the amended Arboleda Specific Plan.**

**NOW, THEREFORE, BE IT RESOLVED**, that the Planning Commission of the City of King does hereby recommend the City Council approved the 2016 Arboleda Specific Plan Amendment No. 3 subject to the above findings and conditions of approval.

**PASSED AND ADOPTED THIS 03<sup>rd</sup> day of May, 2016** by the following vote:

**AYES:**

**NAYS:**

**ABSENT:**

**ABSTAINING:**

  
\_\_\_\_\_  
DAVID NUCK, CHAIRPERSON

**ATTEST:**

  
\_\_\_\_\_  
SCOTT BRUCE, Contract Principal Planner for  
MARICRUZ AGUILAR-NAVARRO, ASSISTANT PLANNER /  
SECRETARY TO THE PLANNING COMMISSION

**INITIAL STUDY CHECK LIST (MAY 3, 2016)**  
**EIR Certified in 2004 (SCH No. 2003091118)**  
**Arboleda Specific Plan AMENDMENT No. 3**  
**CASE NO. 2015-002**

**A. BACKGROUND INFORMATION**

**Lead Agency:** City of King  
**Project Representative /Owner:** Lois Pape, Nino Homes  
Nino Family II, LP, Property Owner  
**Project Location:** Northeast corner of San Antonio Drive and Spreckles Road.

**Project, Project History And Approved Specific Plan Description:**

**Project**

On or about July 31, 2012, Mike Nino purchased all rights and interest in the Arboleda project. The property owner is requesting a third SPECIFIC PLAN AMENDMENT ("SPA No. 3"). The SPA No. 3 makes clarifications to the Specific Plan. It also reduced lot home sizes, adds two new elevations and lengthens driveways without increasing impermeable area. **Exhibit 2** highlights the requested changes to the SPA.

**History**

In 2004, the City Council certified the EIR and approved a General Plan Amendment, Specific Plan and Vesting Tentative Tract Map. The proposed 115.20-acre project includes 400-residential lots, 8.6-acres of parklands, and a 22-acre middle school. The approved 2004 Specific Plan includes seven (7) types of housing products: *carriage apartments, courtyard apartments, town homes, cottages, small single family homes, large single family homes, and lane homes*. Infrastructure requirements include roads, water and wastewater conveyance systems, and storm water conveyance systems.

In 2014 the Specific Plan was amended to consolidate single family housing types, provide criteria for Homeowner modifications and Crime Prevention Landscaping, revise definitions and similar. No impacts requiring EIR modification were identified.

In 2015 the Specific Plan was amended to add seven (7) new floor plans to facilitate multi-generational living. Three car garages were eliminated and driveway approaches were lengthened to create additional parking. No impacts requiring EIR modification were identified.

In **November 2015** Nino Homes submitted an application for Specific Plan Amendment. Staff responded with a Letter of Incompleteness ("**LOI**"). In **January 2016** the applicant submitted a slightly revised project description which requests the addition of two floor plans and elevations to the Lane Homes portion of the Plan. Staff provided a Letter of Completeness in **March 2016**. The amendment is as follows:

In response to current market conditions and in the interest of providing, Inc proposes the following:

The addition of two (2) additional Lane Home plans to the Arboleda quality, affordable for the citizens of the City of King Nino Homes at Arboleda Specific Plan. The 2-story plans are 1202 and 1327 square feet, they have three (3) bedrooms, two (2) baths and attached two (2) car garage.

Symmetry by Design did calculations to make sure the new plan have the same or more permeable area in comparison to the old plans. The new plans include a longer approach off the attached garage and allow for a side patio/yard area. Floor area has been reduced to provide a more affordable unit, balancing the increase in driveway area. These plans will be used on any Lane Home lot as long as they meet the required setbacks. Each plan has two elevations using the current Specific Plan design styles of California and Monterey. **See also Exhibit 3.**

|  |   |
|--|---|
| <b>Certified EIR Project Description:</b>          | The Certified EIR Project Description is attached as <b>Exhibit 7</b> . The certified EIR evaluated a project that includes a range of single family homes.   |
| <b>Public Review Period:</b>                       | N/A   |
| <b>Other Public Agencies Requiring Approval:</b>   | Federal and State Fish and Wildlife Agencies, Monterey County Flood Control, Regional Water Quality Control Board.  |
| <b>Address Where Written Comments May be Sent:</b> | City of King<br>Community Development Department<br>212 South Vandenhurst Avenue<br>King City, CA 93930   |
| <b>Purpose For Initial Study:</b>                  | The purpose for the initial study is to determine whether the findings needing to be made pursuant to CEQA Guidelines §15162 (Subsequent EIRs) can be made in the affirmative.  |
| <b>Proposed Findings:</b>                          | <p>The City of King is the custodian of the documents and other material that constitute the record of proceedings upon which this decision is based. There was an Environmental Impact Report ("<i>EIR</i>") certified by the City Council on July 24, 2004. (SCH No. 2003091118)</p> <p>The purpose for the initial study is to determine whether the findings needing to be made pursuant to CEQA Guidelines §15162 (Subsequent EIRs) can be made in the affirmative. The City must determine that on the basis of substantial evidence in the record, one or more of the following <i>paraphrased</i> findings does not exist:</p> <p>There are no substantial changes to the proposed project that will require major revisions to the certified EIR or increase the severity of previously identified significant effects;</p> <p>There are no substantial changes due to circumstances under which the proposed project is undertaken that require modifications to the certified EIR, due to new significant environmental effects or increase in severity of previous impacts; or</p> <p>There is no new information that was not analyzed in the certified EIR.</p> |

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a "Potentially Significant Impact" or is "Potentially Significant Unless Mitigated," as indicated by the Environmental Checklist:

| Table 1<br>Environmental Impacts |  |
|----------------------------------|--|
| 1. Aesthetics                    | 9. Land Use/Planning                   |
| 2. Agricultural Resources        | 10. Noise                              |
| 3. Air Quality                   | 11. Population/Housing                 |
| 4. Biological Resources          | 12. Public Services                    |
| 5. Cultural Resources            | 13. Recreation                         |
| 6. Geology/Soils                 | 14. Transportation/Circulation         |
| 7. Hazards/Hazardous Materials   | 15. Utility/Service Systems            |
| 8. Hydrology/Water Quality       | 16. Mandatory Findings of Significance |

### III. ENVIRONMENTAL SETTING

The Arboleda project is located at the northwester corner of San Antonio Drive and Spreckels Road. The project site has level topography with natural ground surface sloping gently to the northwest. At one time it was an irrigated farm field used to grow crops. A portion of the Arboleda Specific Plan has been constructed, including the twenty-two (22) acre school and approximately 200 homes.

| Table 2<br>Surrounding Land Use |  |              |                                  |
|---------------------------------|--|--------------|----------------------------------|
| <b>North:</b>                   | Undeveloped and used for farming.  | <b>East:</b> | Undeveloped and used for farming |
| <b>South:</b>                   | Del Rey Elementary School, Hampton Estates and Sugartree Manor residential subdivisions. | <b>West:</b> | Undeveloped and used for farming |

### C. ENVIRONMENTAL CHECKLIST

The following checklist indicates the potential level of impact and is abbreviated as follows:

|   |   |
|---|---|
| <b>Known Significant:</b>                     | Known significant environmental impacts.  |
| <b>Unknown Potentially Significant:</b>       | Unknown potentially significant impacts, which need further review to determine significance level.   |
| <b>Potentially Significant and Mitigable:</b> | Potentially significant impacts which can be mitigated to less than significant levels.   |
| <b>Not Significant:</b>                       | Impacts that are not considered significant.  |
| <b>Impact Reviewed in Previous Document:</b>  | Adequate previous analysis exists regarding the issue; further analysis is not required due to tiering process (§21094 of CEQA and §15162 of the State CEQA Guidelines). Discussion should include reference to the previous documents and identification of mitigation measures incorporated from those previous documents. Where applicable, this box should be checked in addition to one indicating significance of the potential environmental impact. |

| 1. AESTHETICS:            |  | Significant | Unknown Potential Significant | Potential Significant And Mitigated | Not Significant | Impact Reviewed in Previous Document |
|---------------------------|--|-------------|-------------------------------|-------------------------------------|-----------------|--------------------------------------|
| <b>Would the project:</b> |  |             |                               |                                     |                 |                                      |
| a.                        | Have a substantial adverse effect on a scenic vista?   |             |                               |                                     |                 | X                                    |
| b.                        | Substantially damage scenic resources, including but not limited to, trees, rock outcroppings, and historic buildings within view of a state scenic highway? |             |                               |                                     |                 | X                                    |
| c.                        | Substantially degrade the existing visual character or quality of the site and its surroundings?   |             |                               |                                     |                 | X                                    |
| d.                        | Create a new source of substantial light or glare, which would adversely affect day or nighttime views in the area?  |             |                               |                                     |                 | X                                    |

**Aesthetics Discussion:**

SPA No. 3 will require that home modifications must go through either a plot plan review or conditional use permit process. There are specific findings of fact that must be made in the affirmative to approve any modification, including the addition/remodel is consistent with the architectural character of the existing structure, the building materials, colors, etc., are consistent with the Specific Plan and adjacent parcels or community at large. The impacts were anticipated in the 2004 certified EIR have not changed due to the SPA.

| 2. AGRICULTURAL RESOURCES:  |  | Significant | Unknown Potential Significant | Potential Significant And Mitigated | Not Significant | Impact Reviewed in Previous Document |
|---|--|-------------|-------------------------------|-------------------------------------|-----------------|--------------------------------------|
| <p>In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997) prepared by the California Department of Conservation as an optional model to use in assessing impacts on agriculture and farmland.</p> <p><b>Would the project:</b></p> |  |             |                               |                                     |                 |                                      |
| a.  | Convert prime farmland, unique farmland, or farmland of statewide importance, as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use? |             |                               |                                     |                 | X                                    |
| b.  | Conflict with existing zoning for agricultural use, or a Williamson Act contract?  |             |                               |                                     |                 | X                                    |
| c.  | Involve other changes in the existing environment, which, due to their location or nature could result in conversion of farmland, to non-agricultural use?   |             |                               |                                     |                 | X                                    |

**Agricultural Resources Discussion:**

No difference from 2004 certified EIR analysis.

| 3. AIR QUALITY  |             |                               |                                     |                 |                                      |
|---|-------------|-------------------------------|-------------------------------------|-----------------|--------------------------------------|
| Would the project:  | Significant | Unknown Potential Significant | Potential Significant And Mitigated | Not Significant | Impact Reviewed in Previous Document |
| a. Conflict with or obstruct implementation of the applicable air quality plan?   |             |                               |                                     |                 | X                                    |
| b. Exposure of sensitive receptors to substantial pollution concentrations (emissions from direct, indirect, mobile and stationary sources)?  |             |                               |                                     |                 | X                                    |
| c. Violate any air quality standard or contribute substantially to an existing or projected air quality violation?  |             |                               |                                     |                 | X                                    |
| d. Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is in non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions, which exceed quantitative thresholds for ozone precursors)? |             |                               |                                     |                 | X                                    |
| e. Create objectionable smoke, ash, dust or odors affecting a substantial number of people?   |             |                               |                                     |                 | X                                    |

**Air Quality Discussion:**

No difference from 2004 certified EIR analysis.

| 4. BIOLOGICAL RESOURCES  |             |                               |                                     |                 |                                      |
|--|-------------|-------------------------------|-------------------------------------|-----------------|--------------------------------------|
| Would the project:   | Significant | Unknown Potential Significant | Potential Significant And Mitigated | Not Significant | Impact Reviewed in Previous Document |
| a. Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California department of Fish and Game or U.S. Fish and Wildlife Service? |             |                               |                                     |                 | X                                    |
| b. Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, and regulations or by the California Department of fish and Game or U.S. Fish and Wildlife service?   |             |                               |                                     |                 | X                                    |
| c. Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc) through direct removal, filling, hydrological interruption, or other means?  |             |                               |                                     |                 | X                                    |
| d. Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?   |             |                               |                                     |                 | X                                    |

| 4. BIOLOGICAL RESOURCES   |             |                               |                                     |                 |                                      |
|---|-------------|-------------------------------|-------------------------------------|-----------------|--------------------------------------|
| Would the project:  | Significant | Unknown Potential Significant | Potential Significant And Mitigated | Not Significant | Impact Reviewed in Previous Document |
| e. Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?   |             |                               |                                     |                 | X                                    |
| f. Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional or state habitat conservation plan? |             |                               |                                     |                 | X                                    |

**Biological Resources Discussion:**

Impacts the same as discussed in the certified EIR.

| 5. CULTURAL RESOURCES   |             |                               |                                     |                 |                                      |
|---|-------------|-------------------------------|-------------------------------------|-----------------|--------------------------------------|
| Would the project:  | Significant | Unknown Potential Significant | Potential Significant And Mitigated | Not Significant | Impact Reviewed in Previous Document |
| a. Cause a substantial adverse change in the significance of a historical resource as defined in CEQA Guidelines §15064.5?    |             |                               |                                     |                 | X                                    |
| b. Cause a substantial adverse change in the significance of an archaeological resource pursuant to CEQA Guidelines §15064.5? |             |                               |                                     |                 | X                                    |
| c. Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?                       |             |                               |                                     |                 | X                                    |
| d. Disturb any human remains, including those interred outside of formal cemeteries?  |             |                               |                                     |                 | X                                    |

**Cultural Resources Discussion:**

Impacts the same as discussed in the 2004 certified EIR.

| 6. GEOLOGY /SOILS  |             |                               |                                     |                                   |                                      |
|--|-------------|-------------------------------|-------------------------------------|-----------------------------------|--------------------------------------|
| Would the project:   | Significant | Unknown Potential Significant | Potential Significant And Mitigated | Not Significant or Not Applicable | Impact Reviewed in Previous Document |
| a. Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:   |             |                               |                                     |                                   |                                      |
| i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the are or based on other substantial evidence of a known fault? (Refer to Division of Mines and Geology Publication 42) |             |                               |                                     |                                   | X                                    |
| ii) Strong Seismic ground shaking?   |             |                               |                                     |                                   | X                                    |
| iii) Seismic-related ground failure, including liquefaction?   |             |                               |                                     |                                   | X                                    |

| 6. GEOLOGY /SOILS   |             |                               |                                     |                                   |                                      |
|---|-------------|-------------------------------|-------------------------------------|-----------------------------------|--------------------------------------|
| Would the project:  | Significant | Unknown Potential Significant | Potential Significant And Mitigated | Not Significant or Not Applicable | Impact Reviewed in Previous Document |
| iv) Landslides?   |             |                               |                                     |                                   | X                                    |
| b. Result in substantial erosion or the loss of topsoil?  |             |                               |                                     |                                   | X                                    |
| c. Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on or off-site landslide, lateral spreading, subsidence, liquefaction or collapse? |             |                               |                                     |                                   | X                                    |
| d. Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?  |             |                               |                                     |                                   | X                                    |
| e. Have soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater?  |             |                               |                                     |                                   | X                                    |

**Geology/Soils Discussion:**

Impacts the same as discussed in the 2004 certified EIR.

| 7. HAZARDS/HAZARDOUS MATERIALS  |             |                               |                                     |                 |                                      |
|---|-------------|-------------------------------|-------------------------------------|-----------------|--------------------------------------|
| Would the project:  | Significant | Unknown Potential Significant | Potential Significant And Mitigated | Not Significant | Impact Reviewed in Previous Document |
| a. Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?   |             |                               |                                     |                 | X                                    |
| b. Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?                                   |             |                               |                                     |                 | X                                    |
| c. Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?   |             |                               |                                     |                 | X                                    |
| d. <b>Be located on a site that is included on a list of hazardous materials sites</b> complied pursuant to Government Code Section 65962.5 and, as a result, would create a significant hazard to the public or the environment? |             |                               |                                     |                 | X                                    |
| e. Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?   |             |                               |                                     |                 | X                                    |

| 7. HAZARDS/HAZARDOUS MATERIALS   |             |                               |                                     |                 |                                      |
|--|-------------|-------------------------------|-------------------------------------|-----------------|--------------------------------------|
| Would the project:   | Significant | Unknown Potential Significant | Potential Significant And Mitigated | Not Significant | Impact Reviewed in Previous Document |
| f. Expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands? |             |                               |                                     |                 | X                                    |

**Hazards/Hazardous Materials Discussion:**

Impacts the same as discussed in the 2004 certified EIR.

| 8. GREENHOUSE GAS EMISSIONS   |             |                               |                                     |                 |                                      |
|---|-------------|-------------------------------|-------------------------------------|-----------------|--------------------------------------|
| Would the project:  | Significant | Unknown Potential Significant | Potential Significant And Mitigated | Not Significant | Impact Reviewed in Previous Document |
| a. Generate greenhouse gas emissions, either directly or indirectly, that may have significant impact on the environment?   |             |                               |                                     |                 | X                                    |
| b. Conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gases?  |             |                               |                                     |                 | X                                    |
| c. Violate any air quality standard or contribute substantially to an existing or projected air quality violation?  |             |                               |                                     |                 | X                                    |
| d. Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is in non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions, which exceed quantitative thresholds for ozone precursors)? |             |                               |                                     |                 | X                                    |
| e. Create objectionable smoke, ash, dust or odors affecting a substantial number of people?   |             |                               |                                     |                 | X                                    |

**Greenhouse Gas Discussion:**

Impacts the same as discussed in the 2004 certified EIR.

| 9. HYDROLOGY/WATER QUALITY  |             |                               |                                     |                 |                                      |
|---|-------------|-------------------------------|-------------------------------------|-----------------|--------------------------------------|
| Would the project:  | Significant | Unknown Potential Significant | Potential Significant And Mitigated | Not Significant | Impact Reviewed in Previous Document |
| a. Violate any water quality standards or waste discharge requirements?   |             |                               |                                     |                 | X                                    |
| b. Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)? |             |                               |                                     |                 | X                                    |

| 9. HYDROLOGY/WATER QUALITY |   | Significant | Unknown Potential Significant | Potential Significant And Mitigated | Not Significant | Impact Reviewed in Previous Document |
|----------------------------|---|-------------|-------------------------------|-------------------------------------|-----------------|--------------------------------------|
| <b>Would the project:</b>  |   |             |                               |                                     |                 |                                      |
| c.                         | Substantially alter the existing drainage pattern on the site or area, including through the alteration of the course of a stream or river, in a manner that would result in substantial erosion or siltation on or off-site?                                 |             |                               |                                     |                 | X                                    |
| d.                         | Substantially alter the existing drainage pattern on the site or area, including through the alteration of the course of a stream or substantially increase the rate or amount of surface runoff in a manner, which would result in flooding on- or off-site? |             |                               |                                     |                 | X                                    |
| e.                         | Create or contribute runoff water that would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff?   |             |                               |                                     |                 | X                                    |
| f.                         | Otherwise substantially degrade water quality?  |             |                               |                                     |                 | X                                    |
| g.                         | Place housing within a 100-year flood hazard area as mapped on a federal flood hazard boundary or flood insurance rate map or other flood hazard delineation map?   |             |                               |                                     |                 | X                                    |
| h.                         | Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?   |             |                               |                                     |                 | X                                    |
| i.                         | Inundation by seiche, tsunami, or mudflow?  |             |                               |                                     |                 | X                                    |

**Hydrology/Water Discussion:**

The SPA would allow additional lot coverage; however, one finding of fact that must be made in the affirmative is that the amended impervious area is consistent with the Arboleda Specific Plan. The Arboleda Specific Plan was developed on a comprehensive drainage system. If a home modification/remodel exceeds the drainage system, the plot plan review or conditional use permit application will be modified or conditioned to allow infiltration-paving materials.

| 10. LAND USE AND PLANNING |   | Significant | Unknown Potential Significant | Potential Significant And Mitigated | Not Significant | Impact Reviewed in Previous Document |
|---------------------------|---|-------------|-------------------------------|-------------------------------------|-----------------|--------------------------------------|
| <b>Would the project:</b> |   |             |                               |                                     |                 |                                      |
| a.                        | Physically divide an established community?   |             |                               |                                     |                 | X                                    |
| b.                        | Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to, the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect? |             |                               |                                     |                 | X                                    |
| c.                        | Conflict with any applicable habitat conservation plan or natural community conservation plan?  |             |                               |                                     |                 | X                                    |

**Land Use and Planning Discussion:** All issues addressed in 2004 certified EIR.

| 11. NOISE                 |   | Significant | Unknown Potential Significant | Potential Significant And Mitigated | Not Significant | Impact Reviewed in Previous Document |
|---------------------------|---|-------------|-------------------------------|-------------------------------------|-----------------|--------------------------------------|
| <b>Would the project:</b> |   |             |                               |                                     |                 |                                      |
| a.                        | Expose people to, or generate, noise levels exceeding established standards in the local general plan, coastal plan, noise ordinance or other applicable standards of other agencies? |             |                               |                                     |                 | X                                    |
| b.                        | Expose persons to or generate excessive groundborne vibration or groundborne noise levels?  |             |                               |                                     |                 | X                                    |
| c.                        | Cause a substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?   |             |                               |                                     |                 | X                                    |
| d.                        | Cause a substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?   |             |                               |                                     |                 | X                                    |

**Noise Discussion:**

The impacts are the same as discussed in the 2004 certified EIR.

| 12. POPULATION AND HOUSING |  | Significant | Unknown Potential Significant | Potential Significant And Mitigated | Not Significant | Impact Reviewed in Previous Document |
|----------------------------|--|-------------|-------------------------------|-------------------------------------|-----------------|--------------------------------------|
| <b>Would the project:</b>  |  |             |                               |                                     |                 |                                      |
| a.                         | Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?   |             |                               |                                     |                 | X                                    |
| b.                         | Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?   |             |                               |                                     |                 | X                                    |
| c.                         | Induce substantial growth in an area either directly (for example, by proposing new homes and businesses) or indirectly (e.g. through extension of roads or other infrastructure)? |             |                               |                                     |                 | X                                    |

**Populations and Housing Discussion:**

Impacts the same as discussed in the 2004 certified EIR.

| 13. PUBLIC SERVICES  |   | Significant | Unknown Potential Significant | Potential Significant And Mitigated | Not Significant | Impact Reviewed in Previous Document |
|--|---|-------------|-------------------------------|-------------------------------------|-----------------|--------------------------------------|
| Would the project result in a substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the following public services: |   |             |                               |                                     |                 |                                      |
| a.   | Fire protection?                        |             |                               |                                     |                 | X                                    |
| b.   | Police protection?                      |             |                               |                                     |                 | X                                    |
| c.   | Schools?                                |             |                               |                                     |                 | X                                    |
| d.   | Parks or other recreational facilities? |             |                               |                                     |                 | X                                    |

| 13. PUBLIC SERVICES<br>Would the project result in a substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the following public services: | Significant | Unknown Potential Significant | Potential Significant And Mitigated | Not Significant | Impact Reviewed in Previous Document |
|---|-------------|-------------------------------|-------------------------------------|-----------------|--------------------------------------|
| e. Water Service System?  |             |                               |                                     |                 | X                                    |
| f. Sewer System?  |             |                               |                                     |                 | X                                    |
| g. Other governmental services?   |             |                               |                                     |                 | X                                    |

**Public Services Discussion:**

Impacts the same as discussed in the EIR certified in 2004.

| 14. TRANSPORTATION/CIRCULATION<br>Would the project:  | Significant | Unknown Potential Significant | Potential Significant And Mitigated | Not Significant | Impact Reviewed in Previous Document |
|---|-------------|-------------------------------|-------------------------------------|-----------------|--------------------------------------|
| a. Cause an increase in traffic, which is substantial in relation to the existing traffic load and capacity of the street system (i.e. result in a substantial increase in either the number of vehicle trips, the volume to capacity ration on roads, or congestion at intersections)? |             |                               |                                     |                 | X                                    |
| b. Exceed, either individually or cumulatively, a level of service standard established by the county congestion management agency for designated roads or highways?  |             |                               |                                     |                 | X                                    |
| c. Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?   |             |                               |                                     |                 | X                                    |
| d. Substantially increase hazards due to a design feature (e.g. limited sight visibility, sharp curves or dangerous intersections) or incompatible uses (e.g. farm equipment)?  |             |                               |                                     |                 | X                                    |
| e. Result in inadequate emergency access?   |             |                               |                                     |                 | X                                    |
| f. Result in inadequate parking capacity?   |             |                               |                                     |                 | X                                    |
| g. Conflicts with adopted policies supporting alternative transportation (e.g. bus turnouts, bicycle racks)?  |             |                               |                                     |                 | X                                    |

**Transportation/Circulation Discussion:**

Impacts addressed in 2004 certified EIR.

| 15. UTILITIES & SERVICE SYSTEMS |   | Significant | Unknown Potential Significant | Potential Significant And Mitigated | Not Significant | Impact Reviewed in Previous Document |
|---------------------------------|---|-------------|-------------------------------|-------------------------------------|-----------------|--------------------------------------|
| <b>Would the project:</b>       |   |             |                               |                                     |                 |                                      |
| a.                              | Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?  |             |                               |                                     |                 | X                                    |
| b.                              | Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?                             |             |                               |                                     |                 | X                                    |
| c.                              | Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?                                      |             |                               |                                     |                 | X                                    |
| d.                              | Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?   |             |                               |                                     |                 | X                                    |
| e.                              | Result in a determination by the wastewater treatment provider, which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments? |             |                               |                                     |                 | X                                    |
| f.                              | Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?   |             |                               |                                     |                 | X                                    |
| g.                              | Comply with federal, state, and local statutes and regulations related to solid waste?  |             |                               |                                     |                 | X                                    |

**Utilities & Service Systems Impact Discussion:**

Impacts the same as discussed in the 2004 certified EIR.

**D. INFORMATION SOURCES:**

|  |                                     |     |                      |
|--|-------------------------------------|-----|----------------------|
| <b>A. County/City/Federal Departments Consulted:</b> |                                     |     |                      |
| <input checked="" type="checkbox"/>                  | <input checked="" type="checkbox"/> | PRC |                      |
| <b>B. General Plan</b>                               |                                     |     |                      |
| <input checked="" type="checkbox"/>                  | Land Use Elements                   |     |                      |
|  | Housing Element                     |     | Conservation Element |
|  | Circulation Element                 |     | Noise Element        |
|  | Seismic Safety/Safety Element       |     | Land Use             |
|  | Economic Development                |     |                      |
| <b>C. Zoning Ordinance &amp; Specific Plan</b>       |                                     |     |                      |
| <input checked="" type="checkbox"/>                  | Specific Plan                       |     |                      |
| <input checked="" type="checkbox"/>                  | Arboleda Specific Plan              |     |                      |
| <b>D. Other Sources of Information</b>               |                                     |     |                      |
|  | Field Work/Site Visit               |     | Ag. Preserve Maps    |
|  | Calculations                        |     | Flood Control Maps   |

|   |   |   |   |
|---|---|---|---|
| ☒ | <b>Project Plans</b><br>✓ <u>Vesting Tentative Tract Maps</u> | ☒ | Other studies, reports (e.g., environmental documents)<br>✓ <u>Certified Environmental Impact Report (2004 ) SCH No. 2003091118</u> |
|   | Traffic Study   |   | Topographic maps  |
|   | Records   |   | Soils Maps/Reports  |
|   | Grading Plans   |   | Plant maps  |
|   | Elevations/architectural renderings                           |   | Archaeological maps and reports   |
|   | Published geological maps                                     |   | (Others)  |

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**Exhibit 6****ORDINANCE NO. 2016-725****AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF KING, CALIFORNIA APPROVING THE ARBOLEDA SPECIFIC PLAN AMENDMENT, CASE NO. SPA 2015-002 (NINO FAMILY II, L.P., A CALIFORNIA LIMITED PARTNERSHIP)**

**WHEREAS**, on July 24, 2004, the City Council ("**Council**") certified the Arboleda Project Environmental Impact Report ("**EIR**") in accordance with the California Environmental Quality Act, and adopted a Statement of Overriding Considerations;

**WHEREAS**, on July 24, 2004, the Council approved a general plan amendment, adopted the Arboleda Specific Plan ("**A-SP**") and Vesting Tentative Map ("**VTM**") that included the planning, development, construction, operation and maintenance of up to four hundred (400) residential units, associated open space, parks and public improvements;

**WHEREAS**, on June 10, 2014, the Council approved a three (3) year extension of time for the VTM (which automatically extends the A-SP);

**WHEREAS**, Nino Family II, L.P., a California Limited Partnership ("**Applicant**") submitted an application, **Case No. SPA-2015-002 ("SPA - No. 3")** to the City of King to make various changes to the Arboleda Specific Plan, attached as **Exhibits 1 and 2**;

**WHEREAS**, on **May 03, 2016**, the City of King Planning Commission ("**Commission**") conducted a public hearing, accepted testimony, and based on the evidence, adopted Resolution No. 2016-0149 attached as **Exhibit 4**, which recommended the Council approve the Specific Plan Amendments to the A-SP;

**WHEREAS**, staff prepared an Initial Study checklist, attached as **Exhibit 5**, and determined that pursuant to the California Environmental Quality Act ("**CEQA**"), findings required by CEQA Guidelines §15162 (Subsequent EIRs) could be made in the affirmative, as follows:

1. There are no substantial changes to the proposed project that will require major revisions to the certified EIR or increase the severity of previously identified significant effects.
2. There are no substantial changes due to circumstances under which the proposed project is undertaken that require modifications to the certified EIR, due to new significant environmental effects or increase in severity of previous impacts.
3. There is no new information that was not analyzed in the certified EIR.

**WHEREAS**, based on the above findings of fact the SPA-No. 3 will not have the potential to result in significant adverse environmental impacts. All the conditions of approval and mitigation measures adopted in 2004 apply to the SPA-No. 3. Therefore, the issues associated with the SPA are adequately addressed in the 2004 certified EIR and no additional environmental assessment pursuant to CEQA is needed; and

**WHEREAS**, as part of SPA-No. 3, the following conditions of approval are applicable:

1. **Conditions of Approval/Mitigation Measures:** All conditions of approval, mitigation measures and other regulations of the Arboleda Specific Plan are applicable with this approval.
2. **Payment of Fees:** Prior to the issuance of the first building permit after the SPA approval, the Applicant shall pay all applicable staff/consultant processing fees for this application,
3. **Changes to Specific Plan:** Prior to submitting final Specific Plan, the following corrections shall be submitted as part of the final Specific Plan package:
  - a. Home models shall have correct square footage and correct plan type number.
4. **Copies of Final Specific Plan:** Within thirty (30) days of final approval, the

applicant shall submit ten (10) electronic and ten (10) paper copies of the amended Arboleda Specific Plan.

**NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF KING DOES ORDAIN AS FOLLOWS:**

**SECTION 1.** The City Council finds for the reasons stated in the staff report presented **May 24, 2016**, that the Specific Plan Amendment is:

- a. Consistent with the objectives, policies and programs in the City of King General Plan, consistent with all parts of the Arboleda Specific Plan, and the King City Municipal Code; and
- b. Within the scope of the Environmental Impact Report for the project previously approved by the City Council, pursuant to §15162 of the State of California CEQA Guidelines.

**SECTION 2.** The City Council hereby approves **Case No. SPA 2015 - 002** by and between the City of King and the Applicant, attached as **Exhibit 1**.

**SECTION 3.** In accordance with §36933 of the California Government Code, within fifteen (15) days after passage, the City Clerk shall cause this ordinance to be posted in three (3) publicly accessible locations in the City.

**SECTION 4.** This ordinance shall go into effect and be in full force and effect at 12:01 a.m. on the thirty-first (31st) day after its passage.

**SECTION 5. Savings and Interpretation Clause.** This ordinance shall not be interpreted in any manner to conflict with controlling provisions of state law, including, without limitation, the Government Code of the State of California. If any section, subsection or clause of this ordinance shall be deemed to be unconstitutional or otherwise invalid, the validity of the remaining sections, subsections and clauses shall not be affected thereby. If this ordinance, or any section, subsection or clause of this ordinance shall be deemed unconstitutional or invalid as applied to particular appeal, the validity of this ordinance and its sections, subsections and clauses in regards to other contracts, shall not be affected.

**INTRODUCED** at a regular meeting of the City Council held this **24th day of May 2016** on motion of Councilmember \_\_\_\_\_, seconded by Councilmember \_\_\_\_\_, and on the following roll call vote, to wit:

- AYES:**
- NOES:**
- ABSENT:**
- ABSTAIN:**

**PASSED AND ADOPTED** at the regular meeting of the City Council held this **14th day of June 2016** on motion of Councilmember \_\_\_\_\_, seconded by Councilmember \_\_\_\_\_, and on the following roll call vote, to wit:

- AYES:**
- NOES:**
- ABSENT:**
- ABSTAIN:**
- ATTEST:**

\_\_\_\_\_  
Steve Adams, City Clerk

\_\_\_\_\_  
Robert Cullen, Mayor

APPROVED AS TO FORM:

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Martin Koczanowicz, City Attorney



Item No. **11 (A)**

**REPORT TO THE CITY COUNCIL**

**DATE: MAY 24, 2016**

**TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL**

**FROM: STEVEN ADAMS, CITY MANAGER**

**RE: CONSIDERATION OF PROVISIONS TO INCLUDE IN AN AMENDED MEDICAL MARIJUANA REGULATORY ORDINANCE**

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**RECOMMENDATION:**

It is recommended the City Council provide direction regarding items to include in an amended medical marijuana regulatory ordinance.

**BACKGROUND:**

At the January 26, 2016 meeting, the City Council adopted an ordinance allowing cultivation of medical marijuana in the M-1 and M-2 zoning districts and the East Ranch Business Park Specific Plan area. It has been determined that this also allows cultivation in the M3 zone.

When the Ordinance was drafted to address medical marijuana, it was expedited in order to meet an impending State deadline. As a result, it was designed to be as simple as possible in order to avoid complications and delays. Staff is now working on legislation to address a number of issues that were not addressed, adding additional licenses, and ensuring the City's Ordinance is consistent with State legislation, which is changing as the process proceeds. The consultant hired by the City to draft the medical marijuana tax measure is also advising the City on items that should be included in the Ordinance.

At the April 12, 2016, staff requested direction from the City Council on whether to include in the amended Ordinance provisions allowing Level 1 and/or Level 2 manufacturing. Council provided direction to amend the Ordinance to allow Level 1 manufacturing. During discussion of a proposal for a medical marijuana tax measure, staff was also requested to provide recommendations regarding regulations involving transportation of medical marijuana.

**CITY COUNCIL  
CONSIDERATION OF PROVISIONS TO INCLUDE IN AN AMENDED  
MEDICAL MARIJUANA REGULATORY ORDINANCE  
MAY 24, 2016  
PAGE 2 OF 6**

**DISCUSSION:**

The amount of activity involved with potential applications for medical marijuana related businesses has the potential to far exceed staff's original projections. In addition, now that staff has had time to analyze issues involved with the various components of these businesses, a number of issues have been identified. Assessing the impact of these issues has been a complex exercise. Given the complexities involved, staff recommends obtaining further Council direction on the desired issues to be addressed in the amendments to the Ordinance prior to preparing draft in order to ensure staff time is used most efficiently.

The following are recommended items to be addressed in the regulatory ordinance, the majority of which have been developed through an analysis prepared by the City Attorney's Office:

- The types of licensing to be allowed include the following:
  - 2A cultivation (small indoor)
  - 2B cultivation (small mixed-light)
  - 3A cultivation (indoor)
  - 3B cultivation (indoor mixed-light)
  - 4 (nursery)
  - 6 (Manufacturing Level 1)
  - 8 (Testing)
- Nurseries (Type 4 licenses) shall be limited to a total of 5,000 square feet on any given lot or parcel and shall be limited to those affiliated with a licensed cultivation facility within the city.
- All local licensing shall be only allowed in M-1, M-2, M-3 and designated specific plan areas within the City. No marijuana operations shall be allowed in any form outside of those designated areas.
- Total licenses issued shall be restricted to a maximum canopy area for cultivation and nurseries of no more than 1,350,000 square feet.

Staff believes that a limit is necessary in order to proceed with the process in a timely manner while confirming that production levels will not negatively impact the water supply. With appropriate restrictions and best practices required, staff has indicated that this volume of cultivation will likely result in no more water use than projected in the assumptions utilized in the environmental review of the original ordinance approved by the City Council. Cal Water previously indicated that this level of usage would not pose constraints on their water supply. The square footage

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that is specified would accommodate 50 licenses of maximum size with an associated nursery.

- Applicants who desire to have multiple licensing of a different type, would be required to follow Business and Professions Code, §19328 which limits the number of types of different licenses that can be held by same person.
- Any license issued by the City would be subject to the applicant obtaining a State License under AB 243, AB 266 and SB 643; failure to obtain a license within a defined period of time would be grounds for revocation of the City regulatory permit. (Process to be determined).
- If the State restricts the number of licenses issued by a City, any applicant not receiving a license from the State would be grounds for immediate revocation of the local license.
- The City shall have complete audit rights to all pertinent records (financial or otherwise) required by the City of any applicant to assure compliance with both local and state regulations.
- Audits may also be done by the City of indoor growing operations to ascertain through any reasonable regulatory function that the size of the canopy is consistent with State and local regulations and that no product is being generated outside of the specific operations licensed by the City. As an example, no product may be grown off site and transported to the licensed operations other than product grown consistent with a Type 4 license.
- Stacking (the process of growing marijuana on multiple levels within a given structure) shall be allowed, but only to the maximum canopy size allowed under state licensing. (As an example, if a license limits growth to a total canopy size of 10,000 square feet, and the initial floor area footprint of growth is 5,000 square feet, the applicant would be allowed one additional stacking of growth to a maximum size of 5,000 square feet.
- To the extent a given license allows it, an applicant may use natural light along with artificial light for growing plants.
- All growing operations shall at all times be within enclosed structures.
- Only Level 1 manufacturing will be allowed.
- No volatile fluid or solvents shall be allowed in any manufacturing process.

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- Manufacturing processes shall be allowed only in manufacturing or industrial zoned locations.
- Any compressed gas or air containers used in the manufacturing process will not exceed 50 pound tanks in size. Each location shall be limited to a specific number of tanks stored at a given location. (Number to be determined).
- To the extent the United States or State of California Department of Labor through OSHA establish laboratory standards for marijuana laboratories, applicant's laboratories shall comply with their regulations and certification programs.
- Any extract of Honey Oil/wax or other substance from Marijuana shall not exceed a defined number of pounds stored or located on premise at any given time. (To be determined).
- There shall be spacing requirements from sensitive land uses like schools, parks, etc. (To be determined).
- City shall issue an annual licensing permit with a corresponding fee to be established by resolution at an amount to fund the cost of issuing the permit and to contract for an annual inspection. Violations of the provisions of the Ordinance or terms of the conditions of approval may result in revocation or denial of the permit.
- Each applicant shall have a security operational plan inclusive of 24/7 video operations approved by the City prior to issuance of any regulatory permit.
- Each operation will have installed an audible security alarm system.
- All doors and entrances to facilities shall be locked and secured.
- Each operation of any license type shall have no exterior evidence or observable indication of marijuana cultivation or other marijuana operations at any facility.
- A CUP will be issued for each license. Any violation of any conditions of the CUP or of this regulatory ordinance shall be grounds for the City to revoke the CUP.

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- Operational hours will be defined within the CUP issued for each facility.
- All marijuana shall be secured and accounted for during business and non-business hours.
- No smoking or ingesting of marijuana or any products manufactured from marijuana shall be allowed on any premises issued a license by the City pursuant to this ordinance.
- Applicant shall supply the City with complete contact information of an on-site individual to contact in the event of criminal activity or an emergency.
- The City shall establish a fee in the event there are numerous calls for public safety services (fire or police) wherein they will be charged a cost recovery fee for those services beyond a given number of calls (to be determined).
- Background checks will be performed on all applicants.
- All sales to the public for marijuana products of any kind is prohibited.
- Applicant shall not hold alcohol licenses nor consume or sale alcohol on premises.
- Applicant shall be responsible for maintaining logs of all product of any nature being processed in and out. City shall have full audit rights to any logs required under this ordinance (to be determined).
- Applicants shall be required to use best management practices for use of water and disposal of byproducts from any operations licensed under this ordinance (to be determined).
- Permittees shall be required to connect to and purchase City recycled water for irrigation at such time that City infrastructure providing access to recycled water service is constructed within 100 feet of the businesses property.
- Best management practices shall be defined and required as conditions of the CUP issued for each license (to be determined).

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Staff also requests direction on the area of transportation. Since this is a new area recently brought to the City's attention, no analysis has yet been completed. As a result, additional time will be required in order to include it in the existing ordinance under way. Council has the option of requesting staff to include provisions allowing and regulating transportation of medical marijuana in this ordinance, which would involve more time to complete, or request it be addressed separately.

**COST ANALYSIS:**

Staff estimates contract work associated with drafting the ordinance will be approximately \$10,000 to \$15,000, but could be higher depending on the level of analysis required.

**ALTERNATIVES:**

The following alternatives are provided for City Council consideration:

1. Direct staff to proceed with the items identified;
2. Direct staff to expand analysis of issues involved with medical marijuana and allocate additional time prior to consideration of the ordinance;
3. Direct staff to expand analysis of issues and to include transportation in the proposed ordinance;
4. Direct staff to proceed in drafting the ordinance with the items identified, but do not include a limit on licenses; or
6. Provide staff other direction.

Prepared and Approved by:

  
\_\_\_\_\_  
Steven Adams, City Manager



Item No. **11 (B)**

**REPORT TO THE CITY COUNCIL**

**DATE: MAY 24, 2016**

**TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL**

**FROM: STEVEN ADAMS, CITY MANAGER**

**RE: CONSIDERATION OF DRAFT MEDICAL MARIJUANA TAX  
BALLOT MEASURE**

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**RECOMMENDATION:**

It is recommended the City Council: 1) provide comments regarding the draft medical marijuana tax ballot measure; 2) provide staff general direction on the objectives of setting the tax amount; and 3) direct staff to proceed in preparing a final measure for City Council approval to place on the November 8, 2016 ballot.

**BACKGROUND:**

At the January 26, 2016 meeting, the City Council adopted an ordinance allowing cultivation of medical marijuana in the M-1 and M-2 zoning districts and the East Ranch Business Park Specific Plan area. Staff is currently working on amendments to allow manufacturing and processing, as well as to address other issues that have been identified.

When the Council approved the Ordinance allowing medical marijuana cultivation, it was the intent to establish a tax to generate revenue from the medical marijuana businesses. It is recommended the tax measure be placed on the November 8th ballot, which will require a majority vote. At the March 22, 2016 meeting, the City Council approved a consultant services agreement with HdL Companies and appropriated \$20,000 for them to assist the City in drafting the tax measure.

At the April 26, 2016 meeting, the City Council received a presentation on alternatives from the consultant and provided initial direction. The following items were determined:

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- The cultivation tax will be based on total square footage approved in the Conditional Use Permit.
- There will be no increase the first three years. After that, the City Council may increase the tax on an annual basis up to a maximum of CPI for the prior year.
- The first 5,000 square feet will be charged a higher tax rate. The tax rate per square foot thereafter would be a lower rate. The consultant will get an update on the rate being proposed by other cities and work with staff on developing a recommended rate.
- The tax proceeds will be charged on a quarterly basis.
- The tax on manufacturing will be charged on lump sum annual basis per license. The consultant will work with staff on developing a recommended amount.

**DISCUSSION:**

Since that meeting, the City Manager and consultant met with representatives from the County of Monterey, Salinas and Gonzales. No other jurisdictions have received direction yet from their elected bodies on the structure of the proposed tax, but all have hired the same consultant, appear to be heading towards a similar tax measure, and agreed to share communications with each other as we proceed. There appears to be a mixture of consideration regarding whether to establish the cultivation tax based upon sales or per square foot. At this point, all of the jurisdictions appear to be considering establishing a consistent rate rather than a variable rate as the Council directed for King City's tax measure.

Attached is a draft ordinance that includes the items as directed. Staff is recommending that no amount be established until final consideration in order to obtain additional information on the direction of the other jurisdictions. However, it would be helpful at this stage in the process to receive general direction from the Council on the objectives of the tax rate. In other words, the Council should determine if the priority is to set the rate at the highest level that the consultant determines is reasonable given profit margins; is it to set the rate at a level that balances maximizing revenues and remaining competitive; or is it to be lower than other jurisdictions to attract potential businesses.

**COST ANALYSIS:**

Projected revenue from the tax will depend on the tax rate and the number of businesses that are licensed. Given that State regulations are still under development, the number of future businesses is difficult to anticipate. However, the measure has the potential of generating over \$1 million for the City.

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**ALTERNATIVES:**

The following alternatives are provided for City Council consideration:

1. Provide staff direction on the proposed tax measure and tax rate;
2. Delay consideration of a tax measure;
2. Direct staff to not pursue a tax measure; or
4. Provide staff other direction.

**Exhibits:**

1. Draft Medical Marijuana Tax Measure Ordinance

Prepared and Approved by:



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Steven Adams, City Manager

KING CITY COUNCIL  
ORDINANCE NO. \_\_\_\_\_

A ORDINANCE SUBMITTING ON THE COUNCIL'S OWN MOTION TO THE VOTERS AT THE NOVEMBER 8, 2016 STATEWIDE GENERAL ELECTION, NOT LESS THAN 88 DAYS AND NOT MORE THAN 133 DAYS FROM THE PASSAGE OF THIS ORDINANCE, A PROPOSED ORDINANCE MODIFYING THE BUSINESS LICENSE AND REGULATIONS, TITLE 5 OF THE KING CITY MUNICIPAL CODE TO CREATE CHAPTER 5.14 "COMMERCIAL CANNABIS TAX" TO IMPLEMENT AN ANNUAL TAX SET AT AN INITIAL RATE OF \_\_\_\_\_ DOLLARS (\$XX) PER SQUARE FOOT FOR THE FIRST 5,000 SQUARE FEET OF CANOPY SPACE AND THEN \_\_\_\_\_ DOLLARS (\$XX) PER SQUARE FOOT FOR THE REMAINING CANOPY SPACE UTILIZED IN CONNECTION WITH THE CULTIVATION OF MARIJUANA FOR BOTH MEDICAL OR NON-MEDICAL USE WHERE PERMISSIBLE BY BOTH STATE AND LOCAL LAW FOR THE PURPOSE OF RAISING REVENUE TO FUND GENERAL MUNICIPAL SERVICES AND THE COMMERCIAL CANNABIS MANUFACTURING TAX IN CONNECTION WITH THE MANUFACTURING OF MARIJUANA FOR BOTH MEDICAL OR NON-MEDICAL USE WHERE PERMISSIBLE BY BOTH STATE AND LOCAL LAW FOR THE PURPOSE OF RAISING REVENUE TO FUND GENERAL MUNICIPAL SERVICES SHALL BE ESTABLISHED AT A FLAT TAX RATE OF \_\_\_\_\_ DOLLARS (\$XXX) AND A CONSUMER PRICE INDEX INCREASE MAY BE IMPOSED ANNUALLY FOR THE CULTIVATION SQUARE FOOTAGE TAX AND THE MANUFACTURING TAX IMPOSED UPON CANNABIS BUSINESSES IN THE CITY AFTER THREE YEARS.

DIRECTING THE CITY CLERK TO FIX THE DATE FOR SUBMISSION OF ARGUMENTS AND PROVIDE FOR NOTICE AND PUBLICATION IN ACCORDANCE WITH THE NOVEMBER 8, 2016 STATWIDE GENERAL ELECTION

**WHEREAS**, through the passage of Proposition 215, the voters of California authorized the use of cannabis for medical purpose in 1996; and

**WHEREAS**, a majority of the voters where in favor of the proposition, the voters of King City approved Proposition 215; and

**WHEREAS**, the City Council of the City of King has adopted medical cannabis permitting regulations to prevent nuisance, provide for effective controls, enable medical cannabis patients to obtain cannabis from safe sources, and wish to provide appropriate licensing and revenue for the City in a manner consistent with state law; and

**WHEREAS**, every person engaged in business activity in the City of King is required to obtain a business tax certificate and to pay the City's business tax; and

**WHEREAS**, pursuant to Chapter 5.12 of the King City Municipal Code, Section 5.12 cannabis businesses are not currently taxed in a classification category; and

**WHEREAS**, accordingly, the City Council of the City of King desires to create Chapter 5.14 to create new rates for Cannabis businesses as follow a) Medical Cannabis Cultivation b) Medical Cannabis Manufacturing, and c) "Non-Medical" cannabis businesses (whether cultivating or manufacturing other than medical cannabis) where permissible by state and local law and

**WHEREAS**, the City of King seeks to appropriately regulate cannabis facilities and seeks adequate funding to provide essential public services all revenues received from the tax will be deposited in the general fund of the City to be expended for general purposes; now, therefore, be it

**RESOLVED:** That the City council of the City of King does hereby submit to the voters at the statewide general election, not less than 88 days and not more than 133 days from the date of passage of this ordinance, the text of the proposed ordinance, which shall read as follows;

Section 1. The Municipal Code is hereby amended to add the "Commercial Cannabis Tax" section as set forth below (section numbers and titles).

Section 2 Code Amendments. That the Title 5 "Business License and Regulations" of the King City Municipal Code is hereby amended as follows:

## Chapter 5.14

### Commercial Cannabis Tax

- 5.14.010 Purpose of chapter.
- 5.14.020 Tax imposed.
- 5.14.030 Definitions.
- 5.14.040 Other licenses, permits, taxes, fees or charges.
- 5.14.050 Payment of tax does not authorize unlawful business.
- 5.14.060 Payment - Location.
- 5.14.070 Amount of cannabis tax owed.
- 5.14.080 Payment - Time limits.
- 5.14.090 Payments and communications made by mail - Proof of timely submittal.
- 5.14.100 Payment-When taxes deemed delinquent.
- 5.14.110 Notice not required by city.
- 5.14.120 Payment- Penalty for delinquency.
- 5.14.130 Waiver of penalties.
- 5.14.140 Refunds- Credits.
- 5.14.150 Refunds and procedures.
- 5.14.160 Exemptions -Application - Issuance conditions.
- 5.14.170 Exemptions - General.
- 5.14.180 Exemptions - Occasional transactions.
- 5.14.190 Enforcement - Duties of tax administrator and Police Department.
- 5.14.200 Rules and regulations.
- 5.14.210 Apportionment.
- 5.14.220 Audit and examination of records and equipment.
- 5.14.230 Tax deemed debt to city.
- 5.14.240 Deficiency determinations.
- 5.14.250 Tax assessment - Authorized when - Nonpayment - Fraud.
- 5.14.260 Tax assessment - Notice requirements.
- 5.14.270 Tax assessment - Hearing -Application and determination.
- 5.14.280 Conviction for chapter violation - Taxes not waived.
- 5.14.290 Violation deemed misdemeanor - Penalty.
- 5.14.300 Severability.
- 5.14.310 Effect of state and federal reference/authorization.
- 5.14.320 Remedies cumulative.
- 5.14.330 Amendment or repeal.

**5.14.010 Purpose of chapter.**

This chapter shall be known as the "commercial cannabis tax" and is enacted solely to raise revenue for the general governmental purposes for the City and not for purposes of regulation or of raising revenues for regulatory purposes. All of the proceeds from the tax imposed by this chapter shall be placed in the City's general fund and used for the general purpose fund of the City.

**5.14.020 Tax imposed.**

There is established and imposed, a commercial cannabis tax at the rate set forth in this chapter.

**5.14.030 Definitions**

The definitions set forth in this part shall govern the application and interpretation of this chapter.

(A) "Business" shall include all activities engaged in or caused to be engaged in within the City, including any commercial or industrial enterprise, trade, profession, occupation, vocation, calling, or livelihood, whether or not carried on for gain or profit, but shall not include the services rendered by an employee to his or her employer.

(B) "Cannabis" means all parts of the plant *Cannabis sativa* L., whether growing or not; the seeds thereof; the resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds or resin.

(C) "Cannabis business" or "medical marijuana business" or "non-medical marijuana business" means any commercial business activity not limited to, transporting, manufacturing, compounding, converting, processing, preparing, storing, packaging, wholesale, and/or retail sales of Cannabis and any ancillary products in the city, whether or not carried on for gain or profit which is permitted by both State and local law.

(D) "Commercial Cannabis tax", "Business tax" or "Cannabis tax" means the tax due for engaging in Commercial Cannabis business in the city.

(E) "Canopy" shall mean the diameter of a plant, a straight line passing through the center of the cannabis plant in its mature state. All plants will be measured or presumed to be in their full growth state regardless if they are "clones", infants in the vegetative cycle, or full mature plants in the flowering stage of their life cycle. The plant canopy

does not need to be continuous on any premise in determining the total square footage which will be subject to tax.

(F) "Cultivation Facility" or "Grow Site" shall mean the square footage of any place or location where cannabis or any of its derivatives is cultivated, grown, harvested, packaged processed or stored.

(G) "Distributor" or "Distribution" or "Distribution Facility" shall mean a person or facility licensed by the State to engage in the business of purchasing medical cannabis from a licensed cultivator, or medical cannabis products from a licensed manufacturer, for sale to a licensed dispensary.

(H) "Employee" means each and every person engaged in the operation or conduct of any business, whether as owner, member of the owner's family, partner, associate, agent, manager or solicitor, and each and every other person employed or working in such business for a wage, salary, commission, barter or any other form of compensation.

(I) "Engaged in business" means the commencing, conducting, operating, managing or carrying on of a Cannabis business and the exercise of corporate or franchise powers, whether done as owner, or by means of an officer, agent, manager, employee, or otherwise, whether operating from a fixed location in the City or coming into the City from an outside location to engage in such activities. A person shall be deemed engaged in business within the City if:

(1) Such person or person's employee maintains a fixed place of business within the City for the benefit or partial benefit of such person;

(2) Such person or person's employee owns or leases real property within the City for business purposes;

(3) Such person or person's employee regularly maintains a stock of tangible personal property in the City for sale in the ordinary course of business;

(4) Such person or person's employee regularly conducts solicitation of business within the City;

(5) Such person or person's employee performs work or renders services in the City on a regular and continuous basis involving more than five working days per year;

(6) Such person or person's employee utilizes the streets within the City in connection with the operation of motor vehicles for business purposes. The foregoing specified activities shall not be a limitation on the meaning of "engaged in business."

(J) "Evidence of doing business" means whenever any person shall, by use of signs, circulars, cards or any other advertising media, including the use of internet or telephone solicitation, or represents to a government agency or to the public that such person is engaged in a Cannabis business in the City, then these facts may be used as

evidence that such person is engaged in business in the City.

(K) "Gross Receipts" except as otherwise specifically provided, means the total amount actually received or receivable from all sales; the total amount or compensation actually received or receivable for the performance of any act or service, of whatever nature it may be, for which a charge is made or credit allowed, whether or not such act or service is done as a part of or in connection with the sale of materials, goods, wares or merchandise; discounts, rents, royalties, fees, commissions, dividends, and gains realized from trading in stocks or bonds, however designated. Included in "gross receipts" shall be all receipts, cash, credits and property of any kind or nature, without any deduction there from on account of the cost of the property sold, the cost of materials used, labor or service costs, interest paid or payable, or losses or other expenses whatsoever, except that the following shall be excluded there from:

- (1) Cash discounts allowed and taken on sales;
- (2) Credit allowed on property accepted as part of the purchase price and which property may later be sold, at which time the sales price shall be included as gross receipts;
- (3) Any tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser;
- (4) Such part of the sale price of any property returned by purchasers to the seller as refunded by the seller by way of cash or credit allowances or return of refundable deposits previously included in gross receipts;
- (5) Receipts from investments where the holder of the investment receives only interest and/or dividends, royalties, annuities and gains from the sale or exchange of stock or securities solely for a person's own account, not derived in the ordinary course of a business;
- (6) Receipts derived from the occasional sale of used, obsolete or surplus trade fixtures, machinery or other equipment used by the taxpayer in the regular course of the taxpayer's business;
- (7) Cash value of sales, trades or transactions between departments or units of the same business;
- (8) Whenever there are included within the gross receipts amounts which reflect sales for which credit is extended and such amount proved uncollectible in a subsequent year, those amounts may be excluded from the gross receipts in the year they prove to be uncollectible; provided, however, if they whole or portion of such amounts excluded as uncollectible are subsequently collected they shall

be included in the amount of gross receipts for the period when they are recovered;

(9) Transactions between a partnership and its partners;

(10) Receipts from services or sales in transactions between affiliated corporations. An affiliated corporation is a corporation:

(a) The voting and non-voting stock of which is owned at least eighty percent by such other corporation with which such transaction is had; or;

(b) Which owns at least eighty percent of the voting and non-voting stock of such other corporation; or

(c) At least eighty percent of the voting and non-voting stock of which is owned by a common parent corporation which also has such ownership of the corporation with which such transaction is had;

(11) Transactions between a limited liability company and its member(s), provided the limited liability company has elected to file as a Subchapter K entity under the Internal Revenue Code and that such transaction(s) shall be treated the same as between a partnership and its partner(s) as specified in Subsection (9) above;

(12) Receipts of refundable deposits, except that such deposits when forfeited and taken into income of the business shall not be excluded when in excess of one dollar;

(13) Amounts collected for others where the business is acting as an agent or trustee and to the extent that such amounts are paid to those for whom collected. These agents or trustees must provide the finance department with the names and the addresses of the others and the amounts paid to them. This exclusion shall not apply to any fees, percentages, or other payments retained by the agent or trustees.

- (L) "Manufacturer" means a person that conducts the production, preparation, propagation, or compounding of manufactured medical cannabis, or medical cannabis products either directly or indirectly or by extraction methods, or independently by means of chemical synthesis at a fixed location that packages or repackages medical cannabis or medical cannabis products or labels or relabels its container, that holds a valid state license and that holds a valid local license or permit.
- (M) "Person" means, without limitation, any natural individual, organization, firm, trust, common law trust, estate, partnership of any kind, association, syndicate, club, joint stock company, joint venture, limited liability company, corporation (including foreign, domestic, and nonprofit), cooperative, receiver, trustee, guardian, or other representative appointed by order of any court.
- (N) "Sale" means and includes any sale, exchange, or barter.
- (O) "Square Foot" or "Square Footage" shall mean the sum of the gross horizontal space or area of all floors, including garages, carports, porches or similar structures, in which any cannabis or marijuana or

its derivatives is cultivated, grown, harvested, packaged, processed, or stored.

- (P) "Tax Administrator" or "administrator" means the Finance Director or such other designated by the City Manager to administer this chapter.
- (Q) "Transporter" means a person issued a state license and local license to transport medical cannabis or medical cannabis products in an amount above the threshold determined by the state permitting agency between facilities that have been issued a state license.
- (R) "Transport" means the transfer of medical cannabis or medical cannabis products from the permitted business location of one licensee to the permitted business location of another licensee, for the purpose of conducting commercial cannabis activity authorized by the state.

#### **5.14.040 Other licenses, permits, taxes, fees or charges.**

Nothing contained in this Chapter 5.14 shall be deemed to repeal, amend, be in lieu of, replace or in any way affect any requirements for any license or permit required by, under or by virtue of any provision of any other title or chapter of this code or any other ordinance or resolution of the city, nor be deemed to repeal, amend, be in lieu of, replace or in any way affect any tax, fee or other charge imposed, assessed or required by, under or by virtue of any other title or chapter of this code or any other ordinance or resolution of the city. Any references made or contained in any other title or chapter of this code to any licenses, license taxes, fees or charges, or to any schedule of license fees, shall be deemed to refer to the licenses, license taxes, fees or charges, or schedule of license fees, provided for in other titles or chapters of this code.

#### **5.14.050 Payment of tax does not authorize unlawful business.**

(A) The payment of a cannabis tax required by this chapter, and its acceptance by the city, shall not entitle any person to carry on any Cannabis business unless the person has complied with all of the requirements of this code and all other applicable laws, nor to carry on any Cannabis business in any building or on any premises in the event that such building or premises are situated in a zone or locality in which the conduct of such Cannabis business is in violation of any law.

(B) No tax paid under the provisions of this chapter shall be construed as authorizing the conduct or continuance of any illegal or unlawful business, or any business in violation of any ordinance of the city.

#### **5.14.060 Payment - Location.**

The tax imposed under this chapter shall be paid to the administrator in the King City Finance Department on or before the prescribed date during regular city business hours.

#### **5.14.070 Amount of cannabis tax owed.**

(A) Every person whether it is a "not for profit", "a nonprofit" or a Non-Profit Organization" as defined in this Section, or a for-profit entity who is engaged in a Commercial Cannabis Cultivation business in the city shall pay an annual cannabis tax on medical marijuana and non-medical marijuana where it is permissible by both state and local law. The initial tax shall be set at a rate of \_\_\_\_dollars (\$XX) per Square Foot of canopy space for the first 5,000 square feet and then \_\_\_\_\_dollars (\$XX) per square foot of canopy space for the remaining space licensed for cultivation of marijuana. Beginning on January 1, 2020 and on January 1, of each succeeding year thereafter, the amount of each tax imposed by this Section may be adjusted up to the equivalent to the most recent change in the annual average of the Consumer Price Index ("CPI") for all urban consumers in the San Francisco-Oakland-San Jose areas as published by the United States Government Bureau of Labor Statistics; if the City Council by ordinance increases any such tax however related to the "CPI", no adjustment shall decrease any tax imposed by this Section.

(B) Every person whether it is a "not for profit", "a nonprofit" or a Non-Profit Organization" as defined in this Section, or a for-profit entity who is engaged in the Manufacturing of Commercial Cannabis business in the city shall pay an annual cannabis tax on medical marijuana and non-medical marijuana where permissible by both state and local law. The initial tax shall be set at a flat rate of \_\_\_\_\_, for the first three (3) years. Beginning on January 1, 2020 and on January 1, of each succeeding year thereafter, the amount of each tax imposed by this Section may be adjusted up to the equivalent to the most recent change in the annual average of the Consumer Price Index ("CPI") for all urban consumers in the San Francisco-Oakland-San Jose areas as published by the United States Government Bureau of Labor Statistics; if the City

Council by ordinance increases any such tax however related to the "CPI", no adjustment shall decrease any tax imposed by this Section.

**5.14.080 Payment-Time limits.**

The cannabis tax imposed by this chapter shall be due and payable as follows:

(A) Each person owing a Commercial Cannabis Cultivation Tax under this chapter shall, on or before the last day of each calendar quarter, prepare a tax statement to the administrator of the total square footage of canopy space subject to the tax. The square footage tax due shall be paid based on the type of cultivation permits issued by the state and/or issued by the City. The tax will not be prorated or adjusted for reduction in the square footage utilized by the business. Each business shall pay on or before the last day of each quarter four equal installments of the annual tax due. The City may at its discretion determine other methodologies in determining the payment of such tax in order to promulgate collection of said tax in order to reduce the burden of collection which may also include the form of payment in which the city may except for such tax.

(B) Each person owing a Commercial Manufacturing Cannabis Tax under this chapter shall prepare and submit a tax statement to the administrator with the amount of tax owed as determined by this Chapter or as adopted by ordinance by the City Council. Payment for such tax shall be made on or before January 1, of each year or it will be determined to be delinquent.

(C) All tax statements shall be completed on forms authorized by the administrator.

(D) Tax statements and payments for all outstanding taxes owed the city are immediately due to the administrator upon cessation of business for any reason.

**5.14.090 Payments and communications made by mail - Proof of timely submittal.**

Whenever any payment, statement, report, request or other communication received by the administrator is received after the time prescribed by this chapter for the receipt thereof, but there is an envelope bearing a postmark showing that it was mailed on or prior to the date prescribed in this chapter for the receipt thereof, or whenever the administrator is furnished substantial proof that the payment, statement, report, request or other communication was in fact deposited in the United States mail on or prior to the date prescribed for receipt thereof, the administrator may regard such payment, statement, report,

request or other communication as having been timely received. If the due day falls on Saturday, Sunday or a holiday, the due day shall be the next regular business day on which the city is open to the public.

**5.14.100 Payment- When taxes deemed delinquent.**

Unless otherwise specifically provided under other provisions of this chapter, the taxes required to be paid pursuant to this chapter shall be deemed delinquent if not paid on or before the due date specified in Section 5.14.080.

**5.14.110 Notice not required by city.**

The administrator is not required to send a delinquency or other notice or bill to any person subject to the provisions of this chapter and failure to send such notice or bill shall not affect the validity of any tax or penalty due under the provisions of this chapter.

**5.14.120 Payment-Penalty for delinquency.**

(A) Any person who fails or refuses to pay any cannabis tax required to be paid pursuant to this chapter on or before the due date shall pay penalties and interest as follows:

(1) A penalty equal to twenty-five percent of the amount of the tax in addition to the amount of the tax, plus interest on the unpaid tax calculated from the due date of the tax at a rate established by resolution of the City Council; and

(2) An additional penalty equal to twenty-five percent of the amount of the tax if the tax remains unpaid for a period exceeding one calendar month beyond the due date, plus interest on the unpaid tax and on the unpaid penalties, calculated at the rate established by resolution of the City Council.

(3) Interest shall be applied at the monthly rate on the first day the first day of the month for the full month, and will continue to accrue monthly on the tax and penalty until the balance is paid in full.

(B) Whenever a check is submitted in payment of a cannabis tax and the check is subsequently returned unpaid by the bank upon which the check is drawn, and the check is not redeemed prior to the due date, the taxpayer will be liable for the tax amount due plus the return check fee; penalties and interest as provided for in this section; and any amount allowed under state law.

(C) The cannabis tax due shall be that amount due and payable from the first date on which the person was engaged in Cannabis business in the city, together with applicable penalties and interest calculated in accordance with Subsection(A) above.

**5.14.130 Waiver of penalties.**

The administrator may waive the first and second penalties of twenty-five percent each imposed upon any person if:

(A) The person provides evidence satisfactory to the administrator that failure pay timely was due to circumstances beyond the control of the person and occurred notwithstanding the exercise of ordinary care and the absence of willful neglect, and the person paid the delinquent cannabis tax and accrued interest owed the city prior to applying to the administrator for a waiver.

(B) The waiver provisions specified in this subsection shall not apply to interest accrued on the delinquent tax and a waiver shall be granted only once during any twenty-four-month period.

**5.14.140 Refunds-Credits.**

(A) No refund shall be made of any tax collected pursuant to this chapter, except as provided in Section 5.14.150.

(B) No refund of any tax collected pursuant to this chapter shall be made because of the discontinuation, dissolution or other termination of a business.

(C) Any person entitled to a refund of taxes paid pursuant to this chapter may elect in writing to have such refund applied as a credit against such person's cannabis taxes for the next calendar quarter.

**5.14.150 Refunds and procedures.**

(A) Whenever the amount of any cannabis tax, penalty or interest has been overpaid, paid more than once, or has been erroneously or illegally collected or received by the city under this chapter, it may be refunded to the claimant who paid the tax provided that a written claim for refund is filed with the administrator within one

year of the date the tax was originally due and payable, and the provisions of Chapter 2.50 are satisfied.

(B) The administrator or the administrator's authorized agent shall have the right to examine and audit all the books and business records of the claimant in order to determine the eligibility of the claimant to the claimed refund. No claim for refund shall be allowed if the claimant refuses to allow such examination of claimant's books and business records after request by the administrator to do so.

(C) In the event that the cannabis tax was erroneously paid and the error is attributable to the city, the city shall refund the amount of tax erroneously paid up to one year from when the error was identified.

#### **5.14.160 Exemptions - Application - Issuance conditions.**

Any person desiring to claim exemption from the payment of the tax set forth in this chapter shall make application upon forms prescribed by the administrator and shall furnish such information and make such affidavits as may be required by the administrator.

#### **5.14.170 Exemptions - General.**

Except as may be otherwise specifically provided in this chapter, the terms hereof shall not be deemed or construed to apply to any person when imposition of the tax upon that person would violate the Constitution of the United States or that of the State of California or preemptive federal or state law.

#### **5.14.180 Exemptions - Occasional transactions.**

(A) The provisions of this chapter shall not apply to persons having no fixed place of business within the city who come into the city for the purpose of transacting a specific item of business at the request of a specific patient, client or customer, provided that such person does not come into the City for the purpose of transacting business on more than five days during any calendar year.

(B) For any person not having a fixed place of business within the city who comes into the city for the purpose of transacting business

and who is not exempt as provided in Subsection (A) of this section, the cannabis tax payable by such person may be apportioned by the administrator in accordance with Section 5.14.210.

**5.14.190 Enforcement- Duties of tax administrator and police department.**

It shall be the duty of the administrator or his/her designee to enforce each and all of the provisions of this chapter, and the police department shall render such assistance in the enforcement of this chapter as may from time to time be required by the administrator.

**5.14.200 Rules and regulations.**

For purposes of apportionment as may be required by law and for purposes of administration and enforcement of this chapter generally, the administrator, with the concurrence of the city attorney, may from time to time promulgate administrative rules and regulations.

**5.14.210 Apportionment.**

(A) None of the tax provided for by this chapter shall be applied so as to occasion an undue burden upon interstate commerce or be in violation of the equal protection and due process clauses of the Constitutions of the United States or the State of California.

(B) If any case where a cannabis tax is believed by a taxpayer to place an undue burden upon interstate commerce or be in violation of such constitutional clauses, the taxpayer may apply to the administrator for an adjustment of the tax. It shall be the taxpayer's obligation to request in writing for an adjustment within one year after the date of payment of the tax. If the taxpayer does not request in writing within one year from the date of payment, then taxpayer shall be conclusively deemed to have waived any adjustment for that year and all prior years.

(C) The taxpayer shall, by sworn statement and supporting testimony, show the method of business and the gross volume of business and such other information as the administrator may deem necessary in order to determine the extent, if any, of such undue burden or violation. The administrator shall then conduct an investigation, and

shall fix as the tax for the taxpayer an amount that is reasonable and nondiscriminatory, or if the tax has already been paid, shall order a refund of the amount over and above the tax so fixed. In fixing the tax to be charged, the administrator shall have the power to base the tax upon a percentage of gross receipts or any other measure which will assure that the tax assessed shall be uniform with that assessed on businesses of like nature, so long as the amount assessed does not exceed the tax as prescribed by this chapter.

(D) Should the administrator determine that the gross receipt measure of tax to be the proper basis, the administrator may require the taxpayer to submit a sworn statement of the gross receipts and pay the amount of tax as determined by the administrator.

#### **5.14.220 Audit and examination of records and equipment.**

(A) The administrator shall have the power to audit and examine all books and records of persons engaged in Cannabis business including both state and federal income tax returns, California sales tax returns, or other evidence documenting the gross receipts of persons engaged in Cannabis business, and, where necessary, all equipment, of any person engaged in Cannabis business in the city, for the purpose of ascertaining the amount of cannabis tax, if any, required to be paid by the provisions hereof, and for the purpose of verifying any statements or any item thereof when filed by any person pursuant 5.14.250 through 5.14.270 of any taxes estimated to be due.

(B) It shall be the duty of every person liable for the collection and payment to the City of any tax imposed by this chapter to keep and preserve, for a period of at least three years, all records as may be necessary to determine the amount of such tax as he or she may have been liable for the collection of and payment to the City, which records the administrator shall have the right to inspect at all reasonable times.

#### **5.14.230 Tax deemed debt to city.**

The amount of any tax, penalties and interest imposed by the provisions of this chapter shall be deemed a debt to the city and any person carrying on any Cannabis business without first having paid such tax shall be liable in an action in the name of the city in any court of competent jurisdiction for the amount of the tax, and penalties and

interest imposed on such business.

#### **5.14.240 Deficiency determinations.**

If the administrator is not satisfied that any statement filed as required under the provisions of this chapter is correct, or that the amount of tax is correctly computed, he or she may compute and determine the amount to be paid and make a deficiency determination upon the basis of the facts contained in the statement or upon the basis of any information in his or her possession or that may come into his or her possession within three years of the date the tax was originally due and payable. One or more deficiency determinations of the amount of tax due for a period or periods may be made. When a person discontinues engaging in a business, a deficiency determination may be made at any time within three years thereafter as to any liability arising from engaging in such business whether or not a deficiency determination is issued prior to the date the tax would otherwise be due. Whenever a deficiency determination is made, a notice shall be given to the person concerned in the same manner as notices of assessment are given under Sections 5.14.250 through 5.14.270.

#### **5.14.250 Tax assessment - Authorized when - Nonpayment - Fraud.**

(A) Under any of the following circumstances, the administrator may make and give notice of an assessment of the amount of tax owed by a person under this chapter at any time:

(1) If the person has not filed any statement required under the provisions of this chapter;

(2) If the person has not paid any tax due under the provisions of this chapter;

(3) If the person has not, after demand by the administrator, filed a corrected statement, or furnished to the administrator adequate substantiation of the information contained in a statement already filed, or paid any additional amount of tax due under the provisions of this chapter;

(4) If the administrator determines that the nonpayment of any business tax due under this chapter is due to fraud, a penalty of twenty-five percent of the amount of the tax shall be added thereto in addition to penalties and interest otherwise stated in this chapter.

(B) The notice of assessment shall separately set forth the amount of any tax known by the administrator to be due or estimated by the administrator, after consideration of all information within the administrator's knowledge concerning the business and activities of the person assessed, to be due under each applicable section of this chapter, and shall include the amount of any penalties or interest accrued on each amount to the date of the notice of assessment.

**5.14.260 Tax assessment - Notice requirements.**

The notice of assessment shall be served upon the person either by handing it to him or her personally, or by a deposit of the notice in the United States mail, postage prepaid thereon, addressed to the person at the address of the location of the business or to such other address as he or she shall register with the administrator for the purpose of receiving notices provided under this chapter; or, should the person have no address registered with the administrator for such purpose, then to such person's last known address. For the purposes of this section, a service by mail is complete at the time of deposit in the United States mail.

**5.14.270 Tax assessment - Hearing -Application and determination.**

Within ten days after the date of service the person may apply in writing to the administrator for a hearing on the assessment. If application for a hearing before the city is not made within the time herein prescribed, the tax assessed by the administrator shall become final and conclusive. Within thirty days of the receipt of any such application for hearing, the administrator shall cause the matter to be set for hearing before him or her not later than thirty-five days after the receipt of the application, unless a later date is agreed to by the administrator and the person requesting the hearing. Notice of such hearing shall be given by the administrator to the person requesting such hearing not later than five days prior to such hearing. At such hearing said applicant may appear and offer evidence why the assessment as made by the administrator should not be confirmed and fixed as the tax due. After such hearing the administrator shall determine and reassess the proper tax to be charged and shall give written notice to the person in the manner prescribed in Section 5.14.260 for giving notice of assessment.

**5.14.280 Conviction for chapter violation -Taxes not waived.**

The conviction and punishment of any person for failure to pay the required tax shall not excuse or exempt such person from any civil action for the tax debt unpaid at the time of such conviction. No civil action shall prevent a criminal prosecution for any violation of the provisions of this chapter or of any state law requiring the payment of all taxes.

**5.14.290 Violation deemed misdemeanor - Penalty.**

Any person violating any of the provisions of this chapter or any regulation or rule passed in accordance herewith, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punishable by a fine of not more than five hundred dollars or by imprisonment for a period of not more than six months, or by both such fine and imprisonment.

**5.14.300 Severability.**

Should any provision of this chapter, or its application to any person or circumstance, be determined by a court of competent jurisdiction to be unlawful, unenforceable or otherwise void, that determination shall have no effect on any other provision of this chapter or the application of this chapter to any other person or circumstance and, to that end, the provisions hereof are severable.

**5.14.310 Effect of state and federal reference/ authorization.**

(A) Unless specifically provided otherwise, any reference to a state or federal statute in this chapter shall mean such statute as it may be amended from time to time, provided that such reference to a statute herein shall not include any amendment thereto, or to any change of interpretation thereto by a state or federal agency or court of law with the duty to interpret such law, to the extent that such amendment or change of interpretation would, under California law, require voter approval of such amendment or interpretation, or to the extent that such change would result in a tax decrease. To the extent voter approval would otherwise be required or a tax decrease would

result, the prior version of the statute (or interpretation) shall remain applicable; for any application or situation that would not require voter approval or result in a decrease of a tax, provisions of the amended statute (or new interpretation) shall be applicable to the maximum possible extent.

(B) To the extent that the city's authorization to collect or impose any tax imposed under this chapter is expanded as a result of changes in state or federal law, no amendment or modification of this chapter shall be required to conform the tax to those changes, and the tax shall be imposed and collected to the full extent of the authorization up to the full amount of the tax imposed under this chapter.

#### **5.14.320 Remedies cumulative.**

All remedies and penalties prescribed by this chapter or which are available under any other provision of law or equity, including but not limited to the California False Claims Act (Government Code Section 12650 et seq.) and the California Unfair Practices Act (Business and Professions Code Section 17070 et seq.), are cumulative. The use of one or more remedies by the city shall not bar the use of any other remedy for the purpose of enforcing the provisions of this chapter.

#### **5.14.330**

##### **Amendment or repeal.**

Chapter 5.14 of the King City Code may be repealed or amended by the City Council without a vote of the people. However, as required by Chapter XIIC of the California Constitution, voter approval is required for any amendment provision that would increase the rate of any tax levied pursuant to this chapter. The people of the City of King affirm that the following actions shall not constitute an increase of the rate of a tax:

(A) The restoration of the rate of the tax to a rate that is no higher than that set by this chapter, if the City Council has acted to reduce the rate of the tax;

(B) An action that interprets or clarifies the methodology of

the tax, or any definition applicable to the tax, so long as interpretation or clarification (even if contrary to some prior interpretation or clarification) is not inconsistent with the language of this chapter;

(C) The establishment of a class of person that is exempt or excepted from the tax or the discontinuation of any such exemption or exception (other than the discontinuation of an exemption or exception specifically set forth in this chapter); or

(D) The collection of the tax imposed by this chapter, even if the city had, for some period of time, failed to collect the tax.

**Section 3 Severability.** Should any provision of this Ordinance, or its application to any person or circumstance, be determined by a court of competent jurisdiction to be unlawful, unenforceable or otherwise void, that determination shall have no effect on any other provision of this Ordinance or the application of this Ordinance to any other person or circumstance and, to that end, the provisions hereof are severable.

**Section 4 California Environmental Quality Act Requirements.** This Ordinance is exempt from the California Environmental Quality Act, Public Resources Code Section 21000et seq., including without limitations. Public Resources Code Section 21605, CEQA Guidelines 15378(b)(4) and 15061(b)(3), as it can be seen with certainty that there is no possibility that the activity authorized herein may have a significant effect on the environment.

**Section 5 Majority Approval; Effective Date.** This Ordinance shall be effective only if approved by a majority of the voters voting thereon and after the vote is declared by the City Council. The effective date of this Ordinance shall be January 1, 2017.

**Section 6 Council Amendments.** The City Council of the City of King is hereby authorized to amend Section 5.14 of the King City Municipal Code as adopted by this Ordinance in any manner that does not increase the tax rate, above the maximum rate specified for each category of business or otherwise constitutes a tax increase for which voter approval is required by Article XIII C of the California Constitution, and be it

**FURTHER RESOLVED:** That each ballot used at said municipal election shall have printed therein, in addition to any other matter required by law the following:

ORDINANCE AMENDING THE KING CITY MUNICIPAL CODE TO  
 MODIFY THE BUSINESS LICENSE AND REGULATIONS FOR  
 COMMERCIAL CANNABIS BUSINESSES

|   |     |
|---|-----|
| Measure XX. Shall the King City Municipal Code be amended to add a "Commercial Cannabis Tax" on cultivation and manufacturing of medical and non-medical marijuana where permissible by state and local law not exceed (\$XX) per square foot for the first \$5,000 square feet and then (\$XX) per square foot for the remaining space for cultivation and a rate of \$_____ annually for manufacturing. | Yes |
|   | No  |

; and be it

**FURTHER RESOLVED:** That in accordance with the Elections Code and Chapter 2 of the King City Municipal Code, the City Clerk shall fix and determine a date for the submission of arguments for or against said proposed ordinance, and said date shall be posted in the Office of the City Clerk; and be it

**FURTHERER RESOLVED:** That in accordance with the Elections Code and Chapter 2 of the King City Municipal Code, the City Clerk shall provide for notice and publication as to said proposed ordinance in the manner provided for by law; and be it

**FURTHER RESOLVED:** That the City Council does hereby request that the Registrar of Voters of the County of Monterey perform necessary services in connection with said election; and be it

**FURTHER RESOLVED:** That the City Clerk is hereby directed to obtain printing; supplies and services as required; and be it

**FURTHER RESOLVED:** That the City Clerk is hereby authorized to provide such other services and supplies in connection with said election as maybe required by the Statutes of the State of California and the Charter of the City of King; and be it

**FURTHER RESOLEVED:** That the City Clerk and City Administrator are hereby authorized and directed to take any and all actions necessary under law to prepare for and conduct the General Election and appropriate all monies necessary for the City Administrator and City Clerk to prepare and conduct the General Election in a manner consistent with state and local

laws.

IN COUNCIL, KING, CALIFORNIA, \_\_\_\_\_, 2016

PASSED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTENTION :

\_\_\_\_\_  
Robert Cullen, Mayor

Attest: \_

\_\_\_\_\_  
Steven Adams, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Martin Koczanowicz, City Attorney



Item No. **11 (C)**

**REPORT TO THE CITY COUNCIL**

**DATE: MAY 24, 2016**  
**TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL**  
**FROM: STEVEN ADAMS, CITY MANAGER**  
**RE: CONSIDERATION OF CITY COUNCIL STIPENDS**

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**RECOMMENDATION:**

It is recommended the City Council provide direction to staff regarding City Council stipend amounts and timing for implementation.

**BACKGROUND:**

At the Budget Workshop on May 16, 2016, the City Council directed staff to budget funds in FY 2016-17 to reinstitute City Council stipends. At that time, staff indicated the maximum stipend would be \$300 per month, which is the limit set by State law for establishing City Council stipends for cities with populations less than 35,000. Under State law, cities can increase the stipend up to 5% per year.

Further research has indicated that the stipends previously established by City Council were simply waived and not eliminated. They were originally established by ordinance in 1987 and most recently increased by an ordinance in 2001 to \$562 per month for the Mayor and \$375 per month for each Council Member. A resolution was adopted in 2004 suspending the stipends. Therefore, the

**DISCUSSION:**

Based on a 5% increase per year, the maximum allowable stipend for Council would be \$1,060 for the Mayor and \$707 for each Council Member. Pay received by each of the other South County cities includes the following:

|            |                         |                                  |
|------------|-------------------------|----------------------------------|
| Gonzales   | Mayor - \$400 per month | Council Member - \$400 per month |
| Soledad    | Mayor - \$612 per month | Council Member - \$512 per month |
| Greenfield | Mayor - \$481 per month | Council Member - \$361 per month |

**CITY COUNCIL  
CONSIDERATION OF CITY COUNCIL STIPENDS  
MAY 24, 2016  
PAGE 2 OF 2**

If the Council would like to simply reinstate the stipends currently established in the Municipal Code, they can do that by Resolution. An ordinance will be required to increase the stipend amounts. Therefore, staff would like direction on how to proceed. In addition, staff would like direction on whether to implement the stipends as soon as approved or when the new Council is seated in January 2017.

**COST ANALYSIS:**

Costs will depend on how much the stipends are and when they are implemented. If current stipend amounts are reinstated on July 1, 2016, the annual cost for FY 2016-17 will be \$24,744. Therefore, the cost would be \$12,372 if implemented on January 1, 2017.

**ALTERNATIVES:**

The following alternatives are provided for City Council consideration:

1. Provide staff direction to prepare a resolution to reinstitute stipends established in the Municipal Code on January 1, 2017;
2. Provide staff direction to prepare a resolution to reinstitute stipends established in the Municipal Code on July 1, 2016;
3. Provide staff direction to prepare an ordinance to reinstitute and increase stipends;
2. Do not reinstitute stipends; or
4. Provide staff other direction.

Prepared and Approved by:



\_\_\_\_\_  
Steven Adams, City Manager