



*City of Calimesa*  
Regular Meeting of the City Council  
**AGENDA**

**Monday, August 5, 2013**

**6:00 p.m.**

Norton Younglove Multipurpose Senior Center  
908 Park Avenue, Calimesa, CA 92320

William Davis, Mayor ♦ Jeff Hewitt, Mayor Pro Tem  
Jim Hyatt, Council Member ♦ Joyce McIntire, Council Member ♦ Ella Zanowic, Council Member  
Randy Anstine, City Manager ♦ Kevin Ennis, City Attorney

*In compliance with the Americans with Disabilities Act, if you need special assistance to participate in a City meeting or other services offered by this City, please contact the City Clerk's Office, (909) 795-9801. Notification of at least 48 hours prior to the meeting or time when services are needed will assist the City staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service.*

*Any public writings distributed by the City to at least a majority of the Council Members regarding any item on this regular meeting agenda will be made available at the public counter at City Hall located at 908 Park Avenue, Calimesa, CA 92320*

**ANNOUNCEMENT REGARDING SPEAKER SLIPS**

Anyone wishing to address the City Council either during "Communications from the Public" or on any item on the agenda should fill out a **blue speaker slip** and give that slip to the City Clerk **prior to the item being heard**. Please write the number of the agenda item or the subject of your presentation on the slip. **Please observe a time limit of three (3) minutes when giving your presentation**. When called upon, please step forward to the microphone, state your name for the record, whom you represent and any statement you wish to make. **Please be advised that you may not defer your three (3) minutes to another speaker.**

**CALL TO ORDER**

**ROLL CALL:** MAYOR DAVIS, MAYOR PRO TEM HEWITT, COUNCIL MEMBER HYATT, COUNCIL MEMBER MCINTIRE, COUNCIL MEMBER ZANOWIC.

**STAFF:** CITY MANAGER ANSTINE, CITY ATTORNEY ENNIS, CITY CLERK GERDES, ASSISTANT CITY MANAGER VON KLUG, ACCOUNTING COORDINATOR SIMMONS, PUBLIC WORKS DIRECTOR FRENCH, COMMUNITY DEVELOPMENT DIRECTOR GUARRACINO, CITY ENGINEER THORNTON, FIRE CHIEF GREGG AND POLICE CHIEF PEEBLES.

**PLEDGE OF ALLEGIANCE**

**COMMUNICATIONS FROM THE PUBLIC**

*Anyone wishing to address the Council on any item within the Council's jurisdiction that is not on the agenda may do so at this time. This is not a time for Council Member comment or action, but the Council may ask questions for clarification or make a referral to staff for factual information to be reported back to the Council at a later meeting.*

**APPROVAL OF THE AGENDA**

**RECOMMENDATION: Move to approve the agenda**

Motion \_\_\_\_\_ Second \_\_\_\_\_ Vote \_\_\_\_\_

## CONSENT CALENDAR

The following Consent Calendar items are expected to be routine and non-controversial. Council will act upon them at one time without discussion. Any Council Member or staff member may request removal of an item from the Consent Calendar for discussion.

1. APPROVAL OF CITY COUNCIL ACTION MINUTES. [Page 6](#)
  - a. **City Council Action Minutes of the Regular Meeting of July 1, 2013.**
2. RECEIVE AND FILE CITY COMMISSION & BOARD MINUTES. [Page 15](#)

**There are no minutes ready for approval at this time.**
3. APPROVAL OF WARRANT REGISTERS. [Page 16](#)
  - a. **Check Register Report with a total of \$608,644.68 (Check Nos. 27218 to 27300)**
  - b. **July 1, 2013 Council Payroll of \$1,614.75 (Ck Nos. 6374 thru 6378)**  
**July 3, 2013 Payroll of \$27,909.14 (Ck Nos. 6379 thru 6391)**  
**July 18, 2013 Payroll of \$35,544.23 (Ck Nos. 6392 thru 6409)**  
**August 1, 2013 Council Payroll of \$1,614.75 (Ck Nos. 6410 thru 6414)**  
**August 1, 2013 Payroll of \$29,797.66 (Ck Nos. 6415 thru 6427)**
4. WAIVE FULL READING OF ANY PROPOSED ORDINANCES ON THE AGENDA. [Page 25](#)

**This permits reading the title only in lieu of reciting the entire text of the Ordinances. This does not take policy action on the Ordinances or approve or disapprove any Ordinances on the agenda.**
5. COUNCIL TRAVEL REPORT. [Page 26](#)

**RECOMMENDATION: That the City Council move to approve the travel expenses report.**
6. RECEIVE AND FILE PUBLIC SAFETY REPORTS. [Page 29](#)

**RECOMMENDATION: That the City Council move to accept the Citizen Patrol Volunteer Unit Hours for June 2013.**
7. AGREEMENTS, COVENANTS, CONDITIONS AND RESTRICTIONS AFFECTING REAL PROPERTY REGARDING THE PROVISION OF SEWER SERVICE TO THE PLANTATION ON THE LAKE MOBILE HOME PARK [Page 31](#)

**RECOMMENDATION: That the City Council approve the Agreement and Covenants Conditions and Restrictions affecting real property regarding the provision of sewer service to the Plantation on the Lake Mobile Home Park.**
8. RESOLUTION OF APPROVAL OF APPLICATION FOR FUNDING FROM THE CALIFORNIA ENERGY COMMISSION'S ENERGY PARTNERSHIP PROGRAM AND THE EXECUTION OF A GRANT AGREEMENT AND ANY AMENDMENTS THERETO. [Page 43](#)

**RECOMMENDATION: That the City Council adopt Resolution No. 2013-27, A Resolution approving an application to conduct an existing facilities energy audit of the Calimesa Fire Station through the California Energy Commission's Energy Partnership program and the execution of a Grant Agreement and any amendments thereto.**
9. PROFESSIONAL CONSULTING AGREEMENT WITH DAVID TURCH AND ASSOCIATES FOR LEGISLATIVE ADVOCACY SERVICES. [Page 54](#)

**RECOMMENDATION: That the City Council approve the contract with David Turch & Associates for FY 13-14 in an amount not to exceed \$20,000.**

## CONSENT CALENDAR - (Continued)

10. RATIFICATION OF A COOPERATIVE AGREEMENT BETWEEN THE CITY OF CALIMES AND THE COUNTY OF RIVERSIDE ECONOMIC DEVELOPMENT AGENCY. [Page 61](#)  
**RECOMMENDATION:** *That the City Council approve ratifying the City Manager entering into an agreement between the City of Calimesa and the County of Riverside Economic Development Agency.*
11. CALIMESA CHAMBER OF COMMERCE ANNUAL BUDGET [Page 65](#)  
**RECOMMENDATION:** *No action is required. Information only.*
12. PRELIMINARY APPROVAL OF THE ENGINEERS REPORT FOR LANDSCAPING AND LIGHTING DISTRICT NO. 91-1 [Page 68](#)  
**RECOMMENDATION:** *That the City Council adopt Resolution No. 2013-33, A Resolution of the City Council of the City of Calimesa to initiate proceedings preliminary approval and set the public hearing for the engineer's report for Landscaping and Lighting District No. 91-1 for fiscal year 2013-2014.*
13. INTERNATIONAL CONFERENCE OF SHOPPING CENTERS(ICS) WESTERN DIVISION CONFERENCE UPDATE. [Page 92](#)  
**RECOMMENDATION:** *No action is required. Information only.*

## CHIEF OF POLICE COMMENTS & REPORTS

## FIRE CHIEF COMMENTS & REPORTS

## MAYOR & COUNCIL MEMBER REPORTING OF COUNTY & REGIONAL MEETINGS

## PUBLIC HEARINGS

The order of business for the Public Hearing shall be:

- A. Open Public Hearing
- B. Staff Presentation
- C. Applicant/Representative Presentation
- D. Public Testimony
- E. Applicant Rebuttal (if necessary)
- F. Public Testimony Closed
- G. Close Public Hearing
- H. Council Discussion
- I. Council Motion and Vote

Speakers are encouraged to be brief and remain within the established time limit of three (3) minutes per speaker. Once the public hearing has been closed, no further testimony will be taken.

14. **PUBLIC HEARING:** FORMATION OF COMMUNITY FACILITIES DISTRICT NO. 2013-1 (JP RANCH) AND DISSOLUTION OF COMMUNITY FACILITIES DISTRICT NO. 2006-3 (JP RANCH) IMPROVEMENT AREA 1 [Page 93](#)  
**RECOMMENDATION:** *That the City Council:*
1. *Hold a Public Hearing on the (a) formation of Community Facilities District No. 2013-1 (JP Ranch) (b) levy of special taxes and, (c) issuance of special tax bonds secured by the special taxes.*
  2. *City Council considers the adoption of the following resolutions:*

**Resolution No. 2013-28 A Resolution of Formation of the City of Calimesa determining the validity of prior proceedings and establishing the Community Facilities District No. 2013-1 (JP Ranch) and approving the execution and delivery of a Funding, Construction and Acquisition Agreement.**

**Resolution No. 2013-29 Resolution determining the necessity to incur bonded indebtedness within Community Facilities District No. 2013-1 (JP Ranch), and calling a special election.**

3. **Hold Election.**
  4. **City Council adopts Resolution No. 2013-30 the Resolution canvassing the results of the election held within Community Facilities District No. 2013-1 (JP Ranch).**
  5. **Conduct First Reading by title only of Ordinance No. 326 authorizing the levy of a services special tax and a special tax within Community Facilities District No. 2013-1 (JP Ranch).**
15. **PUBLIC HEARING: COMMUNITY FACILITIES DISTRICT NO. 2013-1(JP RANCH) ANNUAL LEVY OF SPECIAL TAXES.** [Page 229](#)  
**RECOMMENDATION: That the City Council adopt Resolution No. 2013-34, A Resolution of the City Council of the City of Calimesa acting as the Legislative Body of the Community Facilities District No. 2013-1(JP Ranch) authorizing the annual levy of special taxes for fiscal year 2013/2014.**
16. **PUBLIC HEARING: SPECIAL ASSESSMENTS OF DELINQUENT REFUSE FEES** [Page 235](#)  
**RECOMMENDATION: That the City Council:**
  1. **Open the Public Hearing and take public testimony of the proposed special assessments of delinquent refuse fees; and**
  2. **Adopt Resolution 2013-31, A Resolution of the City Council of the City of Calimesa, California, confirming the report of charges to be placed as special assessments for delinquent refuse fees.**
17. **PUBLIC HEARING: SPECIAL ASSESSMENTS FOR WEED ABATEMENT** [Page 238](#)  
**RECOMMENDATION: That the City Council:**
  1. **Open the Public Hearing and take public testimony; and**
  2. **Adopt Resolution 2013-32, A Resolution of the City Council of the City of Calimesa, California, confirming the report of charges to be placed as special assessments for weed abatement.**

## **BUSINESS ITEMS**

18. **FEASIBILITY STUDY FOR THE CONSTRUCTION OF A NEW LIBRARY AND CITY HALL FACILITY.** [Page 242](#)  
**RECOMMENDATION: That the City Council approve the City Manager exploring the feasibility of constructing a new Library and City Hall on City owned property at Calimesa Blvd. and K Street and authorizing the City Engineer – TKE Engineering to accomplish the feasibility study.**

## **COUNCIL MEMBERS' COMMENTS & REPORTS**

*This is the time for additional general comments, announcements, reports on meetings attended at public expense as required by AB 1234, requests of staff, and other issues of concern to Council Members may be presented briefly at this time. The Council may not legally take action on any item presented at this time other than to direct staff to investigate a complaint or place an item on a future agenda unless (1) by a majority vote, the Council determines that an emergency situation exists, as defined by Government Code § 54956.5 or (2) by a four-fifths vote, the Council determines that there is a need for immediate action and the need for action arose subsequent to the agenda being posted as required by Government Code § 54954.2(b).*

## **CITY MANAGER COMMENTS & REPORTS**

### **RECESS TO CLOSED SESSION**

### **CLOSED SESSION ITEMS**

#### **A. PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE**

Pursuant to Government Code Section 54957

#### **B. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**

Pursuant to Government Code Section 54956.9(B) Significant exposure to litigation

**Number of Cases:** One (1) case

#### **C. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**

Potential Initiation of Litigation pursuant to paragraph (4) of subdivision (d) of

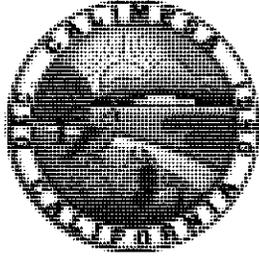
Government Code Section 54956.9 **Number of Cases:** One (1) case

### **CLOSED SESSION ANNOUNCEMENT**

### **ADJOURNMENT**

Adjourn to the Regular Meeting of the City Council on Tuesday, September 3, 2013, at 6:00 p.m.

**Agenda Item No. 1**



**STAFF REPORT**

**CITY OF CALIMESA  
CITY COUNCIL MEETING**

**SUBJECT:** Approval of City Council Meeting Minutes

**MEETING DATE:** August 5, 2013

**PREPARED BY:** Darlene Gerdes, City Clerk

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**RECOMMENDATION:** That the City Council approve the action minutes as presented for the Regular Joint City Council & CSA meeting of July 1, 2013.

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**ATTACHMENTS:**

Attachment A: Joint City Council/CSA action minutes of July 1, 2013 regular meeting.

*City Of Calimesa*  
**City Council Minutes of Regular Meeting**  
 July 1, 2013

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**CALL TO ORDER** 6:00 p.m. by Mayor Davis.

**ROLL CALL:** MAYOR DAVIS, MAYOR PRO TEM HEWITT, COUNCIL MEMBER HYATT, COUNCIL MEMBER MCINTIRE AND COUNCIL MEMBER ZANOWIC.

**ABSENT:** NONE

**STAFF:** CITY MANAGER ANSTINE, CITY ATTORNEY ENNIS, CITY CLERK GERDES, ASSISTANT CITY MANAGER VONKLUK, ACCOUNTING COORDINATOR SIMMONS, PUBLIC WORKS DIRECTOR FRENCH, COMMUNITY DEVELOPMENT DIRECTOR GUARRACINO AND POLICE CHIEF PEEBLES.

*A moment of silence was held in honor of the fallen firefighters in Arizona.*

**PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was led by Public Works Director French.

**COMMUNICATIONS FROM THE PUBLIC**

None

**APPROVAL OF THE AGENDA**

**MOTION BY COUNCIL MEMBER ZANOWIC, SECONDED BY MAYOR PRO TEM HEWITT, CARRIED 5-0 TO APPROVE THE AGENDA AS PRESENTED.**

Mayor Davis asked if there were any items to be removed from the consent calendar for discussion. Council Member McIntire requested that Item No. 2 be pulled for discussion.

**CONSENT CALENDAR**

1. APPROVAL OF CITY COUNCIL ACTION MINUTES.
  - a. *City Council Action Minutes of the Regular Meeting of June 3, 2013.*
3. APPROVAL OF WARRANT REGISTERS.
  - a. *Check Register with a total of \$398,620.52 (Check Nos. 27120 – 27217)*
  - b. *June 20, 2013 Payroll of \$35,968.70 (Ck Nos. 6354 thru 6373)*
4. WAIVE FULL READING OF ANY PROPOSED ORDINANCES ON THE AGENDA.
 

*This permits reading the title only in lieu of reciting the entire text of the Ordinances. This does not take policy action on the Ordinances or approve or disapprove any Ordinances on the agenda.*
5. COUNCIL TRAVEL REPORT.

**RECOMMENDATION:** That the City Council move to approve the travel expenses report.

6. RECEIVE AND FILE PUBLIC SAFETY REPORTS.

**RECOMMENDATION:** That the City Council move to accept the Citizen Patrol Volunteer Unit Hours for May 2013.

7. AWARD CONTRACT – HOUSING REHABILITATION ADMINISTRATIVE SUBCONTRACTOR.

**RECOMMENDATION:** That the City Council direct staff to enter into an agreement with Pacific Municipal Consultants (PMC) to provide owner-occupied Housing Rehabilitation Program Administration for the City's HOME Program.

8. APPROVAL OF RESOLUTION NO. 2013-26, AUTHORIZING OFFICIALS OF THE CITY TO MAKE DEPOSITS AND WITHDRAWALS OF INVESTMENTS IN THE LOCAL AGENCY INVESTMENT FUND.

**RECOMMENDATION:** That the City Council adopt Resolution No. 2013-26, A Resolution of the City Council of the City Of Calimesa, California authorizing Randy Anstine, Teresa Simmons and William Davis as authorized officials of the City to make deposits and withdrawals of investments in the Local Agency Investment Fund, and rescinding Resolution No. 2008-35 in its entirety.

**MOTION BY MAYOR PRO TEM HEWITT, SECONDED BY COUNCIL MEMBER ZANOWIC, CARRIED 5-0 TO APPROVE ITEM NO'S 1, & 3 – 8 OF THE CONSENT CALENDAR AS PRESENTED.**

#### **CONSENT ITEMS REMOVED FOR DISCUSSION**

2. RECEIVE AND FILE CITY COMMISSION & BOARD MINUTES.

**a. Community Services Commission Minutes of 5/1/2013 Regular Meeting**

Council Member McIntire questioned the City Manager as to whether Family Services Association required the Sr. Advisory Committee to fundraise at least \$10,000 a year for the center, as stated in the Community Services Commission minutes. City Manager Anstine stated that he did not recall a specific amount of money that would be raised by Family Services Association to assist with funding at the Sr. Center and that it is not the Sr. Advisory Committee's responsibility to raise the funds. Council Member McIntire further questioned a comment made in the minutes by Chairperson Lotz in regards to the Sr. Advisory Committee, adding that she felt it was a sad comment.

**MOTION BY COUNCIL MEMBER MCINTIRE, SECONDED BY MAYOR PRO TEM HEWITT, CARRIED 5-0 TO APPROVE ITEM NO.2 AS PRESENTED.**

#### **CHIEF OF POLICE COMMENTS & REPORTS**

Police Chief Peebles reported that the Calimesa Post Office was broken into on June 18, 2013, adding that they are working with the postal inspector on the investigation. He stated that the June stats were not yet available for reporting. He added that there would be additional coverage on the 4<sup>th</sup> of July holiday.

## **FIRE CHIEF COMMENTS & REPORTS**

The fire department was not in attendance, no report was given.

## **MAYOR & COUNCIL MEMBER REPORTING OF COUNTY & REGIONAL MEETINGS**

Council Member McIntire reported that she attended the WRCOG General Assembly chaired by Jim Hyatt with President George Bush as the speaker, adding that she was able to shake George Bush's hand, adding that it was a wonderful night.

Council Member Hyatt reported that he attended the WRCOG General Assembly and was honored to chair the event as well as meet President George Bush, adding that he was very friendly and personable. He stated that there was negative reporting from the press accusing the WRCOG of using tax payers dollars for the event. He further stated that there were no members of press in attendance.

Council Member Zanowic announced that the RTA will provide the trolley for the Annual Christmas Parade in December. She reported that 2 new buses were given to the City of Beaumont for the new route that started today from the Beaumont Wal-Mart stopping at Carl's Jr. in Calimesa and then to the Veterans Hospital in Loma Linda. She added that the newspaper would include a list of the routes and times. She reported that she attended an RCTC Budget Committee meeting and a joint Caltrans, RTA, RCTC small business expo in Moreno Valley.

Mayor Pro Tem Hewitt reported that he attended the WRCOG General Assembly and commended Council Member Hyatt on a job well done. He stated that he attended the retirement dinner for Sherry Kendrick, YCJUSD Superintendent and presented a plaque on behalf of the City.

## **BUSINESS ITEMS**

### 9. SENIOR CENTER OVERSIGHT OPTIONS

***RECOMMENDATION: That the City Council consider the options for volunteer oversight of the Senior Center's operations and provide policy direction to staff.***

City Manager Anstine presented the agenda report.

Pat Teeters, 35607 Avenue B, Yucaipa spoke in support of the Sr. Center and Family Services Association, stating that the staff and volunteers are very helpful.

Barbara Harrison, P.O. Box 414, Calimesa stated that she is a volunteer at the Sr. Center, attends the dinners, computer and exercise classes and expressed her satisfaction of the Sr. Center and Family Services Association.

Donna Lotz, Community Services Commission Chairperson expressed her concerns that the Sr. Center volunteers are being mislead and that there is no accountability of Family Services Association. She stated that the Community Services Commission is not trying to close the center, they are concerned about

how the center is run by Family Services Association. She stated that the Commission is in support of staff report options 1 & 2 to support the commission's decision to reorganize the committee and have new goals and objectives approved by the Council.

Kathy Houlihan, 10320 Calimesa Blvd., Calimesa continued reading Donna Lotz written comments, stating that the Commission was not in agreement with staff report options 4 & 5, stating that the City is "giving the wolves permission to guard the sheep", adding that Family Services Association doesn't want the City to know how much money is spent. She further stated that the Commission was not in favor of staff report option 6, adding, "what message would we be sending to the Community".

Angela Daley, 10961 Desert Lawn Drive, Calimesa read a letter on behalf of Linda Molina, who could not attend the meeting. A copy of the letter was provided to the City Council.

Bly Tyrell, 10961 Desert Lawn Drive, Calimesa stated that she is a member of the Sr. Advisory Committee adding that she also worked hard in making Calimesa a city. She further stated that she has volunteered for years and loves the City of Calimesa. She added that the Sr. Center is flourishing and doing well and that we need to think about what we are doing.

Mike Simon, 10961 Desert Lawn Drive, Calimesa stated that Family Services was granted an "x" amount of dollars and the rest goes to the center. He suggested that Council remove the Sr. Advisory Committee and for Family Services to appoint a new committee, adding that there is too much bad blood and we don't need to drag the city down any further.

Geri Longfellow, 10961 Desert Lawn Drive, Calimesa expressed her support of the Community Services Commission and their decision to reorganize the Sr. Advisory Committee.

Claudia Martin, 993 Holmes Way, Calimesa, stated that she is a volunteer at the Sr. Center and a recent member of the Sr. Advisory Committee. She read a letter that expressed her disappointment in the Community Services Commission and their decision to disband the Sr. Advisory Committee, as well as the comments made about the Committee at the last Community Services Commission meeting.

Carolyn Smith, 34961 Persimmon Ave, Yucaipa expressed her support of the Sr. Center and Family Services Association.

Veronica Dover of Family Services Association stated that they have contracted with the City since 2008 and have kept the contract amount low for Calimesa, adding that the fundraising was established to assist in providing their services to the City.

Council Member McIntire questioned whether the amount of \$10,000 was required by Family Services Association for the center. Veronica Dover replied that Family Services Association does not require a specific amount to be raised, nor are the Senior's required to raise the monies.

Council Member Zanowic question whether the funds raised at the center, stay at the center. Veronica Dover replied that the monies raised through the fundraisers stay at the center.

Council Member McIntire questioned whether Family Services ever produced a financial report to the City. Veronica Dover replied that financial reports have been provided to the city in the past.

Council Member Hyatt questioned Veronica Dover as to the role Family Services plays at the Yucaipa Senior Center. Veronica Dover replied that Family Services only operates the nutrition program in Yucaipa, adding that the Sr. Center is run by City of Yucaipa and its employees.

Council Member McIntire stated that she was shocked at the removal of the 9 Sr. Advisory Committee members, adding that she listened to the audio of the meeting, stating it was speculative at most. She further stated that staff report option no. 6 made since to her. She questioned the City Manager and City Attorney as to whether they were any violations of the contract. They both replied, no.

Mayor Pro Tem Hewitt questioned if the requested audit had been received. City Manager Anstine replied that the audit had been received and that it is in the review process by the consultant.

Council Member Zanowic questioned the complaint letters that she received when she was Mayor that were given to the City Manager in regards to a personnel issue. She added that she talked with Dom Betro throughout the 9 months of her Mayorship trying to solve the problem.

Council Member Hyatt stated that he brought the idea of Family Services Association to the City. He further stated that he is proud of what he and his wife were involved in to help Calimesa become a city. He expressed his concerns that this issue is being blown out of proportion, adding that Family Services Association is "great".

**MOTION BY COUNCIL MEMBER HYATT, SECONDED BY COUNCIL MEMBER MCINTIRE, FAILED 2-3(MAYOR DAVIS, MAYOR PRO TEM HEWITT AND COUNCIL MEMBER ZANOWIC VOTED NOE) TO APPROVE STAFF REPORT OPTION NO. 6 TO DISBAND THE COMMUNITY SERVICES COMMISSION AND ESTABLISH A NEW COMMISSION TO FOCUS ON OTHER GOALS AND OBJECTIVES OF THE CITY.**

Mayor Pro Tem Hewitt suggested that the Council approve staff report option no. 7 and take no action at this time, and see what the audit review says.

Mayor Davis suggested that both the Commission and the Sr. Advisory Committee take some time off for a while and then have both groups meet together and talk and listen to work through the issues. He stated that there are no "winners" in this issue.

After Council discussion the following action was taken:

**MOTION BY MAYOR DAVIS, SECONDED BY COUNCIL MEMBER HYATT, CARRIED 4-1(COUNCIL MEMBER MCINTIRE VOTED NOE) TO SHUT BOTH THE COMMISSION AND COMMITTEE DOWN FOR A WHILE AND GET BOTH GROUPS TOGETHER IN THE FUTURE WITH A MEDIATOR.**

Mayor Davis recessed the meeting at 7:35 p.m.

The meeting was reconvened at 7:44 p.m.

**CONVENE JOINT CITY COUNCIL AND SUCCESSOR AGENCY TO THE CALIMESA REDEVELOPMENT AGENCY MEETING**

**JOINT CC/CSA CONSENT CALENDAR**

*The following Consent Calendar items are expected to be routine and non-controversial. The Agency will act upon them at one time without discussion. Any Agency Member or staff member may request removal of an item from the Consent Calendar for discussion.*

1. APPROVAL OF SUCCESSOR AGENCY TO THE CALIMESA REDEVELOPMENT AGENCY ACTION MINUTES.

***RECOMMENDATION: That the City Council and the Agency Board of Directors approve the Regular Agency Meeting Action Minutes of December 17, 2012 and the Special Joint City Council and Successor Agency Action Minutes of June 19, 2013.***

**MOTION BY MAYOR PRO TEM HEWITT, SECONDED BY COUNCIL MEMBER HYATT, CARRIED 5-0 TO APPROVE THE REGULAR AGENCY MEETING ACTION MINUTES OF DECEMBER 17, 2012 AND THE SPECIAL JOINT CITY COUNCIL AND SUCCESSOR AGENCY ACTION MINUTES OF JUNE 19, 2013.**

**JOINT CC/CSA BUSINESS ITEMS**

2. JOINT MEETING FOR ADOPTION OF THE BUDGET FOR FISCAL YEAR 2013/2014 FOR THE CITY OF CALIMESA AND THE CALIMESA SUCCESSOR AGENCY.

***RECOMMENDATION:***

1. ***That the City Council adopt Resolution 2013-24 , a Resolution of the City Council of the City of Calimesa, California, establishing the Fiscal Year 2013/2014 Appropriation Limit; and***
2. ***That the City Council adopt Resolution 2013-25 , a Resolution of the City***

***Council of the City of Calimesa, California, adopting the proposed Calimesa FY 2013/2014 General Fund Operating Budget, Special Fund Budget, Capital Improvement Program and Cost Allocation Plan; and***

- 3. That the Calimesa Successor Agency adopt Resolution 2013-03, a Resolution of the Calimesa Successor Agency of the City of Calimesa, California Adopting the Agency's Budget for Fiscal Year 2013/2014.***

City Manager Anstine presented the agenda report.

After Council discussion the following actions were taken:

**MOTION BY MAYOR PRO TEM HEWITT, SECONDED BY COUNCIL MEMBER MCINTIRE, CARRIED 5-0 TO ADOPT RESOLUTION NO. 2013-24, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALIMESA, CALIFORNIA ESTABLISHING THE FISCAL YEAR 2013/2014 APPROPRIATION LIMITS.**

**MOTION BY MAYOR PRO TEM HEWITT, SECONDED BY COUNCIL MEMBER MCINTIRE, CARRIED 5-0 TO ADOPT RESOLUTION NO. 2013-25, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALIMESA, CALIFORNIA, ADOPTING THE PROPOSED CALIMESA FY 2013/2014 GENERAL FUND OPERATING BUDGET, SPECIAL FUND BUDGET, CAPITAL IMPROVEMENT PROGRAM AND COST ALLOCATION PLAN.**

**MOTION BY AGENCY MEMBER HEWITT, SECONDED BY AGENCY VICE-CHAIR MCINTIRE, CARRIED 5-0 TO ADOPT CSA RESOLUTION NO. 2013-03, A RESOLUTION OF THE CALIMESA SUCCESSOR AGENCY OF THE CITY OF CALIMESA, CALIFORNIA ADOPTING THE AGENCY'S BUDGET FOR FISCAL YEAR 2013/2014.**

**ADJOURN THE SUCCESSOR AGENCY TO THE CALIMESA REDEVELOPMENT AGENCY AND RECONVENE CITY COUNCIL**

The Calimesa successor agency adjourned and Council reconvened at 7:48 p.m.

**COUNCIL MEMBERS' COMMENTS & REPORTS**

*This is the time for additional general comments, announcements, reports on meetings attended at public expense as required by AB 1234, requests of staff, and other issues of concern to Council Members may be presented briefly at this time. The Council may not legally take action on any item presented at this time other than to direct staff to investigate a complaint or place an item on a future agenda unless (1) by a majority vote, the Council determines that an emergency situation exists, as defined by Government Code § 54956.5 or (2) by a four-fifths vote, the Council determines that there is a need for immediate action and the need for action arose subsequent to the agenda being posted as required by Government Code § 54954.2(b).*

Council Member Zanowic announced that she attended the welcome reception for the new YCJUSD Superintendent, an East Valley Board of Realtors presentation, the new community center grand opening at the old Oak Valley Church building and the JP Ranch "Painted Hills" grand opening.

Council Member Hyatt announced that he attended the Pancake Breakfast Fundraiser put on by the Library Commission and the Friends of the Library on Saturday, June 29,

2013, stating it was well done, adding that they made over \$750.00 to benefit the Calimesa Library. He further announced that he spoke with the salesman at the JP Ranch "Painted Hills" project who indicated that they had closed 6 deals on Saturday and were packed again on Sunday. He further announced that he attended the Sanbag Annual General Assembly.

Council Member McIntire announced that she attended the Pancake Breakfast Fundraiser and thanked staff for their work.

Mayor Davis announced that he attended the grand opening of the JP Ranch "Painted Hills", adding that the houses are beautiful and a good thing for Calimesa. He stated that the Chamber did a good job with the opening event. He further announced that he attended the new Community Center grand opening as well. He stated that he attended the Pancake Breakfast Fundraiser, adding that it was a good function. He urged all to be safe over the 4<sup>th</sup> of July holiday as the hills are very dry and the fire danger is high.

### **CITY MANAGER COMMENTS & REPORTS**

City Manager Anstine spoke regarding the new bus route from Beaumont City through Calimesa and thanked the City of Beaumont for taking care of Calimesa through their program.

Public Works Director French informed Council that the fire suppression line out in front of the Sr. Center busted and a 20 foot section of pipe split down the side. He added that the line would be up and running within a couple of days.

### **RECESS TO CLOSED SESSION**

City Attorney Ennis announced that there was no need to hold the Closed Session as the item did not need to be discussed.

#### **A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**

Pursuant to Government Code Section 54956.9(c) Potential Initiation of Litigation

**Number of Cases:** One (1) case

### **ADJOURNMENT**

Meeting adjourned at 8:00 p.m. to the Regular meeting of the City Council on Monday August 5, 2013, at 6:00 p.m.

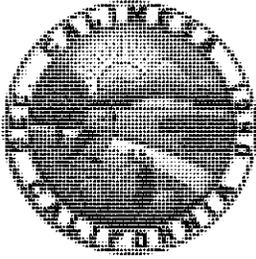
Respectfully Submitted,

Darlene Gerdes, City Clerk

**Agenda Item No. 2**

**APPROVAL OF CITY COMMISSION MINUTES**

*There are no minutes ready for approval at this time*



## **STAFF REPORT**

### **CITY OF CALIMESA CITY COUNCIL MEETING**

**SUBJECT:** Approval of Warrant Register

**MEETING DATE:** August 5, 2013

**PRESENTED BY:** Teresa Simmons, Accounting Coordinator

---

**RECOMMENDATION:** Staff requests that the City Council move to approve the Check Register Report.

---

**SUMMARY:** The attached Check Register Report for City Council's approval is as follows:

- a. Check Register Report with a total of \$608,644.68 (Check Nos. 27218 to 27300)
- b. July 1, 2013 Council Payroll of \$1,614.75 (Ck Nos. 6374 thru 6378)  
July 3, 2013 Payroll of \$27,909.14 (Ck Nos. 6379 thru 6391)  
July 18, 2013 Payroll of \$35,544.23 (Ck Nos. 6392 thru 6409)  
August 1, 2013 Council Payroll of \$1,614.75 (Ck Nos. 6410 thru 6414)  
August 1, 2013 Payroll of \$29,797.66 (Ck Nos. 6415 thru 6427)

Council Date - August 5, 2013

## Accounts Payable - Checks # 27218 thru 27300

## Fund Distribution Breakdown

General - Fund #01	\$	557,261.84
Supplemental Law Enforcement - Fund #14	\$	9,939.91
CDBG - Fund #15	\$	1,361.00
Park & Rec Grants - Fund #17	\$	-
Library - Fund #19	\$	139.43
AQMD - Fund #21	\$	-
Gas Tax - Fund #24	\$	3,501.35
Measure A - Fund #25	\$	-
LLMD - Fund #28	\$	3,763.20
Flood Control/Drainage - Fund 32	\$	-
Admin Facility Fees - Fund 33	\$	-
TUMF - Fund 41	\$	-
MSHCP - Fund 42	\$	25,194.00
CFD No. 1 - Fund 51	\$	976.76
CFD 2013-1 - Fund 52	\$	2,384.62
CFD 2012-1 - Fund 53	\$	1,083.48
Successor Agency - Fund #67	\$	3,039.09
Payroll Clearing - Fund #99	\$	-

**Grand Total**

Prepared by Shirley Johnston, Finance \_\_\_\_\_

**\$ 608,644.68**

Page 17 of 244

8/1/2013

Check Register Report

Check Number	Check Date	Vendor Name	Check Description	Amount	01	14	15	17	19	21	24	25	28	32	33	38	41	42	43	51	52	53	67	99
27218	06/30/2013	24 HR EXPRESS SERVICES, INC.	Sr Ctr Plumbing Repair-Kitchen	1,075.00	X																			
27219	06/30/2013	BANK OF AMERICA	Visa MAY-JUN 13	196.41	X																			
27220	06/30/2013	CR&R, INC.	Power Sweeping Svcs JUN 13	805.00								X												
27221	06/30/2013	CSC-CONSULTANTS	IT Support	200.00	X																			
27222	06/30/2013	EASYPERMIT POSTAGE	Postage-Income Survey	1,361.00			X																	
27223	06/30/2013	FAMILY SERVICE ASSOCIATION	Sr. Ctr. Contract Svcs JUN 13	5,833.34	X																			
27224	06/30/2013	FEDEX	Shipping	33.28	X																			
27225	06/30/2013	HOWARD CLASEN	Weed Abatement Services	2,588.25	X																			
27226	06/30/2013	JAYS QUALITY PEST CONTROL	Monthly Pest Cntrl Svcs JUN13	90.00	X																			
27227	06/30/2013	LIBRARY SYSTEMS & SERVICES	Library Materials MAY 13	121.72					X															
27228	06/30/2013	LOWES BUSINESS ACCOUNT	Supplies	210.18	X																			
27229	06/30/2013	MEGAN TOBIN-PETTY CASH	Petty Cash Receipts 628-635	188.97	X																			
27230	06/30/2013	RICHARDS, WATSON & GERSHON	Legal Services MAY 13	23,496.71	X																			
27231	06/30/2013	RIVERSIDE COUNTY SHERIFF'S	Sheriff's Contract MAY 13	102,966.60	X	X																		
27232	06/30/2013	RIVERSIDE COUNTY SHERIFF'S	Jail Access Fee MAY 13	868.16	X																			
27233	06/30/2013	RIVERSIDE COUNTY SHERIFF'S	Sheriff's Contract Rate Adj	41,512.52	X	X																		
27234	06/30/2013	SHANNON ANDREWS	Travel Reimb-Energy Conference	42.84																		X		
27235	06/30/2013	SOUTHERN CALIFORNIA EDISON	Electric Services JUN 13	5,626.04	X								X											
27236	06/30/2013	STAPLES	Office Supplies	95.53	X																			
27237	06/30/2013	THE HOLLIMAN COMPANY	Finance Services	4,455.75	X																			
27238	06/30/2013	TOWNSON PRODUCTIONS	Life Savers Workshop-COP	100.00	X																			
27239	06/30/2013	VERIZON CALIFORNIA	Phone & Fios Svc-JUN 13	265.04	X																			
27240	06/30/2013	VERIZON WIRELESS	Wireless Svc JUN 13	196.70	X																			
27241	06/30/2013	WRCOG	SANBAG Ticket-HYATT	110.00	X																			
27242	06/30/2013	YUCAIPA NEWS MIRROR	Public Notice	109.25	X																			
27243	07/01/2013	BILL DAVIS	Cell Phone Reimb JUL 13	40.00	X																			
27244	07/01/2013	CALPERS	Health Premium JUL 13	115.81	X																			
27245	07/01/2013	ELLA ZANOWIC	Cell Phone Reimb. JUL 13	40.00	X																			
27246	07/01/2013	JEFF HEWITT	Cell Phone Reimb JUL 13	40.00	X																			
27247	07/01/2013	JIM HYATT	Cell Phone Reimb JUL 13	40.00	X																			
27248	07/01/2013	PARSAC	Annual Premiums	12,967.00	X																			
27249	07/01/2013	SO CAL ASSOC OF GOVERNMENTS	FY 13-14 Membership	788.00	X																			
27250	07/03/2013	SOCAL CODE SERVICES, INC	Code Enforcement	2,000.00	X																			
27251	07/03/2013	VON KLUG & ASSOCIATES, INC	Assistant City Manager	2,996.25																		X		
27252	07/08/2013	LEAGUE OF CALIFORNIA CITIES	LoCC General Meeting-Zanowic	35.00	X																			
27253	07/15/2013	24 HR EXPRESS SERVICES, INC.	Remain. BalSr Ctr Plumbing Repair-Kitchen	100.00	X																			
27254	07/15/2013	AMERICAN FORENSIC NURSES, INC	Blood Draw MAY 13	205.40	X																			
27255	07/15/2013	BIO-TOX LABORATORIES, INC	Blood Draws MAY 13	391.00	X																			
27256	07/15/2013	BURGESSON'S HEATING & AIR, INC.	Repair A/C Unit Fire Station	449.00	X																			
27257	07/15/2013	CALIMESA CULTURAL & PERFORMING	FY 13-14 Community Partnership	2,000.00	X																			
27258	07/15/2013	COBB'S PRINTING, LLC	Business Cards	259.20	X																			
27259	07/15/2013	CR&R, INC.	Power Sweeping Services JUN 13	805.00								X												
27260	07/15/2013	CROWN ACE HARDWARE	Supplies	132.65	X								X											
27261	07/15/2013	DEPARTMENT OF JUSTICE	Blood Alcohol Analysis JUN 13	175.00	X																			
27262	07/15/2013	DIAMOND HILLS AUTO GROUP	Repair COP Vehicle	1,120.42	X																			
27263	07/15/2013	DON KLINE	Reimbursement-COP Uniforms	69.01	X																			
27264	07/15/2013	FREEMAN OFFICE PRODUCTS	Office Supplies-Copy Paper	169.99	X																			
27265	07/15/2013	HI-WAY SAFETY, INC.	Stencil & Paint	342.31								X												
27266	07/15/2013	HILLCREST FIRE PROTECTION SVCS	Repair Broken Sprinkler	2,485.00	X																			
27267	07/15/2013	HOUSE OF QUALITY	Supplies	11.79	X																			
27268	07/15/2013	KONICA MINOLTA	Equipment Rental JUN 13	691.20	X																			
27269	07/15/2013	KONICA MINOLTA BUSINESS	C552 Copy Charges JUN 13	587.30	X																			



**Payroll Net Pay / Net Liability / Benefit Breakdown****Pay Period 18 - Pd July 1, 2013**

June 1 - June 30, 2013

Checks 6374 - 6378

	Employee	Employer	Total
FWT	\$ 11.67		\$ 11.67
FICA	\$ 93.00	\$ 93.00	\$ 186.00
Medicare	\$ 21.75	\$ 21.75	\$ 43.50
SWT	\$ -		\$ -
SDI	\$ -		\$ -
Deferred Compensation	\$ -		\$ -
Loan Deduction	\$ -		\$ -
Benefit Deduction	\$ -		\$ -
Misc Deduction	\$ -		\$ -
VEBA	\$ -		\$ -
PERS Retirement		\$ -	\$ -
<b>Subtotal</b>	<b>\$ 126.42</b>	<b>\$ 114.75</b>	<b>\$ 241.17</b>
<b>Net Payroll</b>	<b>\$ 1,373.58</b>		<b>\$ 1,373.58</b>
<b>Gross Payroll</b>	<b>\$ 1,500.00</b>	<b>\$ 114.75</b>	<b>\$ 1,614.75</b>
<b>Benefit Expenditures</b>	<b>\$ -</b>		
<b>Salary Expense</b>		<b>\$ 1,500.00</b>	
<b>Employer Payroll Cost</b>		<b>\$ 114.75</b>	
<b>Total Payroll Cost</b>			<b>\$ 1,614.75</b>

**Payroll Net Pay / Net Liability / Benefit Breakdown**

**Pay Period 19 - Pd July 3, 2013**

June 15 - June 28, 2013

Checks 6379 - 6391

	Employee	Employer	Total
FWT	\$ 3,099.73		\$ 3,099.73
FICA	\$ -	\$ -	\$ -
Medicare	\$ 341.37	\$ 341.37	\$ 682.74
SWT	\$ 991.52		\$ 991.52
SDI	\$ 195.72		\$ 195.72
Deferred Compensation	\$ 768.80		\$ 768.80
Loan Deduction	\$ 598.86		\$ 598.86
Benefit Deduction	\$ 1,089.40		\$ 1,089.40
Misc Deduction	\$ 28.34		\$ 28.34
VEBA	\$ 400.00		\$ 400.00
PERS Retirement		\$ 2,594.86	\$ 2,594.86
Subtotal	\$ 7,513.74	\$ 2,936.23	\$ 10,449.97
Net Payroll	\$ 17,459.17		\$ 17,459.17
Gross Payroll	\$ 24,972.91	\$ 2,936.23	\$ 27,909.14
Benefit Expenditures	\$ -		
Salary Expense		\$ 24,972.91	
Employer Payroll Cost		\$ 2,936.23	
Total Payroll Cost			\$ 27,909.14

## Payroll Net Pay / Net Liability / Benefit Breakdown

**Pay Period 20 - Pd July 18, 2013**

June 29 - July 18, 2013

Checks 6392 - 6409

	Employee	Employer	Total
FWT	\$ 3,153.10		\$ 3,153.10
FICA	\$ -	\$ -	\$ -
Medicare	\$ 345.29	\$ 345.29	\$ 690.58
SWT	\$ 1,012.80		\$ 1,012.80
SDI	\$ 180.28		\$ 180.28
Deferred Compensation	\$ 768.79		\$ 768.79
Loan Deduction	\$ 742.37		\$ 742.37
Benefit Deduction	\$ 1,089.39		\$ 1,089.39
Misc Deduction	\$ 28.34		\$ 28.34
VEBA	\$ 400.00		\$ 400.00
PERS Retirement		\$ 2,594.86	\$ 2,594.86
<b>Subtotal</b>	<b>\$ 7,720.36</b>	<b>\$ 2,940.15</b>	<b>\$ 10,660.51</b>
Net Payroll	\$ 17,521.49		\$ 17,521.49
<b>Gross Payroll</b>	<b>\$ 25,241.85</b>	<b>\$ 2,940.15</b>	<b>\$ 28,182.00</b>
Benefit Expenditures	\$ 7,362.23		
Salary Expense		\$ 25,241.85	
Employer Payroll Cost		\$ 10,302.38	
<b>Total Payroll Cost</b>			<b>\$ 35,544.23</b>

**Payroll Net Pay / Net Liability / Benefit Breakdown**

**Pay Period 22 - Pd August 1, 2013**

July 1 - July 31, 2013

Checks 6410 - 6414

	Employee	Employer	Total
FWT	\$ 11.67		\$ 11.67
FICA	\$ 93.00	\$ 93.00	\$ 186.00
Medicare	\$ 21.75	\$ 21.75	\$ 43.50
SWT	\$ -		\$ -
SDI	\$ -		\$ -
Deferred Compensation	\$ -		\$ -
Loan Deduction	\$ -		\$ -
Benefit Deduction	\$ -		\$ -
Misc Deduction	\$ -		\$ -
VEBA	\$ -		\$ -
PERS Retirement		\$ -	\$ -
<b>Subtotal</b>	<b>\$ 126.42</b>	<b>\$ 114.75</b>	<b>\$ 241.17</b>
<b>Net Payroll</b>	<b>\$ 1,373.58</b>		<b>\$ 1,373.58</b>
<b>Gross Payroll</b>	<b>\$ 1,500.00</b>	<b>\$ 114.75</b>	<b>\$ 1,614.75</b>
<b>Benefit Expenditures</b>	<b>\$ -</b>		
<b>Salary Expense</b>		<b>\$ 1,500.00</b>	
<b>Employer Payroll Cost</b>		<b>\$ 114.75</b>	
<b>Total Payroll Cost</b>			<b>\$ 1,614.75</b>

**Payroll Net Pay / Net Liability / Benefit Breakdown**

**Pay Period 23 - Pd August 1, 2013**

July 13 - July 26, 2013

Checks 6415 - 6427

	Employee	Employer	Total
FWT	\$ 3,163.40		\$ 3,163.40
FICA	\$ -	\$ -	\$ -
Medicare	\$ 345.52	\$ 345.52	\$ 691.04
SWT	\$ 1,017.78		\$ 1,017.78
SDI	\$ 179.39		\$ 179.39
Deferred Compensation	\$ 768.80		\$ 768.80
Loan Deduction	\$ 742.37		\$ 742.37
Benefit Deduction	\$ 985.24		\$ 985.24
Misc Deduction	\$ 28.34		\$ 28.34
VEBA	\$ 400.00		\$ 400.00
PERS Retirement		\$ 4,297.83	\$ 4,297.83
<b>Subtotal</b>	<b>\$ 7,630.84</b>	<b>\$ 4,643.35</b>	<b>\$ 12,274.19</b>
<b>Net Payroll</b>	<b>\$ 17,523.47</b>		<b>\$ 17,523.47</b>
<b>Gross Payroll</b>	<b>\$ 25,154.31</b>	<b>\$ 4,643.35</b>	<b>\$ 29,797.66</b>
<b>Benefit Expenditures</b>	<b>\$ -</b>		
<b>Salary Expense</b>		<b>\$ 25,154.31</b>	
<b>Employer Payroll Cost</b>		<b>\$ 4,643.35</b>	
<b>Total Payroll Cost</b>			<b>\$ 29,797.66</b>

**Agenda Item No. 4**

**WAIVE FULL READING OF ANY PROPOSED  
ORDINANCES ON THE AGENDA**

*This permits reading the title only in lieu of reciting the entire text of the Ordinances. This does not take policy action on the Ordinances or approve or disapprove any Ordinances on the agenda.*



## **STAFF REPORT**

### **CITY OF CALIMESA CITY COUNCIL MEETING**

**SUBJECT:** Travel Expenses

**MEETING DATE:** August 5, 2013

**PRESENTED BY:** Teresa Simmons, Accounting Coordinator

---

**RECOMMENDATION:** That the City Council move to approve the Travel Expenses Report.

---

**SUMMARY:** The attached Travel Expenses Report for City Council's approval is as follows:

- a. Thru June 2013 Council Member Travel Expenses

**COUNCIL TRAVEL EXPENSES**

<b>JOYCE MCINTIRE - TRAVEL EXPENSES</b>					
SALE DATE	TRAVEL/TRAINING - 01-1100-7585 DESCRIPTION	AMOUNT	DATE	MILEAGE - 01-1100-7590 DESCRIPTION	AMOUNT
1-Aug	LoCC - San Diego - SEP12	\$ 475			
Sep	LoCC - San Diego - Expenses	\$ 403			
17-Nov	Beaumont-100Th Anniversary	\$ 30			
30-Jun	LoCC	\$ 475			
	<b>TOTAL TRAVEL/TRAINING EXPENSES</b>			<b>\$ 1,383</b>	

<b>BILL DAVIS - TRAVEL EXPENSES</b>					
SALE DATE	TRAVEL/TRAINING - 01-1100-7585 DESCRIPTION	AMOUNT	DATE	MILEAGE - 01-1100-7590 DESCRIPTION	AMOUNT
	<b>TOTAL TRAVEL/TRAINING EXPENSES</b>			<b>\$ -</b>	

<b>JIM HYATT - TRAVEL EXPENSES</b>					
SALE DATE	TRAVEL/TRAINING - 01-1100-7585 DESCRIPTION	AMOUNT	DATE	MILEAGE - 01-1100-7590 DESCRIPTION	AMOUNT
25-Jul	5th Dist Symposium	\$ 50			
Sep	LoCC-Mileage reimb	\$ 122			
Sep	Mileage reimb-SCE/WRCOG/RCA	\$ 36			
17-Nov	Beaumont-100Th Anniversary	\$ 30			
Jan	LoCC Div Dinner	\$ 40			
11-Mar	LoCC -General Mtg	\$ 25			
27-Mar	San Gorgonio Pass Summit	\$ 50			
25-Apr	State of the City-Yucaipa	\$ 35			
30-Jun	SANBAG	\$ 110			
	<b>TOTAL TRAVEL/TRAINING EXPENSES</b>			<b>\$ 498</b>	

<b>JEFF HEWITT - TRAVEL EXPENSES</b>					
SALE DATE	TRAVEL/TRAINING - 01-1100-7585 DESCRIPTION	AMOUNT	DATE	MILEAGE - 01-1100-7590 DESCRIPTION	AMOUNT
1-Aug	LoCC - San Diego - SEP12	\$ 475			
	LoCC - San Diego - SEP12 (partial refund)	\$ [400]			
17-Nov	Beaumont-100Th Anniversary	\$ 30			
Jan	Beaumont Installation	\$ 40			
15-Feb	LoCC	\$ 40			
11-Mar	LoCC	\$ 25			
27-Mar	San Gorgonio Pass Summit	\$ 50			
25-Apr	State of the City-Yucaipa	\$ 35			
9-May	LoCC	\$ 25			
30-Jun	LoCC	\$ 475			
	<b>TOTAL TRAVEL/TRAINING EXPENSES</b>			<b>\$ 785</b>	

**COUNCIL TRAVEL EXPENSES**

<b>ELLA ZANOWIC - TRAVEL EXPENSES</b>						
<b>SALE</b>	<b>TRAVEL/TRAINING - 01-1100-7585</b>			<b>MILEAGE - 01-1100-7590</b>		
<b>DATE</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>	<b>DATE</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>	
July	LoCC Dinner	\$ 35				
Sep	LoCC Division Breakfast	\$ 20				
Sep	LoCC Annual Conference	\$ 525				
Sep	LoCC Annual Conference-Hotel	\$ 201				
Sep	LoCC Annual Conference-Hotel	\$ 453				
Sep	LoCC Annual Conference--Travel	\$ 54				
Oct	Banning State of City	\$ 25				
17-Nov	Beaumont-100Th Anniversary	\$ 30				
19-Nov	LoCC-General Mtg	\$ 40				
3-Dec	State of County	\$ 50				
Jan	Yucaipa Chamber Installation	\$ 45				
Jan	Beaumont Installation	\$ 40				
11-Mar	LoCC -General Mtg	\$ 25				
27-Mar	San Gorgonio Pass Summit	\$ 50				
9-May	LoCC	\$ 25				
	<b>TOTAL TRAVEL/TRAINING EXPENSES</b>				<b>\$ 1,618</b>	

**Agenda Item No. 6**

**RECEIVE AND FILE PUBLIC SAFETY REPORTS**

- a. Citizen Patrol Volunteer Unit Hours for June 2013

## VOLUNTEER UNIT HOURS RECAP

For the month of June

Year : 2013

Coordinator : Ron Dortch

Commander : Dennis Pennekamp

Number of active members	25	Total Hours	845.00
of Aides	2	Patrols	56
Leave	0	Miles:	2336.80
		SUV 1	895.70
		SUV 2	1441.10

<u>Code</u>	<u>Duty.</u>	<u>Hours.</u>
<u>100</u>	<u>Patrol;</u> vacation, business;	499.50
<u>110</u>	<u>Assist Deputy;</u> traffic control etc	4.50
<u>120</u>	<u>Public Relations;</u> assist motorists etc.	5.00
<u>130</u>	<u>Community Service;</u> parades, traffic, parking, etc	30.00
<u>140</u>	<u>Meetings;</u> board members, staff meetings,	35.50
<u>150</u>	<u>Training;</u> new members, traffic control, safety,	180.00
<u>160</u>	<u>Fund Raising Activities;</u> letters, public appearances, etc.,	00.00
<u>170</u>	<u>Security</u> - Any security related activities	00.00
<u>180</u>	<u>Vehicle Maintenance</u>	1.50
<u>190</u>	<u>Administration</u>	30.00
<u>200</u>	<u>Clerical;</u> office duties, record keeping, etc.	59.00

Commander Signature D. Pennekamp / CTPreparer's Signature K. J. Houlikan



## Agenda Item No. 7

# STAFF REPORT

## CITY OF CALIMESA CITY COUNCIL AGENDA

**SUBJECT:** Agreements, Covenants, Conditions and Restrictions affecting Real property regarding the provision of sewer service to the Plantation on the Lake Mobile Home Park

**MEETING DATE:** August 5, 2013

**PREPARED BY:** Randy Anstine, City Manager

---

**RECOMMENDATION:** Staff respectfully requests that the City Council approve the Agreement and Covenants Conditions and Restrictions Affecting Real Property Regarding the Provision of Sewer Service to the Plantation on the Lake Mobile Home Park.

---

**SUMMARY/BACKGROUND:** Based on a settlement agreement that was entered into between the City of Calimesa, the City of Beaumont, Oak Valley Partners, and Pardee Construction Company on December 11, 2002 in connection with the annexation of the Oak Valley Golf Course Specific Plan Area. Specifically, Section 1(c) on Page 2 of the settlement agreement, reads as follows: **Extraterritorial Sewer Service.** *Plantation the Lakes Mobilehome Park and the commercial area adjacent thereto are not presently served with offsite wastewater treatment and disposal. Beaumont owns and operates a community waste-water collection, treatment and disposal system. Beaumont agrees to provide waste-water treatment and disposal service to the Mobilehome Park and Commercial areas.*

Earlier this year the City of Beaumont was approached by the owners of the Plantation On the Lakes Mobilehome Park to provide sewer service to the Park. The proposed Agreement would authorize the connection of the Plantation on the Lakes to the City sewer system and set covenants, conditions and restrictions affecting that real property. The Agreement would include the following items:

- Connection to the Beaumont sewer within 60 days of the Agreement approval
- Abandonment of the old septic system within 90 days of the connection
- Waiver of connection fees and salt mitigation fees on existing units
- Payment of full fees for all future lots
- Authorize lower rates, starting at \$19 per month and escalating by \$5 per month plus CPI until their rate equals the current City rate at the time

The Riverside County Local Agency Formation Commission has concluded that this project does not require any formal action of the LAFCO.

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**FISCAL IMPACT:**

No fiscal impact to the City of Calimesa.

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**ATTACHMENTS:**

Attachment A: Agreement and Covenants, Conditions and Restrictions

6/18/13

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

CITY MANAGER  
CITY OF BEAUMONT  
550 EAST 6<sup>TH</sup> STREET  
BEAUMONT, CALIFORNIA 92223

NO RECORDING FEE REQUIRED  
PER GOVERNMENT CODE SEC. 27383

APN 400-010-004; 407-230-031

**AGREEMENT AND COVENANTS, CONDITIONS  
AND RESTRICTIONS AFFECTING REAL PROPERTY  
REGARDING THE PROVISION OF SEWER SERVICE  
TO THE "PLANTATION ON THE LAKE MOBILEHOME PARK"**

**THIS AGREEMENT AND COVENANTS, CONDITIONS AND RESTRICTIONS**  
"Agreement" is made and effective this 18<sup>th</sup> day of June, 2013, by and between  
the CITY OF BEAUMONT ("Beaumont") and PLANTATION COMPANY LLC, a California  
limited liability company ("Owner"). Beaumont and Owner are sometimes collectively referred  
to as the "Parties".

**RECITALS**

A. Owner owns the fee and operates the "Plantation on the Lake Mobilehome Park"  
("Mobilehome Park"). The Mobilehome Park is located within the City of Calimesa on property  
designated as Assessors Parcels No. 400-010-004-9 and No. 407-230-031-2, and as more  
particularly described on **Exhibit A** and depicted on **Exhibit B** hereof. Wastewater generated by  
residents of the Mobilehome Park is presently discharged to septic tanks and cesspools.

B. Beaumont owns and operates a community wastewater collection, treatment and  
disposal system ("Wastewater Facilities"), which includes a trunk main terminating at the  
Beaumont City boundary where it joins the Mobilehome Park.

C. Owner desires to enlarge the Mobilehome Park by adding 47 mobilehome lots for  
occupancy by new residents ("Expansion Lots"). Acting upon a condition of approval mandated  
by the City of Calimesa for the 47 lots, Owner has applied to Beaumont for permission to  
connect the entire Mobilehome Park, including the Expansion Lots, to the Wastewater Facilities.

D. Effective December 10, 2002, a settlement agreement was entered into between the City of Beaumont, the City of Calimesa, Oak Valley Partners LP and Pardee Construction Company ("2002 Settlement Agreement") providing, among other provisions, that Beaumont would provide sewer service to the Mobilehome Park at the expense of the Mobilehome Park.

E. On January 23, 2012, the City of Calimesa Planning Commission adopted Resolution No. 2012-02 approving the proposed expansion of the Mobilehome Park by the addition of 47 pads and requiring sewer connection for the 47 lots to be provided by Beaumont, at the Owner's cost.

F. It is the purpose of this Agreement to set forth the terms and conditions by which Beaumont will allow Owner to connect the Mobilehome Park to the Wastewater Facilities, and by which the City of Calimesa's requirements for wastewater collection and service are satisfied.

G. The parties intend that this Agreement and the requirements herein satisfy the Riverside County LAFCO's requirements for an exception to extraterritorial service as allowed by LAFCO.

NOW, THEREFORE, in consideration of the mutual terms, promises, covenants and conditions contained herein, the Parties agree as follows:

#### AGREEMENT

1. Identification of Sewer Service Customer. Beaumont covenants and agrees to provide the Mobilehome Park with wastewater collection, treatment and disposal services downstream of the property line subject to all applicable laws and regulations and the provisions of this Agreement. For purposes of this Agreement, and as a condition of Beaumont's continuing agreement to provide sewer service to the Mobilehome Park, Owner, for itself and for its successors and assigns, agrees to perform hereunder as Beaumont's sewer service customer on behalf of the entire Mobilehome Park; provided, however, that in the event the Mobilehome Park, or any part thereof, is converted to a condominium (or similar legal status), as a condition thereof, Owner shall require that each individual lot owner promptly become a sewer service customer in such owner's individual name(s). It is the express intent of the Parties that Beaumont be able to clearly, distinctly and accurately identify each individual sewer service customer for the purpose of ensuring that sewer service rates, fees and charges are paid when due and owing.

2. Mobilehome Park Sewage Collection System. The Mobilehome Park presently consists of 507 existing lots and the 47 Expansion Lots, for a total of 554 lots. The 47 Expansion Lots, and 482 of the existing lots (the "482 Lots"), can be connected to the Wastewater Facilities immediately. However, the other 25 existing lots (the "25 Lots") will not be initially connected to the Wastewater Facilities. Therefore, Owner and Beaumont agree that the Mobilehome Park shall be connected to the Wastewater Facilities in phases, as follows:

a. **Phase One:** Owner shall, at Owner's sole cost and expense, and within the time specified below, construct, operate and maintain a sewage collection system within the Mobilehome Park that is capable of serving the 482 Lots and the 47 Expansion Lots. Owner shall also be solely responsible for the cost and expense of connecting the Mobilehome Park collection system to the Wastewater Facilities, which connection may include, at Beaumont's option, a valve and/or flow meter. All plans, designs and specifications for such connection are subject to Beaumont's review and approval and any revisions required by Beaumont shall be made to Beaumont's satisfaction before construction of the connection may begin. Owner shall commence any required construction of the Mobilehome Park sewage collection system, including construction of private on-site collector and interceptor sewers, and the connection to the Wastewater Facilities, within 60 calendar days from the date this Agreement is approved by the City Councils of Beaumont and Calimesa, and within the exception for extraterritorial service as determined by the Executive Director of Riverside County (LAFCO), and all other permits and approvals for construction are obtained, and shall complete construction and commence operation of the Mobilehome Park sewage collection system within 6 months of the date construction commenced.

b. **Phase Two:** The 25 Lots and adjacent clubhouse cannot be initially connected to the Wastewater Facilities because of a difference in elevation. The location of these 25 Lots is depicted on Exhibit B. As development proceeds on property adjacent to the Mobilehome Park described as Assessors Parcel No. 413-290-041, Beaumont intends to extend its Wastewater Facilities to provide wastewater collection services to a future development adjacent to the 25 Lots. At such time as Beaumont completes the extension to the point indicated on Exhibit B, Owner shall promptly, at its sole cost and expense, design and construct and install such pipeline connection facilities as Beaumont may reasonably require to connect the 25 Lots to the Wastewater Facilities. Instead of the foregoing, Owner may, at any time, but not later than June 30, 2020, install a private lift station and force main to connect the 25 Lots to the Wastewater Facilities via Owner's private collection system serving the then 529 lots (the 482 Lots plus the 47 Expansion Lots).

3. **Disposition of On-Site Disposal Facilities.**

a. **Partial Abandonment:** Within 90 days after the connection of the Mobilehome Park sewer collection system to the Wastewater Facilities as described in paragraph 2.a. above, Owner shall abandon the Mobilehome Park's on-site sewage disposal (septic) system for the 482 Lots according to the requirements of State and local law, including the requirements of Beaumont and Calimesa; provided, however, that Owner shall continue to operate and maintain a portion of the on-site system, which portion shall be determined with the approval of Beaumont, in order to maintain temporary sewage collection and disposal service for the 25 Lots depicted on Exhibit B.

b. **Abandonment of Septic System for 25 Lots:** Within 90 days after the connection of the 25 Phase 2 lots to the Wastewater Facilities as described in paragraph 2.b. above, Owner shall abandon the Mobilehome Park's on-site sewage disposal (septic)

system for those 25 Lots according to the requirements of State and local law, including the requirements of Beaumont and Calimesa.

c. **Disposal of Septage:** The Parties acknowledge and agree that the abandonment of the on-site disposal facilities will generate septage. Owner shall be permitted to deliver such septage to the Wastewater Facilities for treatment and disposal at no cost to Owner, subject to the inspection, supervision and approval of such discharge by Beaumont.

4. **Regulation of Discharge.** Owner shall, at Owner's sole cost and expense, be solely responsible for the quality of the wastewater discharged by the Mobilehome Park. Owner acknowledges that the Wastewater Facilities are regulated by the State of California and the subject of an NPDES Permit which establishes mandatory criteria for wastewater quality, and by applicable Beaumont wastewater regulations including Chapter 8.46 of the Beaumont Municipal Code regulating water softeners. Therefore, Owner covenants and agrees that Owner shall take all steps necessary to ensure that the wastewater discharged by the residents of the Mobilehome Park will not violate the criteria set forth in the NPDES Permit, thereby subjecting Beaumont to mandatory fines and penalties. In the event of a violation resulting from a discharge from the Mobilehome Park, Owner agrees to promptly reimburse Beaumont for the payment of such mandatory fines and penalties.

5. **Rates, Fees and Charges.** Owner hereby agrees to pay the following rates, fees and charges:

a. **Sewer Connection Fee:** Owner shall pay Beaumont a one-time Sewer Connection Fee of \$194,575.77, which sum shall be paid in full, concurrently with the execution of this Agreement by all Parties for connecting the 482 Lots, the 47 Expansion Lots, and the 25 Lots to the Wastewater Facilities. No other fees shall be payable by Owner to Beaumont with respect to connecting these lots to the Wastewater Facilities.

b. **Initial Sewer Service Rate:** Initially, the monthly rate for sewer service to be paid by Owner shall be \$19 per month for each of the 507 Lots (a total of \$9,633 monthly). Such charge shall be paid monthly in advance, commencing the first day of the month that is not less than 60 days following payment of the Sewer Connection Fee. Owner acknowledges and agrees that such monthly rate shall be raised annually by \$5 per month, per mobile home lot, beginning July 1, 2014 and each July 1 thereafter, until the charge equals the charge then in effect generally for mobile homes located outside the City of Beaumont and serviced by Beaumont. The parties agree that Beaumont's rates for sewer service (including the charge then in effect for mobile homes located outside the City) shall be periodically reviewed and may be adjusted by action of Beaumont's City Council, from time-to-time, to offset the cost of operation and maintenance of the Wastewater Facilities.

c. **Sewer Service Rate for Additional Lots:** As homes are placed on each of the 47 Expansion Lots and sewer is connected, Owner shall pay the same monthly sewer charge for each such lot as is then in place for the 482 Lots (per Section 5.b).

6. **Additional Expansion Lots.** In addition to the 47 Expansion Lots described above, Owner may add 2 additional expansion lots to the Mobilehome Park, subject to the approval of, and compliance with, applicable requirements of the City of Calimesa. In that event, Owner shall connect such "Additional Expansion Lots" to the Wastewater Facilities in the same manner as, and subject to the same terms provided for, the 47 Expansion Lots; Provided however that Owner shall pay a Sewer Connection Fee with respect to such Additional Expansion Lots in the amount of \$4,139.91 per lot when construction of such Additional Expansion Lots are completed.

7. **Covenant Running With the Land.** Owner hereby covenants and agrees that its heirs, successors, executors, administrators and assigns, and every successor in interest to the Mobilehome Park, or any part hereof, shall comply with each and every term, covenant, condition and restriction contained herein. This covenant shall run with the land, any other provision of law notwithstanding, and shall be enforceable by Beaumont in an action for specific performance against Owner and its successors and assigns. Owner agrees to record this "Agreement and Covenants, Conditions and Restrictions Affecting Real Property", in consideration of Beaumont's reduction and elimination of certain sewer system fees and charges.

8. **Default; Lien.** In the event Owner fails to timely pay all or any part of the Sewer Service Rate, and such default is not cured within 30 days of the date due, Owner acknowledges and agrees to pay Beaumont a late payment penalty of 10% of the amount due. Owner acknowledges and agrees that Beaumont may exercise all of its legal rights and remedies provided by law, including the recordation of a lien in the amounts due and owing against the Mobilehome Park.

9. **Integrated Agreement.** This Agreement is the final and entire agreement between the Parties concerning the subject matter of this Agreement. All agreements of the Parties with respect to the subject matter hereof are in writing and supersede all prior written and oral agreements and understandings of the Parties. This Agreement cannot be modified except by a written document signed by both Parties. Neither of the Parties is relying upon any other negotiations, discussions or agreements in connection with the subject matter of this Agreement. This is a fully integrated agreement.

10. **Further Assurances.** The Parties agree to take any action or execute any document as may be reasonably necessary to finalize and perform this Agreement.

11. **Severability.** Should any term of this Agreement be deemed unlawful, that provision shall be severed and the remaining terms shall continue to be valid and fully enforceable.

12. **Authority.** The signatories to this Agreement represent and warrant that they have complete and unconditional authority to enter into this Agreement and bind the Parties.

13. **Amendment.** No modification of this Agreement shall be valid unless in writing signed by the Parties or their attorneys. The Parties shall not be bound by any representation, warranty, promise, statement or information, unless it is specifically set forth in this Agreement.

14. **Waiver.** The failure of any party to insist upon strict observance of, or compliance with, all of the terms of this Agreement in one or more instances, shall not be deemed

to be a waiver of that party's right to insist upon such observance or compliance with the other terms of this Agreement.

15. **Each Party to Bear Own Costs and Fees.** Each party shall bear its own attorney's fees and other costs (including costs of expert witnesses or other consultants) and attorney's fees and costs incurred in the preparation for filing, prosecution of and defense of the Subject Actions and in the preparation, negotiation, and drafting of this Agreement.

16. **Binding Effect.** This Agreement shall bind and inure to the benefit of the heirs, executors, administrators, legal representatives, successors and assigns of the Parties to this Agreement.

17. **Construction.** The language of this Agreement shall be construed as a whole according to its fair meaning, and not strictly for or against any of the Parties. It is acknowledged that all of the Parties have had an opportunity to consult with their lawyers concerning the terms and conditions of this Agreement. This Agreement shall be deemed to have been drafted by all of the Parties jointly, and no party shall urge otherwise.

18. **Governing Law.** This Agreement shall in all respects be interpreted, enforced and governed by and under the laws of the State of California.

19. **Time.** Time is of the essence for all obligations and performance required in this Agreement.

20. **Attorneys' Fees.** Should an action be brought to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs incurred in prosecuting the action.

21. **Acknowledgement.** The Parties, and each of them, acknowledge that they have read this Agreement; that they had an opportunity to have the Agreement explained to them by counsel of their choice; that they are aware of the content and legal effect of the Agreement; and that they are not relying on any representation made by any other party or any of the employees, agents, representatives or attorneys of any other party, or any of them.

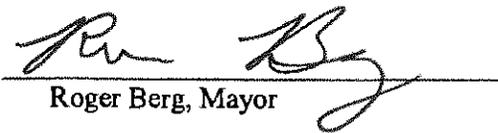
22. **Disclosure Requirements.** Before executing a purchase and sale agreement between Owner and any subsequent purchaser of the Mobilehome Park, and prior to the execution of any purchase and sale agreement between any subsequent owner of the Mobilehome Park and any subsequent purchasers, the then-current owners or its successors or its assigns (as may be applicable), shall disclose, in writing, to each purchaser the fact that the Mobilehome Park is burdened by this "Agreement and Covenants, Conditions and Restrictions Affecting Real Property Regarding the Provision of Sewer Service to the Plantation on the Lakes Mobilehome Park"; and that the requirements stated therein shall remain in effect unless terminated by mutual agreement of the Parties or their successors. Any person or corporation who now or hereafter owns or acquires any right, title or interest in and to the Mobilehome Park shall be deemed to have consented and agreed to every Covenant, Condition and Restriction contained herein whether or not any reference to this Agreement is contained in the instrument by which such person acquired an interest in the Mobilehome Park.

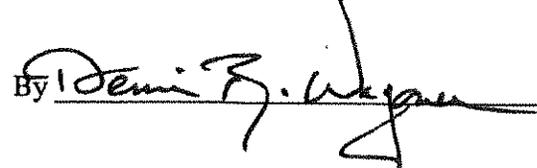
23. **Counterparts.** This Agreement may be executed in counterparts and when so executed by the Parties, this Agreement will be binding upon them and each counterpart will constitute an original document.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly-authorized representatives, and to be effective, as of the day and year first above written.

CITY OF BEAUMONT

PLANTATION COMPANY LLC

By   
Roger Berg, Mayor

By 

ACKNOWLEDGMENT

The City of Calimesa hereby acknowledges that compliance with, and performance of, the terms and conditions of this Agreement by the parties to this Agreement, by which the Mobilehome Park will be connected to the Wastewater Facilities, will satisfy the 2002 Settlement Agreement and Calimesa conditions of approval for sewer service set forth in Planning Commission Resolution No. 2012-02 with respect to the Property.

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

CITY OF CALIMESA

By \_\_\_\_\_  
Mayor

STATE OF CALIFORNIA )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 2013, before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature (S E A L)

STATE OF CALIFORNIA )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 2013, before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature (S E A L)

**CERTIFICATE OF ACCEPTANCE**

This is to certify that the interest in real property conveyed by that certain Agreement and Covenants, Conditions and Restrictions Affecting Real Property Regarding the Provision of Sewer Service to the "Plantation on the Lake Mobilehome Park" to which this Certificate is attached is hereby accepted by the undersigned officer or agent on behalf of the City of Beaumont, pursuant to authority conferred by resolution of the City Council and the City of Beaumont consents to recordation thereof.

Dated: \_\_\_\_\_, 2013

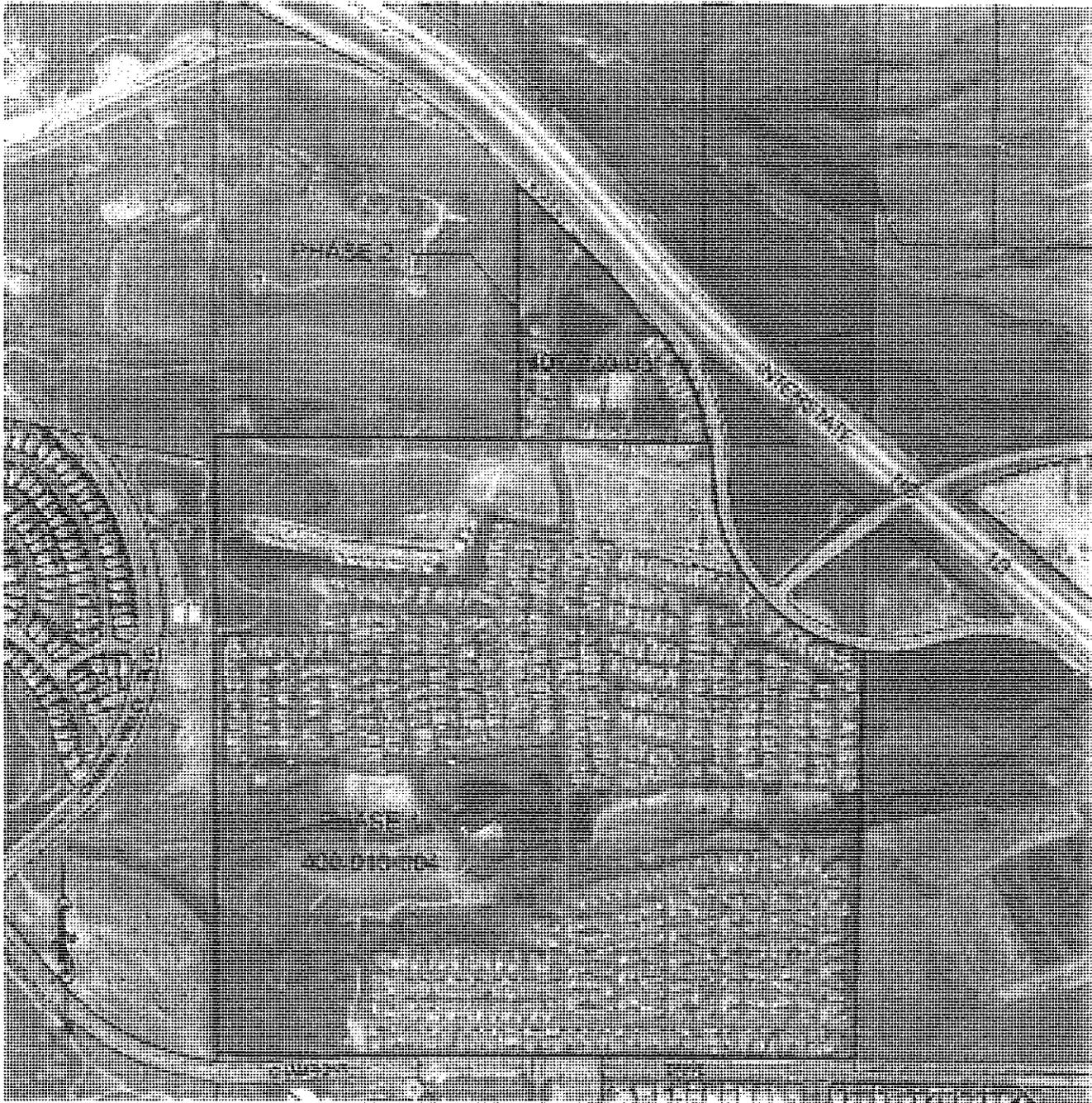
CITY OF BEAUMONT

By: \_\_\_\_\_  
\_\_\_\_\_(Name)  
\_\_\_\_\_(Title)

ATTEST:  
  
\_\_\_\_\_

# CITY OF CALIMESA

## PLANTATION ON THE LAKES MOBILE HOME PARK EXHIBIT B



### GRAPHIC SCALE



( IN FEET )

1 inch = 600 ft.



## Agenda Item No. 8

# STAFF REPORT

## CITY OF CALIMESA CITY COUNCIL MEETING

**SUBJECT:** Resolution for Approval of Application for Funding from the California Energy Commission's Energy Partnership Program and the Execution of a Grant Agreement and Any Amendments Thereto

**MEETING DATE:** August 5, 2013

**PRESENTED BY:** Randy Anstine, City Manager

**PREPARED BY:** Shannon Andrews, Management Analyst

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**RECOMMENDATION:** That the City Council adopt Resolution 2013-27 authorizing the submittal of an application to the California Energy Commission (CEC) for technical assistance funding from the Energy Partnership Program and the execution of a grant agreement and any amendments thereto. See Attachment A containing the draft grant application.

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**BACKGROUND AND DISCUSSION:** The CEC issued a Notice of Reopening of Technical Assistance Program on November 8, 2012 announcing available funding. The Energy Partnership Program provides a wide range of technical assistance to local governments and public institutions, including energy audits, review existing proposals and designs, and develop equipment performance specifications.

The City of Calimesa has successfully competed for and been awarded CEC funds for the Energy Efficiency Community Block Grant, and also applied for and received a 3% CEC loan, to provide energy upgrades to City Hall, City Hall Annex, and the Senior Center. The City's application for this Technical Assistance Program for an energy audit is intended to help the City identify what types of energy efficiency upgrades can be made to the existing Calimesa Fire Station.

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**FISCAL IMPACT:** The program will provide up to \$10,000 in consultant costs. The application for the CEC's Energy Partnership Program for Technical Assistance has no match requirement; therefore, there will be no impact to the City's General Fund.

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**ATTACHMENTS:**

Attachment A: CEC Energy Partnership Program for Technical Assistance  
Attachment B: CEC Technical Assistance Application  
Attachment C: Resolution 2013-27

# CALIFORNIA ENERGY COMMISSION

[www.energy.ca.gov/efficiency/partnership](http://www.energy.ca.gov/efficiency/partnership)  
Call (916) 654-4147

APPLY TODAY

FOR  
TECHNICAL  
ASSISTANCE

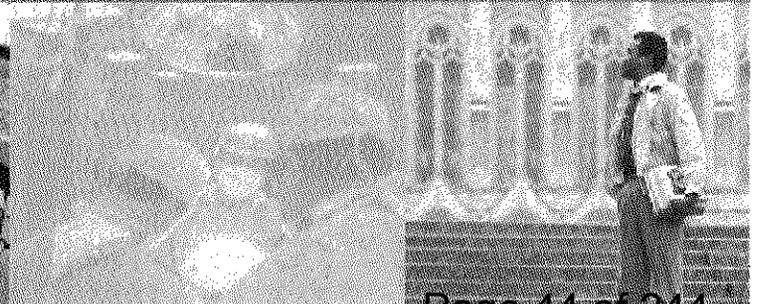
# Energy Partnership Program

CITIES & COUNTIES

SPECIAL DISTRICTS

HOSPITALS & PUBLIC CARE

COLLEGES & UNIVERSITIES



# THE ENERGY PARTNERSHIP PROGRAM

## ENERGY EFFICIENCY ASSISTANCE FOR PUBLIC AND NON-PROFIT FACILITIES

### MAKE YOUR FACILITIES ENERGY EFFICIENT AND REAP BIG BENEFITS

Energy costs are typically three to ten percent of annual operating expenses. For the largest facilities, that can exceed \$1 million per year! But you can control and lower energy costs without sacrificing employee comfort or compromising the quality of your operations. It is proven that implementing cost-effective energy efficiency projects reduces annual utility bills by an average of 20 percent, and the savings continue year after year. You spend less for a more comfortable facility, and you conserve increasingly finite and expensive energy resources. Everyone wins.

#### The Energy Partnership Program

Whether you are building a new facility, renovating an existing one, or want to reduce your energy bills, the Energy Partnership Program can help. This California Energy Commission program offers specific services to help you become more energy wise, such as identifying cost-effective energy projects to meet your needs and providing follow-on design and implementation assistance for these projects.

#### Here's how we can assist you

##### Existing Facilities

Use the Energy Partnership Program to target energy efficiency improvements of your existing facility. We can identify energy-related projects that should be implemented immediately as part of a comprehensive energy program. The Energy Partnership Program can also identify state loans and other financing mechanisms to get these projects installed.

#### Who is eligible?

- Cities
- Counties
- Special districts
- Public or non-profit hospitals
- Public or non-profit public care facilities
- Public or non-profit colleges/universities



#### FOR EXISTING FACILITIES HERE IS WHAT WE CAN DO FOR YOU:

Conduct energy audits and prepare feasibility studies

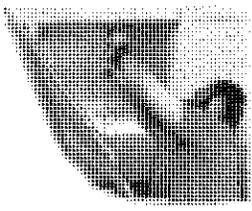
Review existing proposals and designs

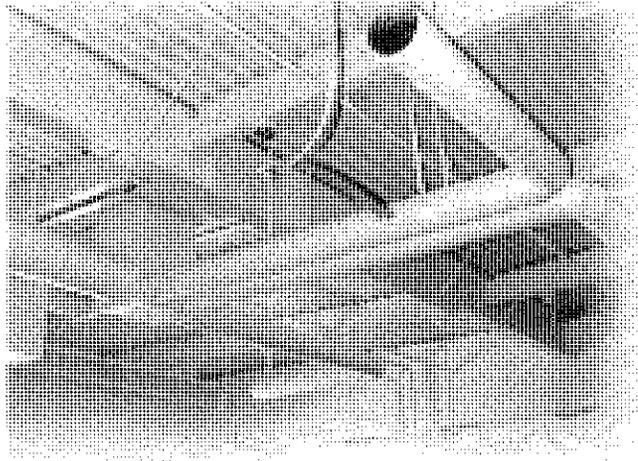
Develop equipment performance specifications

Review equipment bid specifications

Assist with contractor selection

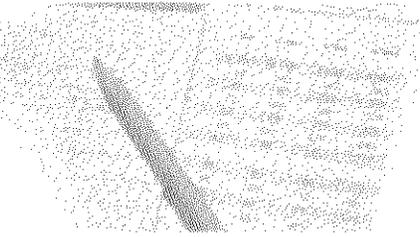
Assist with commissioning





### **NEW CONSTRUCTION**

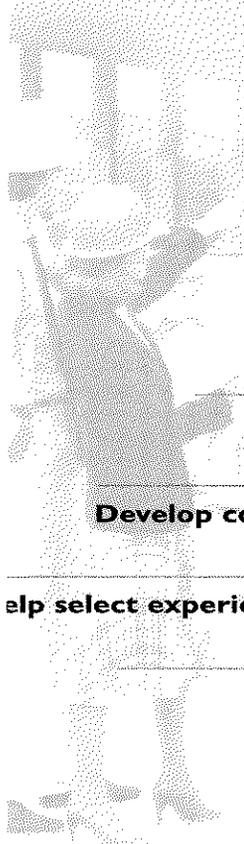
Facilities built with energy efficient designs cost less to operate. That means continuous savings from the first day of operation! It is possible to reduce energy consumption significantly below that set by the state's minimum building efficiency standard (Title 24), particularly if you get the Energy Partnership Program involved early in the design phase.



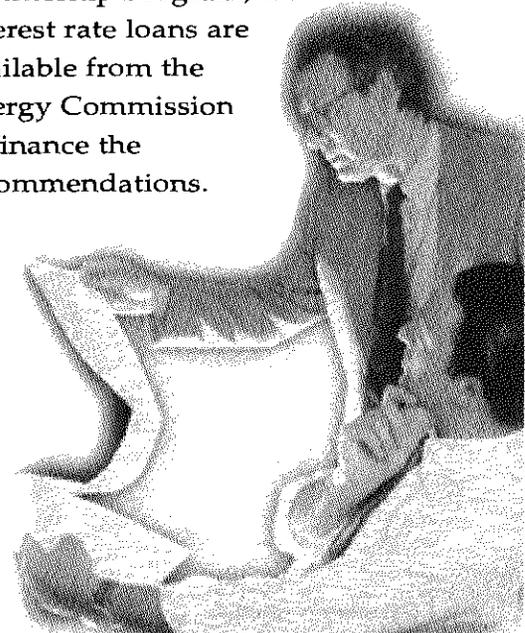
### **Is there a cost to participate in the Energy Partnership Program?**

The program has experienced engineering and architectural consultants who provide technical assistance. We provide up to \$10,000 of our consultants' cost. For some applicants, this could cover all the cost for analyzing one or more facilities. With some cost sharing from you, the program can analyze multiple facilities or provide specialized studies/analysis. Once the projects are identified by the Energy Partnership Program, low interest rate loans are available from the Energy Commission to finance the recommendations.

### **HERE ARE SOME WAYS WE CAN HELP WITH NEW CONSTRUCTION:**



- Provide design consultation**
- Compare different technologies**
- Review schematics and construction plans**
- Provide equipment specification consultation**
- Identify cost-effective, energy-saving measures**
- Develop computer simulation models of your planned project**
- Help select experienced professionals with energy efficiency expertise**
- Assist with commissioning**



# THE ENERGY PARTNERSHIP PROGRAM

## THE APPLICATION PROCESS

### HOW DO I APPLY ?

1. **Application.** Complete the enclosed application. Note—On the Application, the word “Applicant” refers to the legal name of your local government, college, hospital, special district, or public care facility.
2. **Supplemental Information.** Provide copies of any relevant information about your project, such as past energy studies and preliminary plans or drawings. You must provide the latest 12 months of utility (energy) bills for each account pertaining to the facility(ies) for which you are requesting technical assistance. If fuels are not delivered on a regular schedule (propane, heating oil, etc.), please send invoices for the past two or three years. Also send a site map (a fire evacuation map is satisfactory) for each facility.

3. **Governing Board Resolution.** We must have a resolution from your governing board before your organization receives technical assistance.
4. **Mailing Instructions.** Mail your application and supplemental information to:

California Energy Commission  
Energy Partnership Program  
Public Programs Office  
1516 Ninth Street, MS 42  
Sacramento, CA 95814-5512

### HOW WILL YOU EVALUATE MY APPLICATION?

The application must indicate how you plan to execute and fund recommended projects. Also, your Governing Board Resolution must demonstrate a strong commitment to implementing the Energy Partnership Program’s cost-effective recommendations.

### WHEN IS MY APPLICATION DUE?

The Energy Partnership Program is open continuously. There is no final filing date but program funds are limited. Filing promptly will increase your chances of receiving assistance.



#### FOR MORE INFORMATION:

Visit the Energy Partnership Program Web Site at  
[www.energy.ca.gov/efficiency/partnership](http://www.energy.ca.gov/efficiency/partnership)  
or call the California Energy Commission  
(916) 654-4147

# THE ENERGY PARTNERSHIP PROGRAM

## THE PROCESS

### APPLICATION

You provide information about your organization and the proposed project.



### EVALUATION

Energy Commission staff reviews your application and verifies your commitment to implementing the Energy Partnership Program recommendations.



### SITE VISIT (OPTIONAL)

Energy Commission staff meets with your project team to discuss the project, review plans, and tour your facilities.



### SCOPE OF WORK

Based on the application and site visit, Energy Commission staff determines if the Energy Partnership Program can provide technical assistance. Energy Commission staff develops a scope of work detailing the technical assistance to be provided and discusses it with you.



### ENERGY PARTNERSHIP PROGRAM SERVICES AGREEMENT

If your agency will be sharing the technical cost with us, a services agreement will be developed and signed by both agencies.



### TECHNICAL ASSISTANCE SERVICES

The Energy Partnership Program provides the desired services identified in scope of work.



### PROJECT REVIEW

Your agency reviews and comments on the Energy Partnership Program technical reports.



### FINANCING SECURED (OPTIONAL)

Your agency secures financing to implement and complete the projects. Many projects qualify for loans from the Energy Commission.



### INSTALLATION / CONSTRUCTION ASSISTANCE (IF REQUESTED)

The Energy Partnership Program consultants can help prepare preliminary equipment bid specifications, select contractors, review proposals and designs, and/or assist your contractors with project commissioning. During construction, Energy Commission staff can be available for consultation.



### PROJECT COMPLETE

Energy Commission staff will be available for consultation after the project is completed. This is the start of lower annual energy costs and improved facilities.

# How a Past Participant Has Benefited From the Energy Partnership Program

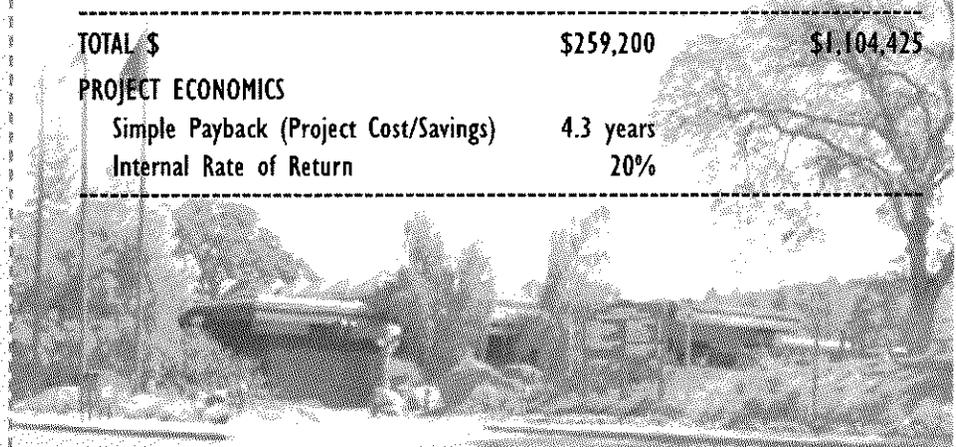
## El Dorado County — Continuing Its Quest To Have Energy Efficient Facilities

By working with the Energy Partnership Program, El Dorado County has aggressively improved the energy efficiency of its facilities while lowering annual operating costs. In 1990, the County first applied to the program for technical help in making its heating system more energy efficient. In 1998, the County applied again to improve the energy efficiency of eight facilities covering over 186,000 square feet. An energy audit of these facilities identified lighting, heating, ventilating, and air conditioning projects that could cut energy costs by over 30%. These projects were financed with two state loans—one for \$224,032 in 1998, and another for \$800,000 in 2002. In 2004, the County again requested technical assistance for four more buildings totaling about 50,000 square feet. An audit of these facilities recommended improvements to the lighting and heating systems and building envelope.

The County's long involvement with the Energy Partnership Program has already saved them about \$50,000 per year in lower energy bills and these savings will grow to over \$260,000 once all projects are installed and operating. Thus, the County will recover its project investment of \$1.1 million in about 4.3 years. That's a 20 percent return on investment. Jim Doolittle, county consultant, states "the County will continue its quest to make all facilities energy efficient and less costly to operate and the Commission's Energy Partnership and Loan Programs are key to making this a reality."

### Energy Saving Projects Identified by the Energy Partnership Program and Funded with a State Loan

EL DORADO COUNTY PROJECTS	ANNUAL ENERGY COST SAVINGS	PROJECT COST
Lighting Improvements and Controls	\$54,400	\$215,005
Energy Efficient Propane Boiler	\$103,000	\$42,000
Energy Management System	\$47,500	\$294,000
Premium Efficiency Motors	\$3,700	\$27,700
Replace Electric Space Heaters	\$1,700	\$13,300
Air Handler Improvements	\$31,000	\$420,000
Package Unit Replacements	\$2,500	\$11,000
Building Envelope Improvements	\$900	\$5,720
Kitchen Equipment Replacement	\$14,500	\$75,700
<b>TOTAL \$</b>	<b>\$259,200</b>	<b>\$1,104,425</b>
<b>PROJECT ECONOMICS</b>		
Simple Payback (Project Cost/Savings)	4.3 years	
Internal Rate of Return	20%	



**Arnold Schwarzenegger**  
Governor



October 2004

California Energy Commission  
Energy Partnership Program  
Public Programs Office  
1516 Ninth Street, MS 42  
Sacramento, CA 95814-5512  
[www.energy.ca.gov/efficiency/partnership](http://www.energy.ca.gov/efficiency/partnership)  
(916) 654-4147

California Energy  
Commission  
Chairman  
Jackalynne Prannerstiel

Commissioners  
James D. Boyd  
Arthur H. Rosenfeld  
Jeffrey Byron  
Karon Douglas

Executive Director  
Melissa Jones



## California Energy Commission Technical Assistance Application

### 1. Applicant Information

Applicant*: <i>City of Calimesa</i>		County: <i>Riverside</i>	
Mailing Address: <i>908 Park Avenue</i>		City: <i>Calimesa</i>	Zip: <i>92320</i>
Street Address: <i>908 Park Avenue</i>		City: <i>Calimesa</i>	Zip: <i>92320</i>
Contact Person: <i>Shannon Andrews</i>	Title: <i>Management Analyst</i>	Department: <i>Administration</i>	
Phone Number: <i>909-795-9801, ext. 222</i>	Fax Number: <i>909-795-6187</i>	Email: <i>sandrews@cityofcalimesa.net</i>	

### 2. Project Description:

Type of assistance needed: (Check all that apply)

- Existing facilities energy audit and recommendations
- New construction energy efficient design
- Self generation

Discuss your project(s) and why you require technical assistance.

*The Calimesa Fire Station building (Figure 1), which is adjacent to City Hall, has not received any energy upgrades since it was built back in the 1950s. Calimesa is requesting a complete energy audit and recommendation on this building so as to proceed with a project through Southern California Edison's (SCE) On-Bill Financing Program.*

Figure 1



Describe how you plan to implement the recommendations that we may identify, including funding sources.

SCE has a program called *On-Bill Financing*, which would allow Calimesa to finance qualified energy efficiency projects loans at 0% interest with no fees or loan costs, with repayment made through monthly SCE bills (Figure 2). In addition, Calimesa would receive financial incentives for installing qualified energy-efficient equipment that will result in lower monthly electricity costs and long-term energy savings.

Figure 2

**On-Bill Financing**  
Zero-Interest Financing for Qualified Energy Efficiency Projects

**How is the Loan Amount Calculated?**  
Several factors determine the final approved loan amount:

- Maximum Loan:** The maximum loan amount cannot exceed the difference between the final qualifying Project Cost less the actual incentives received from SCE.
- Bill Neutrality:** The monthly loan repayment amount is calculated to be equal to the estimated monthly reduction in the SCE utility bill as a result of the energy efficiency project. The loan amount cannot exceed the total of the repayments made within the allowable loan term limits.
- Loan Limits:** The loan amount for any one service account cannot exceed the established loan term limits.

**How to Apply**  
You must apply for On-Bill Financing along with an Energy Management Solutions Incentive Application. To find out how this program can work for your organization, contact your Account Representative or visit [www.sce.com/edbill](http://www.sce.com/edbill). Or call 1-800-736-4777.

**Submit Your Application**  
Submit a new Energy Management Solutions Incentive Application for Express Solutions (for projects not yet installed) and/or Customized Solutions, together with an On-Bill Financing Application, using the Energy Management Online Application Tool, by mail, by email or by Fax.

**Once you've submitted your application, you can use the flowchart to the right to see what happens next and learn about the steps in the incentive distribution process.**

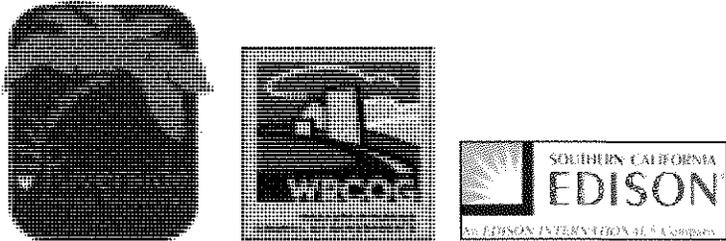
**On-Bill Financing Incentive Distribution Process**

- Review of OBF Application and Payment History with SCE**  
SCE will review both your project cost OBF Application and account with credit history to determine if you qualify for OBF financing. If your payment history does not meet the OBF criteria, your OBF Application will be denied and you will not be eligible for an OBF loan.
- Requirement Pre-Inspection**  
An SCE engineer or approved third-party inspector will conduct an inspection of your project site. This pre-qualification inspection has been reviewed and passed will not be eligible for an On-Bill Financing loan and you will not be eligible for an SCE energy efficiency incentive.
- OBF Application Approval and Reservation**  
Upon approval of your OBF Project Application, your OBF Application will be approved and reserved for your OBF Loan. Amounts that have been reserved, SCE will provide you with a Loan Reservation Letter, detailing the estimated equipment with options and terms.  
While the reservation is in effect, you will not be able to use the maximum loan amount. It may change if the project requirements established by you do not match the conditions of the Project Application approval. The final loan amount of any loan, will be based on the actual project requirements.
- Equipment Installation**  
Upon receipt of approval of your Project Application, you may install your energy efficiency project.
- Submission of Installation Report/Project Completion Certificate**  
When your project installation is complete, submit the appropriate installation documentation to SCE. Please refer to the appropriate Program Manual for format and conditions.
- Review and Approval of Project Installation**  
Once your installation is completed and approved, SCE will provide your monthly payment. Before your 12-month financing term expires, you may elect to pay for the installation and equipment.
- OBF Loan Funds Distribution**  
Upon receipt of your approved and signed Loan Agreement, SCE will provide you, or your designated bank, with the OBF Financing that you need.
- Monthly Repayments Begin**  
Your first monthly payment will be applied when you start your OBF loan.

This program is funded by California utility customers and administered by Southern California Edison under the auspices of the California Public Utilities Commission. This program is offered on a first-come, first-served basis and is effective until funding is exhausted in the program as determined by the California Public Utilities Commission. This program may be modified or discontinued at any time without notice.  
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08-004-04-0102  
02/14

Describe current contracts or relationships with architects, consultants, energy services companies, utilities or others.

The City of Calimesa is in the Western Riverside Energy Leader Partnership in cooperation with the Western Riverside County Council of Governments and SCE and, as such, can participate in On-Bill Financing as described above.



Expected project start date July 1, 2014 Expected project completion date: June 30, 2015

Indicate your economic criteria for selecting projects (Check all that apply)

- Projects must have a payback period no more than 10 years.
- Projects must have an internal rate of return > \_\_\_\_\_ %.
- Other, specify \_\_\_\_\_

**3. Project Team:**

Title	Name	Phone Number	E-Mail
Team Leader	Randy Anstine, City Manager	909-795-9801	ranstine@cityofcalimesa.net
Grant Administrator	Shannon Andrews, Management Analyst	909-795-9801	sandrews@cityofcalimesa.net
Facilities Manager	Bob French, Public Works Director	909-795-9801	bfrench@cityofcalimesa.net
Business Manager or Financial Officer	Teresa Simmons, Accounting Coordinator	909-795-9801	tsimmons@cityofcalimesa.net
Electric Utility Rep.	Gerald Wilson, Southern California Edison	951-212-7460	gerald.wilson@sce.com
Gas Utility Rep.	Becky Estrella, The Gas Co.	909-335-7992	bestrella@semprautilities.com
Consultant/Contractor (if known)	N/A		

\*Name of school organization or name of local government, school, college, hospital, special district or public care facility.

**4. Provide the following information:**

Please prioritize from highest to lowest if you are requesting assistance for more than one facility.  
Use additional pages if needed.

Facility Name and Address	Year Built (excluding portables)	Estimated Building Size (sq. ft.)
Calimesa Fire Department 906 Park Avenue Calimesa, CA 92320 APN: 411-100-042	1950s	4,206

**5. I have attached the following information:**

- Governing board resolution
- Latest 12 months of electric and gas utility bills that show the energy costs and the detailed usage information for each facility account the technical assistance is requested for
- Any past energy studies for each facility
- Your site map (e.g., 1-As or a fire evacuation map)
- Annual financial statements (for non-profit organizations only)
- Schematic drawings (if available, for new construction only)

I certify to the best of my knowledge that the data in this application are correct and complete.

**Authorized Representative\*\***

Name: Randy Anstine Title: City Manager

Signature \_\_\_\_\_ Date: August 6, 2013

\*\*Authorized Representative is the one designated by the governing body, in your Resolution, to execute documents in the name of the applicant.

Edmund G. Brown Jr.  
Governor



California Energy  
Commission  
Public Programs Office  
1516 Ninth Street, MS 23  
Sacramento, CA  
95814-5512  
(916) 654-4550

California Energy  
Commission Chairman  
Robert B. Weisenmiller,  
Ph.D

Commissioners  
Karen Douglas, J.D.  
Andrew McAllister  
Carla Peterman

Executive  
Director  
Robert Oglesby

**RESOLUTION 2013-37**

**A RESOLUTION APPROVING AN APPLICATION TO CONDUCT AN EXISTING FACILITIES ENERGY AUDIT OF THE CALIMESA FIRE STATION THROUGH THE CALIFORNIA ENERGY COMMISSION'S ENERGY PARTNERSHIP PROGRAM AND THE EXECUTION OF A GRANT AGREEMENT AND ANY AMENDMENTS THERETO**

**THE CITY COUNCIL OF THE CITY OF CALIMESA DOES HEREBY RESOLVE AS FOLLOWS:**

**WHEREAS** the California Energy Commission's Energy Partnership Program provides technical assistance in identifying energy efficiency improvements;

**WHEREAS** the City Council has reviewed and hereby approves an application for up to \$10,000.00 to provide an existing facilities energy audit and recommendations for the Calimesa Fire Station; and

**WHEREAS** the City Council recognizes that the California Energy Commission has limited funds for technical assistance and that primary consideration will be given to those that are committed to implementing the recommended projects identified through the Energy Partnership Program.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CALIMESA DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:**

**SECTION 1:** The City Council will seek funding, if necessary, to implement the recommended feasible energy efficiency projects identified through the Energy Partnership Program.

**SECTION 2:** The City Council hereby authorizes and directs the City Manager, or his designees, to execute in the name of the City of Calimesa all necessary documents to implement and carry out the purposes of this resolution.

**PASSED, APPROVED AND ADOPTED** this 5th day of August 2013.

\_\_\_\_\_  
WILLIAM DAVIS, MAYOR

ATTEST:

\_\_\_\_\_  
DARLENE GERDES, CITY CLERK



## **STAFF REPORT**

CITY OF CALIMESA  
CITY COUNCIL AGENDA

**SUBJECT:** Professional Consulting Agreement with David Turch and Associates for Legislative Advocacy Services

**MEETING DATE:** August 5, 2013

**PREPARED BY:** Randy Anstine, City Manager

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**RECOMMENDATION:** Staff respectfully requests that the City Council approve the contract with David Turch & Associates for FY 13-14 in an amount not to exceed \$20,000.

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**SUMMARY:** The current contract with David Turch & Associates, a professional consulting firm specializing in legislative advocacy services has expired. The City Manager has met with and negotiated a proposal to provide services in the amount of \$20,000. This is the rate for the current agreement. This agreement also provides for reimbursement of certain expenses, which should not exceed an additional \$5,000.

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**FISCAL IMPACT:** Funding of \$20,000 designated for general legislative advocacy services is available in the City's General Fund.

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**ATTACHMENTS:**

Attachment A: Professional Consulting Agreement

## PROFESSIONAL CONSULTING AGREEMENT

This is an Agreement between the City of Calimesa, California ("CITY") and David Turch and Associates ("CONSULTANT") of Washington, D.C. Hereinafter, the term "parties" shall refer to both CITY and CONSULTANT jointly. In consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

### 1. PURPOSE

A. CITY hereby engages the services of CONSULTANT to advise, counsel and represent CITY with, principally but not limited to, its affairs with the Legislative and Executive Branches of the Federal Government.

B. CONSULTANT hereby agrees to faithfully and to the best of its ability, promote and represent CITY and its interests with federal legislative proposals which could have a substantial impact on CITY or the conduct of its operations.

C. It is further understood and expected, that from time to time, or on a continuing basis, other tasks, whether general or specific, may be requested and performed by the mutual consent of the parties. Adjustments to the compensation schedule, if any, for such other tasks shall be mutually agreed to by the parties, in writing, on a case by case basis.

### 2. EFFECTIVE DATES

This Agreement will take effect on the 1<sup>st</sup> day of July 2013 and shall continue in full force and effect for a period of one year to its expiration on the 30<sup>th</sup> day of June, 2014 unless modified, amended, or canceled by the written mutual consent of the parties, or unless extended under its provisions.

### 3. RENEWAL

This Agreement will automatically be renewed for a period of one (1) additional year unless notice of intent not to renew is made by either party, in writing, delivered to the other, thirty (30) days prior to its expiration date.

### 4. COMPENSATION

A. The City agrees to pay Consultant monthly, in accordance with the payment rates and terms and the schedule of payment as set forth in Exhibit A, Payment Rates and Schedule, attached hereto and incorporated herein by this reference as though set forth in full, based upon actual time spent on the tasks described in Section 1 (Purpose) of this Agreement. Any terms in Exhibit A other than the payment rates and schedule of payment are null and void. This amount shall not exceed Twenty Thousand Dollars (\$20,000) for the total term of the Agreement unless additional payment is approved as provided in this Agreement.

B. CITY agrees to reimburse CONSULTANT for all ordinary and reasonable expenses incurred on its behalf in accordance with the payment rates and terms as set forth in Exhibit A, Payment Rates and Schedule, attached hereto and incorporated herein by reference as though set forth in full. In no event shall any reimbursements for expenses under this section exceed the total Agreement amount of \$20,000, as set forth in subsection A of Section 4 (Compensation) of this Agreement.

C. CONSULTANT shall submit invoices monthly for ordinary and reasonable expenses actually incurred. Invoices shall be submitted between the first and fifteenth business day of each month, for services provided in the previous month. Payment shall be made within thirty (30) days of receipt of each invoice as to all non-disputed fees. If the City disputes any of consultant's fees it shall give written notice to Consultant within 30 days of receipt of an invoice of any disputed fees set forth on the invoice.

**5. SUSPENSION OR TERMINATION OF AGREEMENT WITHOUT CAUSE**

A. The City may at any time, for any reason, with or without cause, suspend or terminate this Agreement, or any portion hereof, by serving upon the consultant at least ten (10) days prior written notice. Upon receipt of said notice, the Consultant shall immediately cease all work under this Agreement, unless the notice provides otherwise. If the City suspends or terminates a portion of this Agreement such suspension or termination shall not make void or invalidate the remainder of this Agreement.

B. In the event this Agreement is terminated pursuant to this Section, the City shall pay to Consultant the actual value of the work performed up to the time of termination, provided that the work performed is of value to the City. Upon termination of the Agreement pursuant to this Section, the Consultant will submit an invoice to the City pursuant to Section 4 (Compensation).

**6. INDEPENDENT CONTRACTOR**

A. Consultant is and shall at all times remain as to the City a wholly independent contractor. The personnel performing the services under this Agreement on behalf of Consultant shall at all times be under Consultant's exclusive direction and control. Neither City nor any of its officers, employees, agents, or volunteers shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents except as set forth in this Agreement. Consultant shall not at any time or in any manner represent that it or any of its officers, employees or agents are in any manner officers, employees or agents of the City. Consultant shall not incur or have the power to incur any debt, obligation or liability whatever against City, or bind City in any manner.

B. No employee benefits shall be available to Consultant in connection with the performance of this Agreement. Except for the fees paid to Consultant as provided in the Agreement, City shall not pay salaries, wages, or other compensation to Consultant for performing services hereunder for City. City shall not be liable for compensation or indemnification to Consultant for injury or sickness arising out of performing services hereunder.

**7. DEFAULT OF CONSULTANT**

A. The Consultant's failure to comply with the provisions of this Agreement shall constitute a default. In the event that Consultant is in default for cause under the terms of this Agreement, City shall have no obligation or duty to continue compensating Consultant for any work performed after the date of default and can terminate this Agreement immediately by written notice to the Consultant. If such failure by the Consultant to make progress in the performance of work hereunder arises out of causes beyond the Consultant's control, and without fault or negligence of the Consultant, it shall not be considered a default.

B. If the City Manager or his delegate determines that the Consultant is in default in the performance of any of the terms or conditions of this Agreement, the City Manager or his delegate shall serve the Consultant with written notice of the default. The Consultant shall have (10) days after service upon it of said notice in which to cure the default by rendering a satisfactory performance. In the event that the Consultant fails to cure its default within such period of time, the City shall have the right, notwithstanding any other provision of this Agreement, to terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement.

**8. FAILURE TO ENFORCE**

A. The failure of CITY to insist upon strict performance of any of the terms and conditions stated herein shall not be deemed a waiver of any rights or remedies that CITY may have and shall not be deemed a waiver of any subsequent breach or default in the terms and conditions herein contained.

B. The failure of CONSULTANT to insist upon strict performance of any of the terms and conditions stated herein shall not be deemed a waiver of any rights or remedies that CONSULTANT may have and shall not be deemed a waiver of any subsequent breach or default in the terms and conditions herein contained.

**9. INDEMNIFICATION**

The Consultant agrees to defend, indemnify, protect and hold harmless the City, its officers, officials, employees and volunteers from and against any and all claims, demands, losses, defense costs or expenses, including attorney fees and expert witness fees, or liability of any kind or nature which the City, its officers, agents and employees may sustain or incur or which may be imposed upon them for injury to or death of persons, or damage to property arising out of Consultant's negligent or wrongful acts or omissions arising out of or in any way related to the performance or non-performance of this Agreement, excepting only liability arising out of the negligence of the City.

**10. LEGAL RESPONSIBILITIES**

The Consultant shall keep itself informed of all local, State and Federal ordinances, laws and regulations which in any manner affect those employed by it or in any way affect the performance of its service pursuant to this Agreement. The Consultant shall at all times observe and comply with all such ordinances, laws and regulations. The City, and its officers and employees, shall not be liable at law or in equity occasioned by failure of the Consultant to comply with this section.

**11. ASSIGNMENT**

The Consultant shall not assign the performance of this Agreement, nor any part thereof, nor any monies due hereunder, without prior written consent of the City. Upon termination of this Agreement, Consultant's sole compensation shall be payment for actual services performed up to, and including, the date of termination or as may be otherwise agreed to in writing between the City Council and the Consultant.

**12. LICENSES**

At all times during the term of this Agreement, Consultant shall have in full force and effect, all licenses required of it by law for the performance of the services described in this Agreement.

**13. GOVERNING LAW**

The City and Consultant understand and agree that the laws of the State of California shall govern the rights, obligations, duties and liabilities of the parties to this Agreement and also govern the interpretation of this Agreement. Any litigation concerning this Agreement shall take place in the municipal, superior, or federal district court with geographic jurisdiction over the City of Temecula. In the event such litigation is filed by one party against the other to enforce its rights under this Agreement, the prevailing party, as determined by the Court's judgment, shall be entitled to reasonable attorney fees and litigation expenses for the relief granted.

**14. ENTIRE AGREEMENT**

This Agreement contains the entire understanding between the parties relating to the obligations of the parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged into this Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

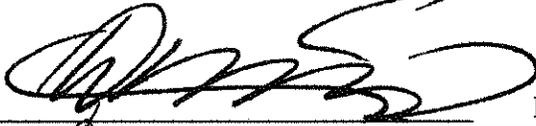
**15. AUTHORITY TO EXECUTE THIS AGREEMENT**

The person or persons executing this Agreement on behalf of Consultant warrants and represents that he or she has the authority to execute this Agreement on behalf of the Consultant and has the authority to bind Consultant to the performance of its obligations hereunder.

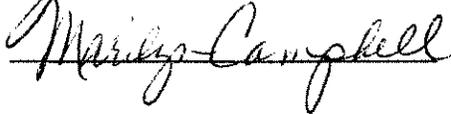
Agreed to this \_\_\_\_\_ day of \_\_\_\_\_,

For David Turch and Associates

For the City of Calimesa

By: 

By: \_\_\_\_\_

Witness: 

Witness: \_\_\_\_\_

## **EXHIBIT A**

### **PAYMENT RATES AND SCHEDULE**

1. Payment to Consultant shall be paid according to the following schedule:

A. The first month's payment of Three Thousand Five Hundred Dollars (\$3,500) shall accompany this Agreement.

B. Thereafter, each month's payment of One Thousand Five Hundred Dollars (\$1,500) is agreed to be due and payable, without additional notice or demand, on or before the first day of each calendar month beginning on or after July 1, 2013.

2. Rates for Expenses:

A. If special travel expenses are incurred by Consultant for City, Consultant's travel expenses shall not exceed the normal coach fare for 21-day advance booked airline travel, rental car expenses not to exceed \$50 per day, hotel expenses not to exceed \$250 per day and meals not to exceed a per person cost of \$25 for breakfast and lunch and \$50 for dinner.

B. All other expenses shall be subject to reimbursement at rates that are commercially reasonable.



## **STAFF REPORT**

### **CITY OF CALIMESA CITY COUNCIL MEETING**

**SUBJECT:** RATIFICATION OF A COOPERATIVE AGREEMENT BETWEEN THE CITY OF CALIMESA AND THE COUNTY OF RIVERSIDE ECONOMIC DEVELOPMENT AGENCY

**MEETING DATE:** August 5, 2013

**PRESENTED BY:** Randy Anstine, City Manager

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**RECOMMENDATION:** It is respectfully requested that the City Council approve ratifying the City Manager entering into an Agreement between the City of Calimesa and the County of Riverside Economic Development Agency.

---

**BACKGROUND:** The Riverside County Office of Economic Development invited the City of Calimesa to meet with a delegation of investors from China on July 31<sup>st</sup>. The purpose of the meeting is to present the advantages of investing in the City. In order to be authorized to attend the meeting, participating cities were required to enter into a cooperative agreement with the County of Riverside. Since the meeting with the delegation came prior to the next regular Council meeting, I signed the agreement on behalf of the City. The Agreement does not financially commit the City nor are any of the conditions a burden to the City.

---

**FINANCIAL IMPACT:** Participation in this program does not financially impact the City of Calimesa.

---

**ATTACHMENTS:**

Attachment A: Cooperative Agreement between the City of Calimesa and the County of Riverside

**COOPERATIVE AGREEMENT  
BETWEEN THE CITY OF CALIMESA AND  
THE COUNTY OF RIVERSIDE ECONOMIC DEVELOPMENT AGENCY**

THIS COOPERATIVE AGREEMENT ("Agreement") is made and entered into this 5th day of August, 2013 ("Effective Date"), by and between the City of Calimesa ("City"), a California municipal corporation and the COUNTY OF RIVERSIDE ECONOMIC DEVELOPMENT AGENCY, a public entity ("County").

**RECITALS**

The City and County (collectively referred to herein as "the Parties") are committed to working together to promote foreign investment within the City and County;

The parties desire to set forth a codified list of efforts enumerating how the City and County will work to attract and cultivate relationships with foreign investment opportunities;

The parties desires by this Agreement to provide the methods and goals to strive towards in attracting international trade and foreign investment to the City and County.

NOW, THEREFORE, the parties hereto mutually agree as follows:

1. **Scope.** This Agreement shall set forth the various efforts and goals of the City and County regarding international trade and foreign investment.
2. **Term.** This Agreement shall be effective on the date first written above and shall remain in effect until December 31, 2015, unless otherwise terminated to the City and County.
3. **Compensation.** There is no compensation due to either party.
4. **Best Efforts.** The parties agree to work in cooperation and utilize their best efforts in fostering the establishment and retention of international trade and foreign investment through the following methods:
  - a. The parties will work to promote foreign direct investment within the County and City;
  - b. The parties will work together to attract and retain business that produce and/or manufacture products for export;
  - c. The parties will work together to jointly promote—in print, the broadcast, or electronic media—foreign trade, exports, imports for assembly and manufacture and foreign direct investment.
  - d. The County will assist the City and its business community with financing options through its partnership with the Export-Import Bank of the United States;

- e. The parties will work cooperatively in the effort to expand and staff foreign trade zone 236;
  - f. The parties will work cooperatively to assist businesses who seek to create a sub-zone in association with a foreign trade zone;
  - g. The parties may cooperate on planning foreign trade missions to other nations for the business community to facilitate exports or attract foreign direct investment;
  - h. The County will educate and train City staff in the arena of foreign trade and jointly sponsor educational and training programs for the local business in the community;
  - i. The parties will jointly recognize business within the City that are exporting and present export awards recognizing special achievements;
  - j. The parties will work cooperatively to attract international investors through the EB 5 Visa Program; and
  - k. The parties agree to promote the development and attraction of additional EB 5 Visa Centers within the City and County.
  - l. The office of primary responsibility for this cooperative agreement for the County of Riverside shall be the Economic Development Agencies Office of Foreign Trade and the office of primary responsibility for the City of Calimesa shall be the City Manager's Department.
5. **Independent Contractor.** In the performance of this Agreement, County, and County's employees, subcontractors and agents, shall act in an independent capacity as independent contractors, and not as officers or employees of the City of Calimesa. County acknowledges and agrees that the City has no obligation to pay or withhold state or federal taxes or to provide workers' compensation or unemployment insurance to County, or to County's employees, subcontractors and agents. County, as an independent contractor, shall be responsible for any and all taxes that apply to County as an employer.
6. **General Compliance With Law.** The parties shall keep fully informed of federal, state and local laws and ordinances and regulations which in any manner affect those employed by the parties, or in any way affect the performance of services by the parties pursuant to this Agreement. The parties shall at all times observe and comply with all such laws, ordinances and regulations. The parties represent and warrant that the parties have obtained all necessary license to perform the Scope of Work and that such license are in good standing.

7. **Authority.** The individuals executing this Agreement and the instruments referenced herein on behalf of the parties each represent and warrant that they have legal power, right and actual authority to bind the entity it represents to the terms of conditions hereof and thereof.
  
8. **Entire Agreement.** This Agreement constitutes the final, complete and exclusive statement of the terms of the agreement between the parties pertaining to the subject matter of this Agreement, and supersedes all prior and contemporaneous understandings or agreement of the parties. Neither party has been induced to enter into this Agreement by, and neither party is relying on, an representation or warranty outside those expressly set forth in this Agreement.

IN WITNESS WHEREOF, City and County have caused this Cooperative Agreement between the City of Calimesa and the County of Riverside Economic Development Agency to be dully executed on the day and year first above written.

CITY OF CALIMESA, a California municipal corporation

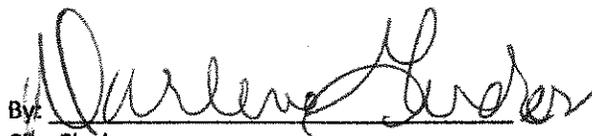
RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY, a public entity

By:   
 Randy Anstine  
 City Manager

By: \_\_\_\_\_  
 Robert Field  
 Assistant County Executive Officer/EDA

ATTEST:

APPROVED AS TO FORM:

By:   
 Darlene Gorder  
 City Clerk

By: \_\_\_\_\_  
 County Counsel

APPROVED AS TO FORM:

By:   
 Kevin L. Egan  
 City Attorney



## **STAFF REPORT**

### **CITY OF CALIMESA CITY COUNCIL MEETING**

**SUBJECT:** CALIMESA CHAMBER OF COMMERCE ANNUAL BUDGET

**MEETING DATE:** August 5, 2013

**PRESENTED BY:** Randy Anstine, City Manager

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**RECOMMENDATION:** NO ACTION REQUIRED. INFORMATION ONLY.

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**BACKGROUND:** The Calimesa Chamber of Commerce is providing a copy of their current fiscal year annual budget for City Council information.

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**FINANCIAL IMPACT:** NONE

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**ATTACHMENTS:**

Attachment A: Annual Budget

**Calimesa Chamber of Commerce  
2013 Operating Budget**

Attachment 11A

	<b>TOTAL</b>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
<b>4500 · Chamber Events</b>	
4120 - State of the City	5,500.00
4130 · Installation Dinner	11,795.00
4110 - Casino Night	5,000.00
<b>Total 4500 · Chamber Events</b>	<b>22,295.00</b>
<b>4000 · Membership Dues</b>	
4050 · Business Membership Dues	6,000.00
4030 · Home-Based Business Membership	360.00
4025 · Non-Profit Membership	700.00
4005 · Associate Membership Dues	390.00
4055 · Executive Membership	2,000.00
<b>Total 4000 · Membership Dues</b>	<b>9,450.00</b>
4600 · Misc. Donations	640.00
4901 · Investment Income	3.14
<b>Total Income</b>	<b>32,388.14</b>
<b>Cost of Goods Sold</b>	
6255 · Installation Expense	1,738.06
6260 · Casino Night Expense	2,800.00
6250 - State of the City Expense	1,500.00
<b>Total Cost of Events</b>	<b>6,038.06</b>
<b>Gross Profit</b>	<b>26,350.08</b>
<b>Expense</b>	
6615 Executive Director	25,047.18
6110 · Bank Service Charges	468.00
6285 · Liability/Com.Prop.Insurance	621.82
6380 · Misc. Expense	478.11
6470 · Office Rent	0.00
6500 · Office Supplies	452.18
6525 · FTB/IRS Y-E Tax	65.00
6550 · Postage and Delivery	196.00
6560 · Member Plaques & Tags	0.00
6610 · Accounting	605.00
6750 · Telephone	1,806.37
6810 · Meals	75.00
<b>Total Expense</b>	<b>29,814.66</b>

Calimesa Chamber of Commerce  
2013 Operating Budget

	<u>TOTAL</u>
Net Ordinary Income	-3,464.58
Other Income/Expense	
Other Income	
Rent Income	<u>2,400.00</u>
Total Other Income	<u>2,400.00</u>
Net Other Income	<u>2,400.00</u>
Net Income	<u><u>-1,064.58</u></u>



## **Agenda Item No. 12**

### **STAFF REPORT**

#### **CITY OF CALIMESA CITY COUNCIL MEETING**

**SUBJECT:** PRELIMINARY APPROVAL OF THE ENGINEERS REPORT FOR LANDSCAPING AND LIGHTING DISTRICT NO. 91-1

**MEETING DATE:** August 5, 2013

**PREPARED BY:** Michael Thornton, City Engineer

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**RECOMMENDATION:** That the City Council Adopt Resolution No. 2013-33, A Resolution of the City Council of the City of Calimesa to Initiate Proceedings, Preliminary Approval, and set the Public Hearing for the Engineer's Report for Landscaping and Lighting District No. 91-1 for fiscal Year 2013/2014.

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**DISCUSSION:** Each year the Landscaping and Lighting Act of 1972 requires that a detailed Engineer's Report is prepared, filed, and approved by the City Council for the annual levy of assessments for the City of Calimesa. The City of Calimesa maintains landscaping, street lighting, traffic signals, parks, and open space areas within the Citywide Landscaping and Lighting District No. 91-1. The Engineer's Report for 2013/2014 gives details of the District, the District's budget and how the anticipated assessments will be levied on the parcels within the District.

The attached resolution and Engineer's Report initiates the proceedings for the annual levy of assessments, preliminarily approves the Engineer's Report, and sets a time and date for the public hearing. The Engineer's Report and resolution will confirm and levy assessments upon each parcel within the District. The basic assessment for a single-family residence is \$21.50. The total annual assessment for the City of Calimesa Landscaping and Lighting District No. 91-1 is \$77,554.00. There is no anticipated increase in the annual assessments; therefore, Proposition 218 does not affect the proceedings.

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**FISCAL IMPACT:** The costs to the City attributable to the operation of the District are reimbursable from the proceeds of the District. However the administration costs, which include the cost for the preparation of the annual Engineer's Report, City administration overhead, and County submittal fee, are taken from the general fund.

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**ATTACHMENTS:**

Attachment A: Resolution No. 2013-33, Resolution of the City Council of the City of Calimesa of Preliminary Approval of the Engineer's Report for Landscaping and Lighting District No. 91-1 for fiscal Year 2013/2014.

Attachment B: Preliminary Engineer's Report for Landscaping and Lighting District No. 91-1.

**RESOLUTION NO. 2013-33**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALIMESA, CALIFORNIA, INITIATING PROCEEDINGS FOR THE ANNUAL LEVY OF ASSESSMENTS FOR THE CITY OF CALIMESA, LANDSCAPE AND LIGHTING MAINTENANCE DISTRICT NO. 91-1, AND THE LEVY AND COLLECTION OF ASSESSMENTS WITHIN SUCH DISTRICT FOR FISCAL YEAR 2013/2014 AND ORDERING THE PREPARATION AND FILING OF AN ANNUAL ENGINEER'S REPORT IN CONNECTION THEREWITH; PRELIMINARILY APPROVING THE ANNUAL ENGINEER'S REPORT FOR THE CITY OF CALIMESA LANDSCAPE AND LIGHTING MAINTENANCE DISTRICT NO. 91-1, FOR FISCAL YEAR 2013/2014 AND DECLARING ITS INTENTION TO ORDER THE ANNUAL LEVY OF ASSESSMENTS, TO LEVY AND COLLECT ANNUAL ASSESSMENTS WITHIN SAID DISTRICT AND APPOINTING A TIME AND PLACE FOR HEARING PROTESTS**

**THE CITY COUNCIL OF THE CITY OF CALIMESA FINDS, DETERMINES, ORDERS AND RESOLVES AS FOLLOWS:**

**Section 1.** The City Council hereby proposes to levy annual assessments for the existing City of Calimesa Landscape and Lighting Maintenance District No. 91-1 ("District") and to levy and collect assessments against the lots and parcels of land within such District to pay for the costs and expenses of the improvements described in Section 3, for the fiscal year commencing July 1, 2013 and ending June 30, 2014, pursuant to the Landscaping and Lighting Act of 1972, being Part 2 of Division 15 of the California Streets and Highways Code ("Act") and as provided by Article XIII D of the California Constitution.

**Section 2.** The general location and boundaries of the District are shown on maps on file in the office of the City Clerk, and are incorporated herein by reference, and open to public inspection.

**Section 3.** The proposed improvements may be briefly described as follows: the installation, construction or maintenance of any authorized improvements under the Act, including, but not limited to, landscape and lighting improvements and any facilities which are appurtenant to any of the aforementioned of which are necessary or convenient for the maintenance or servicing thereof.

**Section 4.** The City has retained TKE Engineering Inc. for the purpose of assisting with the Annual Levy of the District, including the preparation and filing of an Engineer's Report (hereafter referred to as the "Report") with the City Clerk in accordance with Article XIII D, Section 4 of the California Constitution and Article 4 (commencing with Section 22565) of Chapter 1 of the Act for fiscal year 2013/2014 commencing July 1, 2013 and ending June 30, 2014.

**Section 5.** The City Council has carefully examined and reviewed the Report, and the Report is hereby approved as filed.

**Section 6.** The City Council hereby declares its intention to order the annual levy of assessments for the District and to levy and collect assessments against the assessable lots and parcels of land within the District for that portion of the fiscal year commencing July 1, 2013 and ending June 30, 2014 to pay the costs and expenses of the improvements described in Section 3.

**Section 7.** Reference is hereby made to the Calimesa Citywide Landscaping and Lighting Maintenance District No. 91-1, Engineer's Annual Levy Report, on file in the office of the City Clerk and open to public inspection, for full and detailed description of the improvements, the boundaries of the District and the proposed assessments upon assessable lots and parcels of land within the District.

**Section 8.** Lot or parcels within the District that are owned or used by any county, city, city and county, special district or any other local or regional governmental agency, the State of California or the United States, shall be assessed unless the City demonstrates by clear and convincing evidence, that such lots or parcels receive no special benefit from the proposed improvements.

**Section 9.** Notice is hereby given that Tuesday, the 3<sup>rd</sup> day of September, 2013 at 6:00 p.m. in the City Council Chambers of the City Hall of the City of Calimesa, is the time and place fixed for the public hearing by the City Council on the question of the levy and collection of assessments for fiscal year 2013/2014 against lots and parcels of land within the District. At the hearing, all interested persons shall be afforded the opportunity to hear and be heard.

**Section 10.** The City Clerk is hereby authorized and directed to give notice of the public hearing as set forth in Section 10 in accordance with the law.

**PASSED, APPROVED, AND ADOPTED** this 5<sup>h</sup> day of August 2013.

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WILLIAM DAVIS, MAYOR

ATTEST:

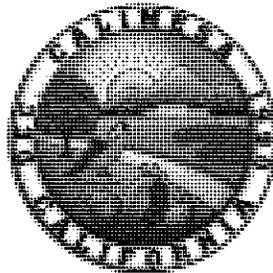
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DARLENE GERDES, CITY CLERK

**CITY OF CALIMESA**  
**COMBINED ANNUAL**  
**ENGINEER'S LEVY REPORT**

**CALIMESA CITYWIDE**  
**LANDSCAPING AND LIGHTING**  
**MAINTENANCE DISTRICT NO. 91-1**

**FISCAL YEAR 2013/2014**



**INTENT MEETING: August 5, 2013**  
**PUBLIC HEARING: September 3, 2013**

**DRAFT**

DRAFT

**COMBINED ANNUAL  
ENGINEER'S LEVY REPORT AFFIDAVIT**

**CITYWIDE LANDSCAPING AND LIGHTING  
MAINTENANCE DISTRICT NO. 91-1  
ANNUAL ENGINEER'S LEVY REPORT**

**FISCAL YEAR 2013-2014**

**Bill Davis  
Mayor**

**Jeffrey Hewitt  
Mayor Pro Tem**

**Jim Hyatt  
Joyce McIntire  
Ella Zanowic  
Council Members**

**Randy Anstine  
City Manager**

**Darlene Gerdes  
City Clerk**

**Bob French  
Director of Public Works**

**Jerry Guarracino  
Community Development Director**

**Michael Thornton  
City Engineer**

DRAFT

**COMBINED ANNUAL  
ENGINEER'S LEVY REPORT AFFIDAVIT**

**CITYWIDE LANDSCAPING AND LIGHTING  
MAINTENANCE DISTRICT NO. 91-1  
ANNUAL ENGINEER'S LEVY REPORT**

City of Calimesa,  
County of Riverside, State of California

This Combined Annual Engineer's Levy Report describes the District including details of the improvements, budget, parcels and assessments to be levied for fiscal year 2013/2014, as such information existed at the time of the passage of the resolution of intention.

The undersigned respectfully submits the enclosed Report as directed by the City Council.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

City of Calimesa

By: \_\_\_\_\_  
Bob French  
Director of Public Works

**COMBINED ANNUAL ENGINEER’S LEVY REPORT**

**TABLE OF CONTENTS**

	<u>Page</u>
I. OVERVIEW .....	1
A. ..Introduction . .....	1
B. ..Historical Background .....	1
C. ..General Description of the District .....	3
II. PLANS AND SPECIFICATIONS .....	3
A. ..Description of District Improvements and Service .....	3
III. INFLATIONARY FACTOR.....	5
IV. ASSESSMENT DIAGRAM .....	5
V. METHOD OF APPORTIONMENT.....	6
A. ..Methodology .....	6
B. ..Benefit Analysis.....	7
C. ..Assessment Methodology . .....	8
D. ..Categories of Benefit.....	10
E. ..Benefit Zones .....	11
F....Preliminary Assessment Rates .....	11
VI..... DISTRICT BUDGET .....	13
VII. CERTIFICATIONS.....	15
APPENDIX A – DISTRICT ASSESSMENT DIAGRAM	
APPENDIX B – ASSESSMENT ROLL	

## **I. OVERVIEW**

### **A. Introduction**

The City of Calimesa ("City") annually levies and collects special assessments in order to provide for the annual maintenance and servicing of improvements including but not limited to landscaping, public street lighting, and open space within the Calimesa Citywide Landscaping and Lighting Maintenance Assessment District No. 91-1 ("District"). Reference to the District includes benefit Zones A and B ("Zones") and also includes Annexations to the Zones ("Annexations"). This Combined Annual Engineer's Levy Report ("Report") is prepared in compliance with the requirements of and pursuant to the *Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the California Streets and Highways Code* ("Act") and in compliance with the substantive and procedural requirements of the *California State Constitution Article XIID* ("Article XIID"), which sets forth the provisions of Proposition 218.

Unless otherwise described, for the purposes of this report, any reference to the "District" includes Zones A and B and Annexations formed to date.

The Act provides for the annual levy of assessments for the District for the express purpose of installing, maintaining, and servicing landscaping, public street lighting, and open space. This Report describes the District, any changes to the District, and the proposed assessments to be levied for fiscal year 2013/2014. The proposed assessments are based on the estimated cost to maintain the improvements that provide a special benefit to properties within the District. The District budget identifies the estimated expenditures, deficits, surpluses, revenues, and fund balances used to calculate the annual assessment for properties within the District. Each parcel within the District is assessed proportionately for those improvements provided by the District from which the parcel receives special benefit.

Following consideration of public comments at a public hearing, the City Council ("Council") will review the Report and may order amendments to the Report or confirm the Report as submitted. Following final approval of the Report, and confirmation of the assessments, the Council may order the levy and collection of assessments for fiscal year 2013/2014 pursuant to the Act and as outlined in the approved Report. In such case, the assessment information will be submitted to the County Auditor/Controller, and included on the property tax roll for each parcel in fiscal year 2013/2014.

The word "parcel," for the purposes of this Report, refers to an individual property assigned its own Assessor's Parcel Number ("APN") by the Riverside County Assessor's Office. The Riverside County Auditor/Controller uses APNs and specific Fund Numbers to identify on the tax roll properties assessed for special district benefit assessments.

### **B. Historical Background**

The Council approved the original formation of the Citywide Landscaping and Lighting Maintenance District No. 91-1, on July 8, 1991 by Resolution No. 91-33. The District boundaries coincide with the City boundaries of the City of Calimesa.

Commencing with fiscal year 1996/1997, and in light of the new requirements imposed by Proposition 218, the City designated the original District and the assessments within this District as special benefit Zone "A". Landscaping, street lighting, and traffic signal improvements located throughout the City but not specific to any particular development would have their maintenance funded by assessments levied within Zone "A". Assessments within Zone "A" do not have a cost of living adjustment factor applied to them.

Subsequent new residential and non-residential developments established after fiscal year 1996/1997 were conditioned as part of their approval process to annex into the existing District. As a result, special benefit Zone "B" was established. Zone "B" is further divided into subzones or annexations. The purpose of Zone "B" is to fund the on-going operation, maintenance and servicing of landscaping, street lighting, and traffic signal improvements specifically associated with and located within these new developments. The landscaping, street light, and traffic signal improvements to be maintained within these new developments are considered to be of special benefit to these developments.

These annexations to Zone "B" including the assessments, assessment methodology and cost of living factor (inflationary factor) were approved by a property owner vote in accordance with Proposition 218. The subzones or annexations are hereinafter referred to as Annexations B-1, B-2, B-3, B-4, B-5, B-6, and B-7C.

At the time the original District (Zone "A") was formed, the following were the improvements to be maintained:

- Landscaping within public places as defined by the Act, Section 22535, including any public street, highway, road, alley, lane, boulevard, parkway, or other way dedicated to or used for public use.; and
- Parks and recreational improvements including the Norton Younglove Multi-purpose and Senior Center located within the District boundaries; and
- Public lighting facilities as defined by the Act, Section 22525, including but not limited to traffic signals.

Because of the requirements imposed on the levying of assessments to fund certain types of improvements and services by the passage of Proposition 218 in November 1996, the City proposed that the revenues derived from the District would be used solely for the operation, maintenance and servicing of public landscaping, street lighting, traffic signals, and appurtenant facilities within the District. Park and recreational facilities maintenance services that had previously been funded in whole or in part by the District would no longer be maintained using District funds.

Any new or increased assessments or changes to the method of apportionment within Zone "A" or Zone "B" will be subject to the substantive and procedural requirements of Article XIID Section 4, including a mailed property owner notice and protest ballot proceeding.

In addition to the landscaping, street lighting, and traffic signal improvements assessed within Zone "B", Annexation B-5 is also assessed for open space maintenance directly associated with Tracts 26925, 30386, 30386-1 and 30386-2. Open space maintenance is

exclusive to Tracts 26925, 30386, 30386-1 and 30386-2 (Annexation B-5). The maintenance responsibilities for this open space are shared between the City and the Tracts' homeowners association with the HOA covering the portion that would be considered as general benefit to the Annexation.

### **C. General Description of the District**

The District, including Zones "A" and "B", consists of single-family residential parcels, multi-family residential parcels, mobile home park parcels, commercial/industrial parcels, agricultural land, vacant residential parcels, vacant commercial/industrial parcels, and exempt parcels. The purpose of the District is to ensure the ongoing maintenance and servicing of landscaping, street lighting, traffic signals, open space, and appurtenant facilities. This District provides the financial mechanism (annual assessments) by which the ongoing maintenance and servicing of these improvements is funded.

In November, 1995, sixteen (16) parcels within the area known as County Lane 1A, Tract 25999-1, eighteen (18) parcels within the area known as Barnes Court and Ward Lane, Tract 27733, nine (9) parcels within the area known as Country Place, Tract 25584, and fifteen (15) parcels within the area known as Vista Lane, Tract 25999 were annexed into Zone "B", through a Petition of Consent and Waiver as Annexations B-1, B-2, B-3, and B-4.

On April 2, 2007 Tracts 26925, 30386, 30386-1 and 30386-2 were annexed into Zone "B" as Annexation B-5. Assessments were approved by a property owner vote.

On October 20, 2008 Tract 33396, consisting of two parcels proposed to be subdivided into thirty-seven (37) single family residential parcels, was annexed into Zone "B" as Annexation B-6. Assessments were approved by a property owner vote.

On November 17, 2008 a new commercial development known as "The Shoppes at Calimesa" was annexed into Zone "B" as Annexation B-7C. Assessments were approved by a property owner vote.

Individual Annexation reports are on file at the City with the City Clerk.

For fiscal year 2013/2014, Annexations B-1 through B-6 will not be levied as the improvements within those Annexations have not been accepted for maintenance by the City yet.

The City has accepted maintenance of the improvements in Annexation B7-C, and therefore this annexation will be levied beginning in fiscal year 2011/2012.

## **II. Plans and Specifications**

### **A. Description of District Improvements and Services**

The District provides the ongoing maintenance, operation and servicing of the landscaping, street lighting, traffic signal, and open space improvements within the District boundaries. These improvements may include, but are not limited to, materials, equipment, utilities, labor, and appurtenant facilities related to the improvements. The

improvements generally include the following:

### **Landscape Improvements**

Landscape improvements (Act, Section 22525), may include, but are not limited to, the landscaping within public places within the District. These improvements include ground cover, shrubs, trees, plants, irrigation systems, hardscapes, sidewalks, and appurtenant facilities, including but not limited to, parkways, open space, and designated public places and easements within the boundaries of the District.

Landscape maintenance (Act, Section 22531), means the furnishing of services and materials for the ordinary and unusual maintenance, operation, and servicing of any improvements, including: repair, removal or replacement of all or part of any improvements; providing for the life, growth, health, and beauty of landscaping, including cultivation, irrigation, trimming, spraying, fertilizing, or treating for disease or injury; the removal of trimmings, rubbish, debris, and other solid waste; the cleaning, sandblasting, and painting of walls and other improvements to remove or cover graffiti.

Landscape servicing, (Act, Section 22538), means the furnishing of: water for the irrigation of any landscaping, the operation of any fountains, or the maintenance of any other improvement.

### **Public Lighting Facilities**

Public lighting facilities (Act, Section 22534), means all work or improvements used or useful for the lighting of any public places, including ornamental standards, luminaries, poles, supports, tunnels, manholes, vaults, conduits, pipes, wires, conductors, guys, stubs, platforms, braces, transformers, insulators, contacts, switches, capacitors, meters, communication circuits, appliances, attachments, and appurtenances, including traffic signals in operation in public places within the boundaries of the District.

Public lighting maintenance (Act, Section 22531), means the furnishing of services and materials for the ordinary and unusual maintenance, operation, and servicing of any improvements including, but is not limited to, the removal, repair, replacement, or relocation of light standards, poles, bulbs, fixtures, and appurtenances, electrical energy, supplies, engineering, and incidental costs relating to the maintenance and servicing of the lighting improvements.

Public lighting servicing (Act, Section 22538), means the furnishing of: electric current or energy, or other illuminating agent for any public lighting facilities or for the lighting or operation of any other improvements.

### **Norton Younglove Multi-purpose and Senior Center:**

The Norton Younglove Multi-purpose and Senior Center was originally included as the park and recreational facilities within Zone "A". Currently, no funding from the levying of assessments is proposed to be used for operating or maintaining the Norton Younglove Multi-purpose and Senior Center for fiscal year 2013/2014.

### **Plans and Specifications:**

Plans and Specifications for the improvements for the District are voluminous and are not bound in this report but by this reference are incorporated and made a part of this report. The Plans and Specifications are on file in the office of the City engineer where they are available for public inspection.

### **III. Inflationary Factor**

Assessed lots or parcels of real property within the District are listed on Assessment Rolls, which are on file in the office of the City Clerk and the City Engineer, and are hereby made a part of this report by reference. Each Assessment Roll states the net amount to be assessed upon assessable lands within the District for fiscal year 2013/2014, shows the fiscal year 2013/2014 assessment upon each lot and parcel within the District and identifies by assessor parcel number, each assessable lot or parcel of land within the District. These lots or parcels are more particularly described on the County Assessment Roll, which is on file in the office of the Riverside County Assessor and by reference is made a part of this report as "Appendix A".

Until such time as the County Assessor issues new assessor parcel numbers (APNs) and recognizes these new APNs as valid, the total assessment will be levied on the parcels that exist at present.

For fiscal year 2013/2014, the amount of the assessments for the District, Zone-Annexations B-5, B-6, and B-7C, may be increased, based upon the Consumer Price Index, All Urban Consumers, for the Los Angeles-Orange-Riverside County Areas ("CPI"), as determined by the United States Department of Labor, Bureau of Labor Statistics, or its successor. The Engineer shall compute the percentage difference between the CPI for February of each year and the CPI for the previous February, and shall then adjust the existing assessment by an amount not to exceed such percentage for the following fiscal year. Should the Bureau of Labor Statistics revise such index or discontinue the preparation of such index, the Engineer shall use the revised index or a comparable system as approved by the City Council for determining fluctuations in the cost of living.

For Zone "B", Annexation B-7C for streetlight maintenance the amount of the assessments for streetlight maintenance may be increased based upon the latest composite percentage change in the California Public Utilities Commission ("CPUC") approved rates for each light fixture used in the City's District or the CPI as stated above.

Zone "A" and Zone "B" Annexations B-1, B-2, B-3, and B-4 are not approved for cost of living increases.

### **IV. ASSESSMENT DIAGRAM**

The District Zone "A" boundaries coincide with the City boundaries of the City of Calimesa. Individual Annexations within Zone "B" coincide with specific developments within the City boundaries.

The boundary map/diagram for the District is voluminous and is not bound in this report but by this reference is incorporated and made a part of this report. Detailed Tract Maps and

Annexation Diagrams are on file in the office of the City Engineer or City Clerk where they are available for public inspection.

If any parcel submitted for collection is identified by the Riverside County Auditor-Controller to be an invalid parcel number for the current fiscal year, a corrected parcel number and/or new parcel number will be identified and resubmitted to the Riverside County Auditor-Controller. The assessment amount to be levied and collected for the resubmitted parcel(s) shall be based on the method of apportionment and assessment rate approved in this Report. Therefore, if a single parcel has changed to multiple parcels, the assessment amount applied to each of the new parcels shall be recalculated and applied according to the approved method of apportionment and assessment rate rather than a proportionate share of the original assessment.

Reference is hereby made to the Riverside County Assessor's maps for a detailed description of the lines and dimensions of parcels within the District.

## **V. METHOD OF APPORTIONMENT**

### **A. Methodology**

The Act permits the establishment of maintenance assessment districts by local agencies for the purpose of providing the maintenance for certain public improvements, which include the installation, maintenance, and servicing of public landscaping, street lights, traffic signals, open space and appurtenant facilities. The Act further requires that the cost of these improvements be levied according to benefit rather than assessed value:

*"The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements."*

The Act permits the designation of zones of benefit within an individual district if "by reasons or variations in the nature, location, and extent of the improvements, the various areas will receive different degrees of benefit from the improvement" (Sec. 22574)

Furthermore, Article XIII D Section 4 of the Constitution states that:

*"The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of the public improvement, the maintenance and operation expenses of the public improvement, or the cost of the property related service being provided."*

The formula used for calculating assessments (Method of Apportionment) reflects the composition of the parcels and the improvements and maintenance services provided within the District and Zones to fairly apportion the costs based on estimated special benefit to each parcel.

## **B. Benefit Analysis**

Each of the improvements, costs, and assessments associated with the District have been reviewed, identified and allocated based on special benefit pursuant to the provisions of the Act and the Constitution. The improvements associated with this District have been identified as necessary, required and/or desired for the orderly development of the properties within the District. As such, these improvements would be necessary and required of individual property owners for the development of such properties, and the ongoing operation, servicing and maintenance of these improvements would be the financial obligation of those properties. Therefore, the improvements and the annual costs of maintenance and servicing of the improvements are of special benefit to the properties in the District.

The method of apportionment (method of assessment) is based on the premise that each assessed parcel within the District receives special benefit from the improvements within the District where the parcel is located in the District as well as from adjacent landscaping, and public street lighting improvements. The security of properties is enhanced by the presence of street lighting, and well maintained landscaping in close proximity to those properties.

The special benefits of landscaping, and open space improvements within the District are specifically:

1. Enhanced adaptation of the urban environment within the natural environment from adequate green space, open space areas and landscaping;
2. Environmental enhancement through improved erosion resistance, dust and debris control, and fire prevention;
3. Reduced criminal activity and property-related crimes (especially vandalism) against properties in the District and Zones through well-maintained surroundings and amenities including abatement of graffiti; and,
4. Enhanced environmental quality of the parcels by moderating temperatures, providing oxygenation and attenuating noise.

The special benefits of street lighting and traffic signals are the, safety, and security of property, improvements, and pedestrians and motorists. Specifically:

1. Enhanced deterrence of crime and the aid to police protection;
2. Increased nighttime safety on roads and streets;
3. Improved nighttime visibility for pedestrians and motorists;
4. Improved ingress and egress to property through traffic control;
5. Reduced vandalism and other criminal act and damage to improvements or property;
6. Improved traffic circulation, enhanced congestion management, fuel conservation, and reduced nighttime accidents and personal property loss; and,
7. Increased promotion of business during nighttime hours in the case of commercial properties.

The preceding special benefits contribute to a special enhancement and desirability of each of the assessed parcels within the District and Zones. Although the improvements may include landscaping, street lighting, traffic signal improvements, and other amenities available or visible to the public at large or property outside of the District or Zones, the installation of these improvements are only necessary for the development of properties within the District. Therefore, any public access or use of the improvements by others is incidental and there is no measurable general benefit to properties outside the District or to the public at large.

Any general benefit derived from open space within Zone "B", Annexation B-5 is not assessed onto parcels within the Annexation but is covered by the homeowner's association for the Tracts within the Annexation.

### **C. Assessment Methodology**

The method of apportionment for each parcel is calculated by the special benefit received from the improvements based upon the land uses within the District. To assess benefits equitably, it is necessary to relate the different types of parcel improvements to each other. The Equivalent Dwelling Unit (EDU) method of assessment apportionment uses the single-family parcel as the basic unit of assessment. A single-family parcel equals one EDU. Every other land use is converted to EDU's based on an assessment formula that equates the property's specific development status, type of development (land use), and size of property compared to a single-family parcel.

The EDU method of apportioning benefit is typically seen as the most appropriate and equitable assessment methodology for districts formed under the Act, as the benefit to each parcel from the improvements are apportioned as a function of land use type, size, and development.

#### **EDU Application by Land Use:**

**Single-Family Residential** – The single-family parcel has been selected as the basic unit for calculation of the benefit assessments. This basic unit shall be called an Equivalent Dwelling Unit (EDU). Parcels zoned for single-family residential uses are assessed 1.0 EDU.

**Multi-Family Residential** – The EDUs for land zoned for multi-family uses are assessed 1 EDU per dwelling unit, e.g., a parcel with a 100-unit apartment would be assessed 100 EDUs. With units similar in size to a typical single family residential dwelling, an apartment complex has a similar resident density and vehicle trip count per day. Therefore, an apartment complex will share in the EDU calculation of one EDU per dwelling unit similar to a single family residence.

**Mobile Home** – Parcels zoned for mobile homes (e.g., mobile home parks) are assessed 0.5 EDU/space, (e.g., a parcel with 100 spaces would be assessed 50 EDUs). Typically, a mobile home park consists of a single parcel owned by a management firm. This parcel may hold a wide range of mobile homes. Parcels of this type do not fall under non-residential as they do not generate the same number of vehicle trips per day as a commercial site would. However, a mobile home park will not have the resident density of a single family home or the number of vehicles as a single family home or apartment. Therefore a mobile home parcel will be considered as half of an equal apartment or single

family unit with a density per unit half of a typical residential unit and half the vehicle trips as a typical apartment unit.

**Commercial and Industrial Development** – Parcels that are being used for commercial or industrial purposes are assessed based on the acreage of the property. Parcels with this classification are assessed by a tiered acreage method:

- One EDU (1.0) for the first acre or any portion thereof;
- One EDU (1.0) per acre, for each additional acre up to five (5) acres;
- One-tenth of an EDU (0.10) per acre, for each additional acre up to forty (40) acres;
- Five one-hundredths of an EDU (0.05) per acre, for acreage greater than forty (40) acres.

The minimum number of EDUs per parcel will be 1.00 EDU for this classification.

Vacant residential and commercial/industrial parcels benefit to a degree from the landscaping by deterring illegal dumping and other criminal activities. This is further enhanced by the presence of street lighting illuminating the vacant parcel.

**Residential Vacant** – Parcels that are classified as residential but having no dwelling units are assessed based on the acreage of the parcel. The methodology applied to these parcels is similar to the tiered method used for commercial developed properties, but with only 30% of the weighting. The EDU for parcels with this classification are calculated at:

- Three-tenths of an EDU (0.30), for the first acre or any portion thereof;
- Three-tenths of an EDU (0.30), per acre, for each additional acre up to five (5) acres;
- Three one-hundredths of an EDU (0.03), per acre, for each additional acre up to forty (40) acres;
- Fifteen one-thousandths of an EDU (0.015) per acre, for acreage greater than forty (40) acres;
- The minimum number of EDUs per parcel will be 0.30 EDU for this classification.

**Commercial and Industrial Vacant** – Parcels that are classified as commercial or industrial but are not developed are assessed based on the acreage. The methodology applied to these parcels is similar to the tiered method used for commercial developed properties, but with only 30% of the weighting. The EDU for parcels with this classification are calculated at:

- Three-tenths of an EDU (0.30), for the first acre or any portion thereof;
- Three-tenths of an EDU (0.30), per acre, for each additional acre up to five (5) acres;
- Three one-hundredths of an EDU (0.03), per acre, for each additional acre up to forty (40) acres;
- Fifteen one-thousandths of an EDU (0.015) per acre, for acreage greater than forty (40) acres.

- The minimum number of EDUs per parcel will be 0.30 EDU for this classification.

**Agricultural Land** – Parcels that are classified as agricultural use are assessed based on the acreage of the property. The methodology applied to these parcels is similar to the tiered method used for commercial development properties, but with only 10% of the weighting. The EDU for parcels with this classification are calculated at:

- One-tenth of an EDU (0.10), for the first acre or any portion thereof;
- One-tenth of an EDU (0.10), per acre for each additional acre up to five (5) acres;
- One one-hundredth of an EDU (0.01) per acre, for each additional acre up to forty (40) acres;
- Five one-thousandths of an EDU (0.005) per acre, for acreage greater than forty (40) acres.
- The minimum number of EDUs per parcel will be 0.10 EDU for this classification.

**Underdeveloped Residential** – Parcels that are classified as Single Family Residential, but are greater than 5.0 acres, are assessed based on the acreage of the property, in excess of ten acres. The methodology applied to these parcels is similar to the tiered method used for agricultural properties. The EDU for parcels with this classification are calculated at:

- One EDU (1.0), for the first ten acres or any portion thereof;
- One one-hundredths of an EDU (0.01) per acre, for each additional acre up to forty (40) acres;
- Five one-thousandths of an EDU (0.005) per acre, for acreage greater than forty (40) acres.
- The minimum number of EDUs per parcel will be 1.0 EDU for this classification.

**Exempt Parcels** – Parcels of land identified by the County Assessor as public streets, avenues, lanes, roads, drives, courts, alleys, easements and rights-of-ways, public parks, churches, cemeteries, greenbelts, parkways, designated open space, public utilities and nonbuildable parcels will not be assessed. The EDU for all parcels with these classifications will be set at zero (0) EDU, and will not be assessed.

Should such parcels become available for development such as the abandonment of a drainage basin; the parcel will be subject to the full assessment as defined by this report for a similar parcel.

#### **D. Categories of Benefit**

##### **Landscaping and Open Space**

Landscape maintenance within major and secondary street rights-of-way as shown on the most current General Plan for the City, and of city property is a special benefit to parcels within the District and should be spread to parcels within Zone "A" in the City.

Localized landscape maintenance specific to subdivisions including parkways and open space within public rights-of-way or dedicated easements within Zone "B" is a special benefit to parcels in Zone "B" and should be spread to parcels within those specific subdivisions.

#### **Norton Younglove Multi-Purpose and Senior Center**

No funding from the levying of assessments is proposed to be used for operating or maintaining the Norton Younglove Multi-purpose and Senior Center for fiscal year 2013/2014.

#### **Public Lighting and Traffic Signals**

Public lighting on major and secondary streets as shown on the most current General Plan for the City is a special benefit to parcels within Zone "A" and should be spread to those parcels within Zone "A". This includes lighting at traffic signals, and traffic signal installation and maintenance

Lighting on arterial and local streets within Zone "B" Annexations is a special benefit to those parcels that front streets that are well lit and should be spread to only those parcels within Zone "B".

#### **Assessment District Incidentals**

Assessment District incidentals include the annual administration of the District, and should be spread to all parcels in the City (Zone "A").

### **E. Benefit Zones**

#### **Zone "A" - Citywide Benefit Zone**

Improvements within Zone "A" include landscaping on major and secondary streets and highways. Zone "A" also includes streetlights on major and secondary streets and highways, isolated streetlights on local streets not within a Special Benefit Zone (Zone "B") and traffic signals. Assessment District incidentals are also included in Zone "A". Parcels within the City that are included in Zone "B" are also included within Zone "A".

#### **Zone "B" - Local Benefit Zone**

Zone "B" was established for the maintenance and servicing of the developer installed landscaping and street lighting and open space improvements that provide a special benefit to only the parcels within Zone "B".

### **F. Preliminary Assessment Rates**

The following tables identify the assessment rates for the improvements as shown in Part B for fiscal year 2013/2014. These rates do take into account a contribution by the City to the District. See Assessment Roll (Appendix "B") for the assessments on individual parcels of land.

Calimesa Citywide Landscaping and Lighting Maintenance District No. 91-1  
 Combined Annual Engineer's Levy Report  
 Fiscal Year 2013/2014

The first table summarizes the parcel data for the District based upon the information obtained from the County of Riverside Assessor's Office and the calculation of EDUs using the methodology described in Section V. (C). The second table shows the calculation for determining the assessment rate to be levied per EDU based upon the proposed budget for fiscal year 2013/2014.

**SUMMARY OF PARCEL DATA**

Land Use	Number of Parcels	Acreage	Equivalent Dwelling Units
Exempt Parcels	168	1,735.86	0.00
Single Family Residential (SFR)	1,709	552.70	1,709.00
Multi-Family Residential (MFR)	76	82.95	206.00
Mobile Home Parks (MH O)	246	286.01	740.00
Commercial/Industrial Parcels (COM)	91	170.28	146.37
Vacant-Commercial/Industrial (COM Y)	67	179.33	42.44
Vacant Residential (RES Y)	664	952.62	272.26
Underdeveloped Residential (UNDERDEV RES)	38	436.61	39.30
Agricultural (AGR)	102	4250.83	69.91
<b>TOTAL</b>	<b>3,161</b>	<b>8,647.19</b>	<b>3,225.28</b>
* The Riverside County Assessor's Office does not provide complete acreage data for residential and other land use categories.			

**SUMMARY OF ASSESSMENT PER EDU**  
 Categories of Benefit

Benefit Zone	Equivalent Dwelling Units	FY 2012/2013 Proposed Budget <sup>(1)</sup>	Total Rate/EDU
Zone "A" – Citywide Benefit Zone	3,225.28	\$69,332.45	\$21.50
Zone "B" – Local Zones			
B-1 Tract 25999-1	16.00	\$0.00	\$0.00
B-2 Tract 27733	18.00	\$0.00	\$0.00
B-3 Tract 25584	9.00	\$0.00	\$0.00
B-4 Tract 25999	15.00	\$0.00	\$0.00
B-5 Tract 26925, 30386, 30386-1 & 30386-2	116.82	\$0.00	\$0.00
B-6 Tract 33396	0.79	\$0.00	\$0.00
B-7C The Shoppes at Calimesa	7.92	\$8,380.44	\$1,036.64

<sup>(1)</sup> Slight variance due to rounding

## **VI. DISTRICT BUDGET**

The Act provides that the total cost of maintenance, and servicing of the public landscaping, lighting, and open space for the entire fiscal year 2013/2014 can be recovered by the District. Incidental expenses including administration of the District, engineering fees, legal fees and all other indirect costs associated with the maintenance of the District improvements can also be included.

The Act also provides that the amount of any surplus, deficit, or contribution be included in the cost of improvements. The net amount to be assessed on the lots or parcels within the District is the total cost of installation, maintenance, and servicing with adjustments either positive or negative for reserves, surpluses, deficits, and/or contributions.

Should actual maintenance costs come in less than the current assessment rate, the City has the option to credit assessments resulting in a lower assessment.

The estimated 2013/2014 fiscal year expenditures for the District are estimated as follows:

Calimesa Citywide Landscaping and Lighting Maintenance District No. 91-1  
 Combined Annual Engineer's Levy Report  
 Fiscal Year 2013/2014

Budget Item	Total Citywide Zone (A)	Total Local Zones (B-1 through B-4)	Total Local Zone (B-5)	Total Local Zone (B-6)	Total Local Zone (B-7C)	Total District
<b>Direct Costs</b>						
Maintenance Costs: Street Lights and Landscape Planting and Maintenance within Public Rights-of-way	\$42,117	\$0	\$0	\$0	\$3,644	\$45,761
Utilities:						
Water/Sewer	4,500	0	0	0	0	4,500
Electricity	4,250	0	0	0	0	4,250
Street Lighting	32,300	0	0	0	3,700	36,000
Fuel and Oil	0	0	0	0	0	0
Other Supplies	800	0	0	0	0	800
Equipment	3,000	0	0	0	0	3,000
Repairs and Maintenance	700	0	0	0	0	700
Miscellaneous/Other Costs	950	0	0	0	0	950
<b>Direct Subtotal</b>	<b>\$88,617</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,344</b>	<b>\$95,961</b>
<b>Administration Costs</b>						
Administration Overhead	\$10,822	\$0	\$0	\$0	\$1,587	\$12,408
Consultants	7,000	0	0	0	0	7,000
County Submittal Fee	1,630	0	0	0	0	1,630
<b>Administrative Subtotal</b>	<b>\$19,452</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,587</b>	<b>\$21,038</b>
<b>TOTAL DIRECT &amp; ADMINISTRATIVE COSTS</b>	<b>\$108,069</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,930</b>	<b>\$116,999</b>
Contributions & Other Revenue <sup>(1)</sup>	(\$38,726)				(\$720)	(\$39,446)
<b>BALANCE TO LEVY</b>	<b>\$69,344</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,210</b>	<b>\$77,554</b>
<b>Fund Balance</b>						
Beginning Fund Balance 7/01/12	\$0	\$0	\$0	\$0	\$0	\$0
HOA Credit	0	0	0	0	0	0
Fiscal Year 2012/2013 Assessments	69,344	0	0	0	8,210	77,554
Contributions & Other Revenue <sup>(1)</sup>	38,726	0	0	0	720	39,446
Fiscal Year 2012/2013 Expenditures	(108,069)	0	0	0	(8,930)	(116,999)
<b>Projected Ending Fund Balance 06/30/12</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>District Statistics</b>						
Total Number of Parcels	3,161	58	296	2	5	3,161
Total Parcels Levied	2,993	0	0	0	5	2,993
Total Equivalent Dwelling Units (EDU):	3,225.28	58.00	117.17	0.81	7.92	
Proposed Levy Per EBU Fiscal Year 2012/2013	\$21.50	\$0.00	\$0.00	\$0.00	\$1,036.64	
Maximum Assessment Rate Per EDU:	\$21.50				\$1,036.64	
<b>Historical Information:</b>						
Zone A						
Levy Per EDU for FY 1994/95 through FY 2012/13	\$21.50	N/A	N/A	N/A	N/A	N/A
Zone B1 through B4						
Levy Per EDU for FY 1996/97 through FY 2012/13	N/A	\$0.00	N/A	N/A	N/A	N/A
Zone B5						
Levy Per EDU for FY 2007/08 through FY 2012/13	N/A	N/A	\$0.00	N/A	N/A	N/A
Zone B6						
Levy Per EDU for FY 2009/10 through FY 2012/13	N/A	N/A	N/A	\$0.00	N/A	N/A
Zone B7						
Levy Per EDU for FY 2011/12	N/A	N/A	N/A	N/A	\$1,015.39	N/A

*Slight variances due to rounding*

(1) The Act requires that a special fund be set up for the revenues and expenditures of the District and Zones. Funds raised by assessment shall be used only for the purpose as stated herein. A contribution to the District by the City may be made to reduce assessments, as the City Council deems appropriate. Any balance remaining on July 1, 2012 must be carried over to the next fiscal year.

**VII. CERTIFICATIONS**

**FINAL RECORDING CERTIFICATIONS, Citywide Landscaping and Lighting District  
No. 91-1 Annual Levy Report**

I, Darlene Gerdes, as City Clerk, do hereby certify that the foregoing assessments,  
together with the boundary maps attached thereto, were filed in my office on the \_\_\_\_ day of  
\_\_\_\_\_ 2013.

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Darlene Gerdes, City Clerk  
City of Calimesa  
State of California

I, Darlene Gerdes, as City Clerk, do hereby certify that the foregoing assessments,  
together with the boundary maps attached thereto, were approved and confirmed by the  
City Council of the City of Calimesa on the \_\_\_\_ day of \_\_\_\_\_ 2013.

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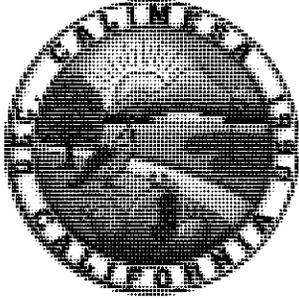
Darlene Gerdes, City Clerk  
City of Calimesa  
State of California

## **APPENDIX A — DISTRICT ASSESSMENT DIAGRAM**

Boundary Diagrams are on file with the City and by reference are made part of this Report. The details of the lots or parcels within the District shall be defined by the Riverside County Assessor's Maps established by the County for fiscal year 2013/2014. These maps in connection with the Assessment Roll in Appendix B constitute the District Assessment Diagram for fiscal year 2013/2014.

## **APPENDIX B -ASSESSMENT ROLL**

Parcel identification for each lot or parcel within the District shall be the parcel as shown on the Riverside County Secured Roll for the year in which this Report is prepared and reflective of the Assessor's Parcel Map(s) associated with the Secured Roll.



## **STAFF REPORT**

### **CITY OF CALIMESA CITY COUNCIL MEETING**

**SUBJECT:** INTERNATIONAL CONFERENCE OF SHOPPING CENTERS  
(ICSC) WESTERN DIVISION CONFERENCE UPDATE

**MEETING DATE:** August 5, 2013

**PRESENTED BY:** Randy Anstine, City Manager

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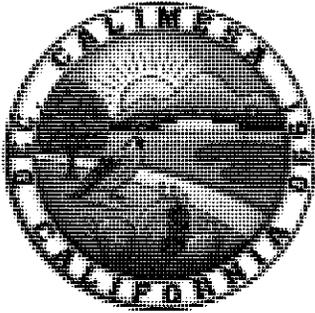
**RECOMMENDATION:** No action is requested by staff.

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**BACKGROUND:** Staff wanted to take this opportunity to update Council on staff attendance at the Annual ICSC Western Division Conference in San Diego, September 18<sup>th</sup>. I have authorized Administrative Assistant Andrews to attend the conference as our representative. She will be attending only one day. The plan for next year will be for a Platinum Pass booth, shared with the cities of Banning and Beaumont.

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**FINANCIAL IMPACT:** Funding for this conference was approved in the current fiscal year budget.



## **STAFF REPORT**

### **CITY OF CALIMESA CITY COUNCIL MEETING**

**SUBJECT:** Formation of Community Facilities District No. 2013-1 (JP Ranch) and dissolution of Community Facilities District No. 2006-3 (JP Ranch) Improvement Area 1

**MEETING DATE:** August 5, 2013

**PRESENTED BY:** Randy Anstine, City Manager

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**RECOMMENDATION:** It is recommended that the City Council:

1. Hold a Public Hearing on the (a) formation of Community Facilities District No. 2013-1 (JP Ranch) (b) levy of special taxes and, (c) issuance of special tax bonds secured by the special taxes.
2. City Council considers the adoption of the following resolutions:

Resolution No. 2013-28 A Resolution of Formation of the City of Calimesa determining the validity of prior proceedings and establishing the Community Facilities District No. 2013-1 (JP Ranch) and approving the execution and delivery of a Funding, Construction and Acquisition Agreement.

Resolution No. 2013-29 Resolution determining the necessity to incur bonded indebtedness within Community Facilities District No. 2013-1 (JP Ranch), and calling a special election.

3. Hold Election.
4. City Council adopts Resolution No. 2013-30 the Resolution canvassing the results of the election held within Community Facilities District No. 2013-1 (JP Ranch).
5. Conduct First Reading by title only of Ordinance No. 326 authorizing the levy of a services special tax and a special tax within Community Facilities District No. 2013-1 (JP Ranch).

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**SUMMARY:** Highpointe JPR 308, LLC., ("Owner") intends to develop 306 residential housing units on the property in three improvement areas. Improvement Area 1, Zone 1 are the 44 existing homes that are non-occupied, Zone 2 will include 65 residential units near the

existing homes, Improvement Area No. 2 includes 117 Units primarily located along the northwest portion of the development along Singleton Road, and Improvement Area No. 3 is on the western side of the development and includes the 80 remaining lots of Tract 26925. It is proposed that the two homes owned by homeowners be exempted from CFD 2013-1. On January 16, 2007 the City Council formed CFD No. 2006-3 on this property. However, due to the property sale and changes in the housing market subsequent to the formation of CFD No. 2006-3, Highpointe JPR 308, LLC has requested the formation of CFD No. 2013-1 to reduce the special taxes and the dissolution of Improvement Area No. 1 of CFD No. 2006-3 which will be replaced by CFD No. 2013-1, if approved.

Community Facilities Districts ("CFD(s)") are a form of financing that can be used by cities, counties, school districts, and special districts. CFDs raise money through special taxes that must be approved by 2/3 of the voters within the CFD. Most often, CFDs are formed by the landowner prior to subdivision. A CFD can be formed to finance a wide list of improvements, which include roads, water facilities, sewers and schools. They also used to finance ongoing maintenance services such as landscaping, streets, lighting and drainage facilities. The taxes are secured by a continuing lien and are levied against property within the district on an annual basis. The revenue stream is used to pay debt service on bonds, or to finance facilities on a pay-as-you-go basis, or a combination thereof. It is anticipated that the City will issue bonds to fund the facilities and fees financed by the CFD. Services will be funded by the annual special tax for services.

On June 3, 2013 the City Council declared its intention to form Community Facilities District No. 2013-1 (JP Ranch) ("CFD No. 2013-1") for the purpose of financing certain facilities and fees and to maintain certain facilities required of the Development.

The Owner is proposing to finance City facilities including but not limited to street and storm drain improvements, City capital impact fees, and related costs including designs, inspections, professional fees, connection fees and acquisition costs.

The approval of the Resolution of Intention set the public hearing for August 5, 2013. Koppel & Gruber Public Finance has prepared a Report relating to the CFD, its authorized uses and expected costs. This report further defines the facilities and fees that will be authorized for financing through the issuance of bonds and the services that are authorized to be maintained by the CFD.

Provided there is no majority protest at the public hearing, the City Council may adopt the resolution forming the CFD. Waivers regarding election timelines from the property owners have been received, so an election can be held August 5, 2013 to authorize (a) the levy of the special taxes, and (b) an appropriations limit for the CFD. Should the propositions for the CFD pass with a two-thirds vote from the qualified voters (the landowners) within the CFD, the City Council may have the first reading of an Ordinance levying the special tax.

Once CFD 2013-1 is formed it is the intent to issue bonds secured by special taxes within CFD 2013-1 when market conditions allow. The financing meets or will meet all City goals and policies, if adopted with this action, with respect to financing public improvements in connection with land development. The "not to exceed" bond amount for the District has been approved by the City Financial Advisor as \$3,000,000 with respect to Improvement

Area No. 1, \$5,000,000 with respect to Improvement Area No. 2, and \$4,000,000 with respect to Improvement Area No. 3. The facilities and fees of public agencies proposed to be financed, the services proposed to be financed and the rate and method of apportionment of the special tax proposed to be levied following an election as well as the proposed boundaries of the CFD are described on the exhibits to the resolution of intention to form the District.

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**FISCAL IMPACT:** None. Funds provided by developer deposit and bond proceeds.

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**ATTACHMENTS:**

Attachment A: Resolution No. 2013-28  
Attachment B: Resolution No. 2013-29  
Attachment C: Resolution No. 2013-30  
Attachment D: Ordinance No. 326

**ATTACHMENT 14A**  
**RESOLUTION 2013-28**

**RESOLUTION NO. 2013-28**

**RESOLUTION OF FORMATION OF THE CITY COUNCIL OF THE CITY OF CALIMESA DETERMINING THE VALIDITY OF PRIOR PROCEEDINGS AND ESTABLISHING CITY OF CALIMESA COMMUNITY FACILITIES DISTRICT NO. 2013-1 (JP RANCH) AND APPROVING THE EXECUTION AND DELIVERY OF A FUNDING, CONSTRUCTION AND ACQUISITION AGREEMENT**

**WHEREAS**, the City Council (the “Council”) of the City of Calimesa (the “City”) has heretofore adopted Resolution No. 2013-21 (“Resolution of Intention”) stating its intention to form City of Calimesa Community Facilities District No. 2013-1 (JP Ranch) (the “CFD”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, commencing with Section 53311 of the California Government Code (the “Act”), and designating portions of the CFD as Improvement Area No. 1, Improvement Area No. 2 and Improvement Area No. 3; and

**WHEREAS**, a copy of the Resolution of Intention is on file with the City Clerk and incorporated herein by reference; and

**WHEREAS**, pursuant to the Act and in accordance with applicable laws, this Council held a public hearing on the formation of the CFD and the incurring of bonded indebtedness with respect to the CFD; and

**WHEREAS**, at said hearing all persons not exempt from the Services Special Tax and the Special Tax desiring to be heard on all matters pertaining to the formation of the CFD were heard and a full and fair hearing was held; and

**WHEREAS**, at said hearing evidence was presented to the Council on said matters before it, and this Council at the conclusion of said hearing is fully advised in the premises.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CALIMESA DOES HEREBY RESOLVE AS FOLLOWS:**

**Section 1.** Pursuant to Section 53325.1(b) of the Government Code, the Council finds and determines that the proceedings prior hereto were valid and in conformity with the requirements of the Act.

**Section 2.** A community facilities district to be designated “City of Calimesa Community Facilities District No. 2013-1 (JP Ranch)” is hereby established pursuant to the Act.

**Section 3.** The description and map of the boundaries of the CFD on file in the Clerk’s office and as described in the Resolution of Intention and incorporated herein by reference, as subsequently corrected to cure an error in the legend of the boundary map, shall be the boundaries of the CFD. The map of the proposed boundaries of the CFD has been recorded in the Office of the County Recorder of Riverside County, California (Book 76 of Maps of Assessment and Community Facilities District at pages 34-35 and as Instrument No. 2013-0342579).

**Section 4.** Except where funds are otherwise available, it is the intention of the Council to levy annually in accordance with procedures contained in the Act a special tax (the “Services Special Tax”) sufficient to finance a portion of the cost of providing landscaping, lighting, streets, storm drain and detention basin maintenance services (the “Services”) that are in addition to those provided in the territory within the CFD prior to the formation of the CFD and do not supplant services already available within the territory proposed to be included in the CFD, the costs of administering the levy and collection of the Services Special Tax and all other costs of the levy of the Services Special Tax, including any legal, fiscal, and financial consultant fees, election costs, and all other administrative costs of the tax levy. The Services Special Tax will be secured by recordation of a continuing lien against all non-exempt real property in the respective improvement areas of the CFD. The schedule of the rate and method of apportionment and manner of collection of the Services Special Tax is described in detail in Exhibit A attached hereto and by this reference incorporated herein. The Services are more fully described in the report presented to this Council at the public hearing (the “Report”). The Services Special Tax is apportioned to each parcel on the foregoing basis pursuant to Section 53325.3 of the Act.

**Section 5.** The facilities proposed to be financed by each improvement area of the CFD are public infrastructure facilities and other governmental facilities with an estimated useful life of five years or longer, which the CFD is authorized by law to construct, own or operate and that are necessary to meet increased demands placed upon the City as a result of development or rehabilitation occurring within the proposed CFD, including but not limited to street and storm drain improvements, City capital impact fees, and related costs including designs, inspections, professional fees, connection fees and acquisition costs (the “Facilities”). Such Facilities need not be physically located within the CFD.

**Section 6.** Except where funds are otherwise available, it is the intention of the Council to levy annually in accordance with procedures contained in the Act a special tax (the “Special Tax”) within the CFD sufficient to pay for the costs of financing the acquisition and/or construction of the Facilities, including the principal of and interest on the bonds proposed to be issued to finance the Facilities and other periodic costs, the establishment and replenishment of reserve funds, the remarketing, credit enhancement and liquidity fees, the costs of administering the levy and collection of the Special Tax and all other costs of the levy of the Special Tax and issuance of the bonds, including any foreclosure proceedings, architectural, engineering, inspection, legal, fiscal, and financial consultant fees, discount fees, interest on bonds due and payable prior to the expiration of one year from the date of completion of facilities (but not to exceed two years), election costs and all costs of issuance of the bonds, including, but not limited to, fees for bond counsel, disclosure counsel, financing consultants and printing costs, and all other administrative costs of the tax levy and bond issue. The Special Tax will be secured by recordation of a continuing lien against all non-exempt real property in the CFD. In the first year in which such a Special Tax is levied, the levy shall include a sum sufficient to repay to the City all amounts, if any, transferred to the CFD pursuant to Section 53314 of the Act and interest thereon. The schedule of the rate and method of apportionment and manner of collection of the Special Tax is described in detail in Exhibit A attached hereto and by this reference incorporated herein. The Special Tax is based upon the cost of financing the Facilities in the CFD, the demand that each parcel will place on the Facilities and the benefit (direct and/or indirect) received by each parcel from the Facilities.

The Special Tax is apportioned to each parcel on the foregoing basis pursuant to Section 53325.3 of the Act. In the event that a portion of the property within the CFD shall become for any reason exempt, wholly or partially, from the levy of the Special Tax, the Council shall, on behalf of the CFD, increase the levy to the extent necessary upon the remaining property within the CFD which is not delinquent or exempt in order to yield the required payments, subject to the maximum tax. Under no circumstances, however, shall the Special Tax levied in any fiscal year against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within the CFD by more than 10 percent above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. Furthermore, the maximum Special Tax authorized to be levied against any parcel used for private residential purposes shall not be increased over time in excess of 2 percent per year. The Facilities are more fully described in the Report.

**Section 7.** Upon recordation of a Notice of Special Tax Lien pursuant to Section 3114.5 of the Streets and Highways Code, a continuing lien to secure each levy of the Services Special Tax and the Special Tax shall attach to all non-exempt real property in the CFD, and the lien with respect to the Special Tax shall continue in force and effect until the Special Tax obligation is prepaid or otherwise permanently satisfied and the lien canceled in accordance with law, and the lien with respect to the Services Special Tax and the Special Tax shall continue in force and effect until collection of the Services Special Tax and the Special Tax by the CFD ceases.

**Section 8.** Neither the proposed Services Special Tax nor the Special Tax to be levied in the CFD has been precluded by protests by owners of one-half or more of the land in the territory included in the respective improvement areas of the CFD pursuant to Government Code Section 53324.

**Section 9.** The Report is ordered to be kept on file with the minutes of these proceedings and open for public inspection.

**Section 10.** Pursuant to and in compliance with the provisions of Government Code Section 50075.1, the Council hereby establishes the following accountability measures pertaining to the levy by the CFD of the Services Special Tax and the Special Tax:

(a) Such Services Special Tax and the Special Tax shall be levied for the specific purposes set forth herein.

(b) The proceeds of the levy of such Services Special Tax and the Special Tax shall be applied only to the specific purposes set forth herein.

(c) The CFD shall establish an account or accounts into which the proceeds of such Services Special Tax and the Special Tax shall be deposited.

(d) The City Manager, or his or here designee, acting for and on behalf of the CFD, shall annually file a report with the Council as required pursuant to Government Code Section 50075.3.

**Section 11.** The City Manager, 908 Park Avenue, Calimesa, California 92320, (909) 795-9801, or his designee, is designated to be responsible for preparing or causing to be prepared annually a current roll of Services Special Tax and the Special Tax levy obligations by assessor's parcel number and for estimating future Services Special Tax and the Special Tax levies pursuant to Section 53340.1 of the Government Code.

**Section 12.** The voting procedure with respect to the imposition of the Services Special Tax and the Special Tax, incurring bonded indebtedness and establishing an appropriations limit of the CFD shall be by hand delivered ballot election.

**Section 13.** The City hereby approves the Funding, Construction and Acquisition Agreement, substantially in the form submitted to the City Clerk, with such revisions, amendments and completions as shall be approved by the Mayor, the City Manager, the Finance Director or any member of the City Council or any designee of any of them, with the advice of counsel to the City, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 14.** The City Clerk is directed to certify and attest to this Resolution and to take any and all necessary acts to call, hold, canvass and certify an election or elections on the incurring bonded indebtedness, the levy of the Services Special Tax and the Special Tax, and the establishment of the appropriation limit.

**Section 15.** This Resolution shall take effect from and after the date of its passage and adoption.

**PASSED, APPROVED AND ADOPTED** this 5<sup>th</sup> day of August, 2013.

\_\_\_\_\_  
WILLIAM DAVIS, MAYOR

**ATTEST:**

\_\_\_\_\_  
DARLENE GERDES, CITY CLERK

**APPROVED AS TO FORM:**

\_\_\_\_\_  
KEVIN ENNIS, CITY ATTORNEY

**EXHIBIT A**

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX  
(IMPROVEMENT AREA NO. 1)  
(IMPROVEMENT AREA NO. 2)  
(IMPROVEMENT AREA NO. 3)**

## **FUNDING, CONSTRUCTION AND ACQUISITION AGREEMENT**

THIS FUNDING, CONSTRUCTION AND ACQUISITION AGREEMENT, dated as of August 5, 2013 (this "Agreement"), is by and between the City of Calimesa, California (the "City"), acting on behalf of City of Calimesa Community Facilities District No. 2013-1 (JP Ranch) (the "District"), and Highpointe JPR 308, LLC, a California limited liability company (the "Owner").

### **RECITALS**

**WHEREAS**, the City has undertaken proceedings to form the City of Calimesa Community Facilities District No. 2013-1 (JP Ranch) (the "District"), authorize the levy of special taxes within the District, and authorize the issuance of Bonds secured by such special taxes levied by the District pursuant to The Mello-Roos Community Facilities Act of 1982 (the "Act") to fund the acquisition and construction of the Public Facilities (as defined below) and related costs and the payment of Fees (as defined below). The City will use the proceeds of the Bonds to, among other things, finance the payment of Fees and the Purchase Price of the Public Facilities.

**WHEREAS**, the Public Facilities are within the vicinity of or of benefit to the City, and the City and the Owner will benefit from a coordinated plan of financing, designing, engineering and construction of the Public Facilities.

**WHEREAS**, the Owner and the City wish to finance the Fees and the acquisition and construction of the Public Facilities and the payment therefor by entering into this Agreement for the financing of Fees and the acquisition of the Public Facilities and payment for Discrete Components thereof as shown in Exhibit A hereto (as it may be amended and supplemented) with funds in the Acquisition and Construction Fund.

**WHEREAS**, the City and the other Receiving Agencies have determined that they will obtain no advantage from undertaking the construction of the Public Facilities, and that the provisions of this Agreement require that the Public Facilities constructed by the Owner and completed after formation of the District be constructed as if they had been constructed under the direction and supervision of the Receiving Agency. Notwithstanding the foregoing, upon mutual agreement of the City, the Owner and the Receiving Agency, the City or its designee or Receiving Agency or its designee may construct any of the Public Facilities, financed in whole or in part with funds in the Acquisition and Construction Fund as set forth in Section 3.7 below.

**WHEREAS**, in consideration of the mutual promises and covenants set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the Owner agree that the foregoing recitals, as applicable to each, are true and correct and further make the agreements set forth herein.

**NOW, THEREFORE**, for and in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

## ARTICLE I

### DEFINITIONS

**Section 1.1 Definitions.** The following terms shall have the meanings ascribed to them in this Section 1.1 for purposes of this Agreement. Unless otherwise indicated, any other terms, capitalized or not, when used herein shall have the meanings ascribed to them in the Fiscal Agent Agreement (as hereinafter defined).

“Acceptance Date” means the date the City approves a Payment Request.

“Acceptable Title” means title to land or interest therein, in form acceptable to the Receiving Agency, free and clear of all liens, taxes, assessments, leases, easements and encumbrances, whether or not recorded, other than exceptions that do not materially interfere with the actual or intended use of the land or interest therein or as shall have otherwise been approved by the Receiving Agency.

“Acquisition and Construction Fund” means the Acquisition and Construction Fund, and any accounts established therein, established by a Fiscal Agent Agreement relating to the issuance of a series of the Bonds, from which the Purchase Price of the Public Facilities or Discrete Component thereof and Fees shall be paid and from which Actual Costs of the Public Facilities or discrete Component thereof may be financed in accordance with the Construction Election.

“Act” means The Mello-Roos Community Facilities Act of 1982, being Chapter 2.5 of Part 1 of Division 2 of Title 5 (commencing with Section 53311) of the California Government Code.

“Actual Cost” means the cost of a Public Facility or a Discrete Component, which cost may include: (i) the actual hard costs for the construction of such Public Facility or Discrete Component, including labor, materials and equipment costs, (ii) the costs incurred in preparing the Plans for such Public Facility or Discrete Component and the related costs of environmental evaluations of the Public Facility or Discrete Component, (iii) the fees paid to governmental agencies for, and other costs incurred in connection with, obtaining permits, licenses or other governmental approvals for such Public Facility or Discrete Component, (iv) professional costs associated with such Public Facility or Discrete Component, such as engineering, legal, accounting, inspection, construction staking, materials testing and similar professional services; (v) costs directly related to the construction and/or acquisition of a Public Facility or Discrete Component, such as costs of payment, performance and/or maintenance bonds, and insurance costs (including costs of any title insurance required hereunder); (vi) costs of construction management and supervision equal to five percent (5%) of the amount set forth in (i) above for a Public Facility or Discrete Component; and (vii) the value of any real property or interests therein (“Real Estate”) that (1) are required for the development of any Public Facility such as temporary construction easements, haul roads, etc., or (2) are required to be conveyed with the Public Facility, in an amount equal to the actual cost of the Real Estate purchased from an independent third party. Actual Cost shall not include any internal or overhead costs of the

Owner other than the amount for construction management and supervision set forth in clause (vi) above.

“Affiliate” means any entity owned, controlled or under common ownership or control by or with, as applicable, the Owner and includes all general partners of any entity which is a partnership. Control shall mean ownership of more than fifty percent (50%) of the voting power of or ownership interest in the respective entity.

“Agreement” means this Funding, Construction and Acquisition Agreement, together with any Supplement hereto.

“Bonds” means the bonds, notes or other indebtedness of the District issued to generate proceeds for the Acquisition and Construction Fund.

“City” means the City of Calimesa, California.

“City Facilities” mean one or more of the Public Facilities or Discrete Components thereof described in Exhibit A hereto, as it may be amended or supplemented, to be owned, operated and maintained by the City which are eligible to be financed out of the Acquisition and Construction Fund.

“Construction Election” shall have the meaning set forth in Section 3.7 below.

“County” means the County of Riverside, California.

“Director” means the Director of Public Works of the City, or the written designee of such officer acting as such under this Agreement.

“Discrete Component” means (i) a component of a Public Facility that the City and the Receiving Agencies have agreed can be separately identified, inspected and completed, and can be the subject of a Payment Request hereunder, and (ii) categories of costs relating to each Public Facility as generally described in Exhibit A hereto; provided in no event shall any payment be made for any Discrete Component unless such Discrete Component, as determined by the Director in its sole discretion, (i) has been completed in accordance with the Plans therefor and (ii) is functional and capable of serviceable use for its intended purpose.

“District” means City of Calimesa Community Facilities District No. 2013-1 (JP Ranch), a community facilities district organized and existing under the laws of the State of California.

“District Representative” means the City Manager of the City, or the written designee of such officer.

“Fees” means development impact fees, environmental mitigation fees or other capital improvement fees or charges imposed or collected by the City relating to the Project.

“Final Discrete Component” means the final Discrete Component of a Public Facility, the completion of which renders the Public Facility complete in accordance with the approved Plans by the City or other Receiving Agency.

“Fiscal Agent” means the fiscal agent identified in a Fiscal Agent Agreement, or any successor thereto acting as fiscal agent under the Fiscal Agent Agreement.

“Fiscal Agent Agreement” means a fiscal agent agreement between the City and the Fiscal Agent, providing for, among other matters, the issuance of the Bonds and the establishment of an Acquisition and Construction Fund, as it may be amended or supplemented from time to time.

“Improvement Agreement” shall have the meaning set forth in Section 2.3 below.

“Owner” means Highpointe JPR 308, LLC, a California limited liability company, and its successors and assigns.

“Party” means either the City or the Owner; “Parties” mean the Owner and the City.

“Payment Request” means a document, substantially in the form of Exhibit B-1 hereto, to be used in requesting a payment of a Purchase Price, and a document, substantially in the form of Exhibit B-2 hereto, to be used in requesting payment of Fees.

“Plans” means the plans, specifications, schedules and related construction contracts for the Public Facilities and/or any Discrete Components thereof approved pursuant to applicable standards of the applicable Receiving Agency, inclusive of all change orders, if any. As of the date of this Agreement, the City standards for construction are the Greenbook Standard Specifications for Public Works Construction and the Riverside County Design Standards and Guidelines, as amended or modified from time to time.

“Project” means the development within the District commonly known as “JP Ranch.”

“Public Facility” or “Public Facilities” means one or more of the public facilities described in Exhibit A hereto, as it may be amended or supplemented, which are to be owned, operated, and maintained by any Receiving Agency and are eligible to be financed out of the Acquisition and Construction Fund.

“Purchase Price” means the amount paid by the District for a Public Facility and/or any Discrete Components thereof in an amount equal to the lesser of the Actual Cost or the value of such Public Facility or Discrete Component, as determined in accordance with Section 4.4 below.

“Rate and Method” means the rate and method of apportionment of special taxes approved for the District.

“Receiving Agency” means, as applicable, the City or other governmental entity that will own, operate and maintain a Public Facility when completed and acquired, or that receives Fees.

“Risk Manager” shall mean the person acting in the capacity of Risk Manager for the City.

“Supplement” means a written document amending, supplementing or otherwise modifying this Agreement and any exhibit hereto, including any amendments to the list of Public Facilities and Discrete Components in Exhibit A, and/or the addition to Exhibit A of additional Public Facilities (and Discrete Components) to be financed with the proceeds of the Bonds deposited in the Acquisition and Construction Fund.

## ARTICLE II

### FUNDING

**Section 2.1 Proceedings.** The City shall conduct all necessary proceedings under the Act for the issuance, sale and delivery of each series of Bonds. Bonds may not be issued unless and until the City receives an executed notice from the Owner requesting such issuance. Upon the City’s receipt of such issuance notice, the Owner and the City staff will meet regarding the amount, timing and other material aspects of each series of the Bonds, but the legal proceedings and the series, principal amounts, rates, terms and conditions and timing of the sale of the Bonds shall in all respects be solely determined by the City Council of the City, acting as the governing body of the District. Subject to the foregoing discretion of the governing body of the District, the District may issue one or more series of Bonds with a term of not less than 30 years in coordination with the Owner’s timing of development within the District and subject to sound municipal finance practices and then current industry standards. Upon the City Manager’s request, the Owner shall deposit funds with the City to pay for reasonable costs to be incurred by the City related to the issuance of such Bonds including, without limitation, appraisal, market absorption study, special tax consultant, bond and issuer’s counsel, and city attorney and staff costs. Any funds deposited by the Owner and expended by the City shall be subject to reimbursement solely out of the proceeds of the applicable Bonds. Any unexpended funds deposited by the Owner with the City pursuant to this Section 2.1 and remaining on deposit with the City following the issuance of the applicable series of Bonds or the abandonment of efforts to issue such Bonds shall be returned to the Owner.

**Section 2.2 Bond Proceeds and Special Taxes.** The City shall not be obligated to pay Fees and the Purchase Price of any Public Facility or any Discrete Components thereof, except from amounts on deposit in the Acquisition and Construction Fund(s). The City makes no warranty, express or implied, that the proceeds of the Bonds deposited and held in the Acquisition and Construction Fund, and any investment earnings thereon, will be sufficient to pay the Purchase Price of all of the Public Facilities and Fees. To the extent allowed under the Rate and Method, the City agrees that special taxes shall be levied on property in the District to pay directly for Public Facilities, or any Discrete Components thereof, and Fees if Bonds have not previously been issued secured by such special taxes. Such special taxes levied and collected by the City and any prepayment of special taxes collected prior to the issuance of Bonds shall be held by the City and disbursed to pay the Purchase Price of Public Facilities, or any Discrete Component thereof, and Fees and, upon the issuance of Bonds, such special taxes still held by the City shall be deposited in the Acquisition and Construction Fund.

**Section 2.3 Proceeds.** The proceeds of each series of Bonds shall be deposited, held, invested, reinvested and disbursed as provided in the Fiscal Agent Agreement. A portion of the proceeds of the Bonds will be set aside in the Acquisition and Construction Fund. Moneys in the

Acquisition and Construction Fund shall be deposited, held, invested, reinvested and disbursed therefrom in accordance with the provisions of the Fiscal Agent Agreement and the applicable provisions hereof for payment of all or a portion of the Purchase Price of the Public Facilities and Fees (including payment of the Purchase Price of Discrete Components thereof), all as herein provided.

Unless otherwise requested in writing by the Owner prior to issuance of each series of Bonds, earnings on amounts in the Acquisition and Construction Fund shall be retained therein and shall be available to pay the Purchase Price of Public Facilities and Fees until either (i) all Public Facilities and Fees have been financed, as evidenced by a certificate provided by the Owner, or (ii) the Owner provides a certificate to the District indicating that the funds on deposit in the Acquisition and Construction Fund are sufficient to finance the remaining Public Facilities and Fees for which the Owner expects to submit a Payment Request, at which time any earnings shall be transferred to pay debt service on the Bonds. Earnings on amounts in the reserve fund(s) created under the Fiscal Agent Agreement, shall be deposited as set forth in the Fiscal Agent Agreement.

The Owner acknowledges that any lack of availability of amounts in the Acquisition and Construction Fund to pay the Purchase Price of the Public Facilities, or any Discrete Components thereof, and Fees shall in no way diminish any obligation of the Owner with respect to the construction of or contributions for public facilities and mitigation measures required in connection with the Project by any development or other agreement to which the Owner is a party, or any governmental approval to which the Owner is subject (collectively, the "Improvement Agreements").

The Owner may provide a written notice to District indicating that it shall not request the issuance of Bonds. Upon receipt of such notice and the Owner's advance of the City's costs of preparing and recording a notice of cancellation of special taxes and extinguishment of lien ("Notice of Cancellation") with respect to all property within the District, the City shall record the Notice of Cancellation terminating the authority to levy special taxes in the District pursuant to the Rate and Method.

**Section 2.4 Continuing Disclosure Agreement.** The Owner agrees to provide to the City, and to require each transferee or assignee to provide to the City all information regarding the development within the District, including the financing plan for such development, which is necessary to ensure that the City complies with its continuing disclosure obligations under the Fiscal Agent Agreement and all other applicable federal and state securities laws.

### ARTICLE III

#### CONSTRUCTION OF PUBLIC FACILITIES

**Section 3.1 Plans.** To the extent and at the time required by the Improvement Agreements, the Owner shall cause Plans to be prepared for the Public Facilities. The Owner shall obtain the written approval of the Plans in accordance with applicable ordinances and regulations of the applicable Receiving Agencies.

**Section 3.2 Construction.** This Agreement shall not expand, limit or otherwise affect any obligation of the Owner under any Improvement Agreements. All Public Facilities shall be constructed in accordance with the Improvement Agreements and the approved Plans.

**Section 3.3 Relationship to Public Works.** This Agreement is for the acquisition of and payment for the Public Facilities and Discrete Components thereof by the Receiving Agency from moneys in the Acquisition and Construction Fund and is not intended to be a public works contract. The City and the Owner agree that the Owner shall award all contracts for the construction of the Public Facilities and the Discrete Components thereof to be constructed by the Owner, and that this Agreement is necessary to assure the timely and satisfactory completion of such Public Facilities and the Discrete Components thereof.

From time to time at the request of the District, the District Representative or the Owner, the Owner and the Director and/or the District Representative, as applicable, shall meet and confer regarding matters arising hereunder with respect to the Public Facilities, Discrete Components and the progress in constructing and acquiring the same, and as to any other matter related to the Public Facilities or this Agreement.

**Section 3.4 Labor Code Provisions.** Pursuant to Section 1781 of the Labor Code, the City and the District hereby state, and the Owner hereby acknowledges, that the construction of the Public Facilities by the Owner, which will be paid in part out of public funds, is “public work” (as defined in Section 1720 of the Labor Code) to which Section 1771 of the Labor Code applies, and the Owner hereby agrees that it shall cause the construction of the Public Facilities to be performed as “public work” as required by Section 1781 of the Labor Code. Without limiting the foregoing, the Owner agrees to comply with the provisions of Sections 1720 et seq. of the Labor Code with respect to prevailing wages. In addition, the Owner represents and warrants that with respect to any and all contracts awarded prior to the date of this Agreement for any Public Facility, the Owner has complied with any applicable law or regulation for the payment of prevailing wages, including without limitation the provisions of Sections 1720 et seq. of the Labor Code with respect to prevailing wages.

**Section 3.5 Contractor.** In performing this Agreement, the Owner is an independent contractor and not an agent or employee of the City. Except from proceeds of Bonds and/or special taxes as provided in this Agreement, the City shall not be responsible for making any payments to any contractor, subcontractor, agent, consultant, employee or supplier of the Owner.

**Section 3.6 Contracts and Change Orders.** The Owner shall be responsible for entering into all contracts and any supplemental agreements (commonly referred to as “change orders”) required for the construction of the Public Facilities, or any Discrete Components thereof, to be constructed by the Owner, and all such contracts and supplemental agreements shall be submitted to the Director for approval as set forth below. The Owner shall be required to show evidence that the Owner solicited, by public and published request for bids in a manner consistent with Article 4 of Chapter 1 of Part 3 of Division 2 of the California Public Contract Code relating to cities, or caused to be solicited, at least three (3) bids for the construction of each City Facility for which the Owner submits a Payment Request and that the contract for the construction of each such City Facility was awarded to the lowest responsible and responsive

bidder for such City Facility. In addition, bidding, contracts and change orders with respect to City Facilities shall comply with the requirements set forth in Exhibit "D" of this Agreement.

Except for a contract for any Public Facility or Discrete Component thereof that pursuant to Section 53313.5 of the Act, was completed (as determined by and at the sole discretion of the Director) before the City Council's adoption on August 5, 2013 of Resolution No. 2013-\_\_\_\_ to establish the District, the Owner represents and warrants that all contracts for Public Facilities for which the Owner submits a Payment Request were entered into pursuant to a public bid process consistent with the public bid process applicable to public projects or public works of the Receiving Agency, and in the case of City Facilities, consistent with Exhibit "D" of this Agreement and Article 4 of Chapter 1 of Part 3 of Division 2 of the California Public Contract Code. For the purposes of this Agreement, in the event of a conflict between Exhibit "D" and the California Public Contract Code, the provisions of the California Public Contract Code, applied to the Owner as if it were the City, shall govern.

Prior approval of supplemental agreements by the Director shall be required for any and all change orders, and as to any change orders entered into prior to the date of this Agreement, the Owner represents and warrants it has obtained the prior approval of the Director. The City expects that such contracts and supplemental agreements (i.e., change orders) will be approved or denied by the Director (any such denial to be in writing, stating the reasons for denial and the actions, if any, that can be taken to obtain later approval) (i) if the amount involved is less than \$10,000 (Ten Thousand Dollars), within ten (10) business days of receipt by the Director thereof, and (ii) if the amount involved is \$10,000 (Ten Thousand Dollars) or greater, within thirty (30) business days of receipt by the Director thereof.

**Section 3.7 Construction Election.** The Owner and the City, or the Owner and a Receiving Agency, may mutually elect (the "Construction Election") to cause any or all of the applicable Public Facilities or a Discrete Component thereof to be constructed by the City or Receiving Agency, if applicable, and financed out of the Acquisition and Construction Fund in accordance with the terms and conditions described in this Section 3.7 and the Improvement Agreements and subject to the availability of sufficient funds, including the proceeds of the Bonds.

If the Owner and the City, or the Owner and a Receiving Agency, make the Construction Election with respect to a Public Facility, or any Discrete Component thereof, the Owner shall transfer Acceptable Title to the land or right-of-ways then owned by the Owner on and over such real property on which the Public Facility, or Discrete Component thereof, is to be constructed.

Upon completion of a City Facility or Discrete Component thereof for which a Construction Election has been made, payment shall be made pursuant to Article IV below for the Purchase Price thereof incurred by the Owner prior to the Construction Election.

**Section 3.8 Performance and Payment Bonds.** The Owner agrees to comply with all performance and payment bonding requirements of the City and other Receiving Agencies with respect to the construction of the Public Facilities and any Discrete Component thereof. As to the City, the Owner shall provide payment bonds and performance bonds, which bonds shall meet the following requirements:

A. Payment Bonds. Each payment bond shall be in conformity with the requirements of the Civil Code, Sections 3247 and 3248, and substantially in the form as set forth in Exhibit E, and shall be provided to the City and the District prior to commencement of construction under the corresponding construction contract. Provided that (a) fifteen (15) days have passed after the later of (i) the expiration of the applicable statutory period in which any person may bring suit against the surety(ies) on a payment bond as set forth in Sections 3239 or 3249 of the Civil Code or (ii) the expiration of the applicable statutory period in which any person may record a lien pursuant to Sections 3115 or 3116 of the Civil Code and (b) no such suit or lien has been filed at such time, at the Owner's written request submitted to the Risk Manager, the City shall provide the Owner with a letter confirming that the City no longer requires the applicable payment bond to be maintained in full force and effect.

In the event a contractor to whom the Owner awards a contract for the construction of a Public Facility or Discrete Component thereof provides a payment bond meeting the requirements hereof, such contractor's payment bond shall be deemed as the provision by the Owner of a payment bond hereunder.

B. Performance Bonds. To satisfy the Owner's obligations as to performance bonds under this Section 3.8, prior to the commencement of construction on a Public Facility, the Owner shall require any contractor to whom a contract is awarded for the construction of such Facility (or each Discrete Component thereof that is separately bid) to provide a performance bond for the benefit of the City and the District, in substantially the form attached hereto as Exhibit F, securing such contractor's obligations under such contract. Any performance bond provided hereunder shall be in form and substance satisfactory to the Director and, if applicable, meet the requirements of the Government Code Sections 66499 through 66499.10 of the Subdivision Map Act.

**Section 3.9 Notice of Completion and Lien Releases.** Upon completion of the construction of a Public Facility, the Owner shall notify the Director in writing of such completion and shall prepare and execute a Notice of Completion for such Public Facility in the form prescribed by Section 3093 of the California Civil Code (including without limitation, execution by the Owner as an owner, and recital of the name and address of the City as an owner of an interest as a vendee under a contract of purchase), and in a form acceptable to the Director, and shall record such notice in the Official Records of the County of Riverside. The Owner shall cause its contractors to provide unconditional lien releases for such Public Facility or all Discrete Components in accordance with Section 3262 of the Civil Code.

## ARTICLE IV

### ACQUISITION AND PAYMENT

**Section 4.1 Inspection.** No payment hereunder shall be made by the City to the Owner for a Public Facility or Discrete Component thereof until the Public Facility or Discrete Component thereof, if applicable, has been inspected by the City or the other applicable Receiving Agency that will be acquiring the same. Unless otherwise provided in a Supplement, the City shall make or cause to be made regular on-going site inspections of the City Facilities to be acquired hereunder. For Public Facilities or Discrete Components to be acquired by other

Receiving Agencies, the Owner shall be responsible for obtaining such inspections and providing written evidence thereof to the Director.

**Section 4.2 Agreement to Sell and Purchase Public Facilities.** The Owner hereby agrees to sell to the City, and the City hereby agrees to purchase from the Owner, the Public Facilities, including the Discrete Components thereof, constructed by the Owner for their respective Purchase Prices, subject to the terms and conditions hereof. The City shall not be obligated to purchase any Public Facility until the Public Facility is completed and the acceptance by the Receiving Agency for such Public Facility has occurred; provided that the City has agreed hereunder to make payments to the Owner for Discrete Components of Public Facilities, except the Final Discrete Component of any such Public Facility, prior to the completion of such Public Facilities. The Owner acknowledges that the Discrete Components have been identified for payment purposes only, and that the City shall not accept a City Facility of which a Discrete Component is a part until the entire City Facility has been completed. The City acknowledges that the Discrete Components do not have to be accepted by the applicable Receiving Agency as a condition precedent to the payment of the Purchase Price therefor, but any such payment shall not be made until the Discrete Component has been completed in accordance with the Plans therefor, and such completion is acknowledged in writing by the Receiving Agency.

**Section 4.3 Requests.** In order to receive the Purchase Price for a completed Public Facility or Discrete Component, inspection thereof under Section 4.1, if applicable, shall have been made and the Owner shall deliver to the District Representative and the Director: (i) a Payment Request in the form of Exhibit B-1 hereto for such Public Facility or Discrete Component, and (ii) if payment is requested for a completed Public Facility or Final Discrete Component of any Public Facility, (a) if the property on which the Public Facility is located is not owned by the Receiving Agency at the time of the request, a copy of the recorded documents conveying to the Receiving Agency Acceptable Title to the real property on, in or over which such Public Facility is located, as described in Section 5.1 hereof, (b) a copy of the recorded notice of completion of such Public Facility (meeting the requirements of Section 3.9), (c) an assignment of the warranties and guaranties for such Public Facility, as described in Section 5.5 hereof, in a form acceptable to the City, and (d) to the extent paid for with the proceeds of the Bonds, an assignment to the District of any reimbursements that may be payable with respect to the Public Facility, such as public or private utility reimbursements.

**Section 4.4 Determination of Value for a Public Facility.** The value of a Public Facility shall be equal to the Actual Cost of construction of such Public Facility, less such portion of such cost of construction which the Director has, in his or her reasonable professional opinion, determined would not have been incurred had such Public Facility been constructed pursuant to a public works contract awarded by the City. As a non-exclusive example, if the Owner pays overtime to complete the construction of street improvements to provide access to a parcel by a date certain as required by the Owner's lease obligations to a tenant occupying such parcel, the cost of such overtime will be deducted from the overall cost of construction of such Public Facility to determine the value of such Public Facility. Disputes by the Owner related to the determination of value shall be presented to and resolved by the City Manager, and the City Manager's decision in the matter shall be final.

**Section 4.5 Payment Requests.** Upon receipt of a Payment Request (and all accompanying documentation), the Director shall conduct a review in order to confirm that such request is complete, that such Discrete Component or Public Facility identified therein was constructed substantially in accordance with the Plans therefor, and to verify and approve the Purchase Price of such Discrete Component or Public Facility specified in such Payment Request. The Director shall conduct each such review in an expeditious manner and the Owner agrees to reasonably cooperate with the Director in conducting each such review and to provide the Director with such additional information and documentation as is reasonably necessary for the Director to conclude each such review. For any Public Facilities to be acquired by another Receiving Agency, the Owner shall provide evidence reasonably acceptable to the Director that such Public Facilities are acceptable to such Receiving Agency. Within thirty (30) days of receipt of any Payment Request, the Director shall notify the Owner whether such Payment Request is complete, and, if not, what additional documentation must be provided. If such Payment Request is complete, the Director will provide a written approval or denial of the request within thirty (30) business days of its submittal. If the Director disapproves any Payment Request, the Director shall provide written notice of disapproval to the Owner within such thirty (30) day period stating in reasonable detail the reasons for such disapproval and the changes to the Payment Request necessary to obtain the Director's approval. The Director's review of any Payment Request shall be made on a Public Facility and/or Discrete Component basis such that the Director shall approve for payment any Public Facilities and/or Discrete Components covered by a Payment Request that comply with the requirements of this Agreement even if the Director disapproves other Public Facilities and Discrete Components included as part of the same Payment Request. If the Director disputes the Actual Cost of any Public Facility or Discrete Component covered by the Payment Request, the Director shall approve for payment a Purchase Price in an amount the Director determines is appropriate (which shall not be less than the amounts of contracts and change orders previously approved by the Director) and shall deliver notice of disapproval of the remaining amount. If the Director disapproves any revised Payment Request, the Director will provide a written notice of approval or denial to the Owner within fifteen (15) business days after receipt of the revised Payment Request, which notice shall describe in reasonable detail the reason for the denial, if applicable.

The Director shall only be entitled to withhold approval for payment of a Discrete Component (other than the Final Discrete Component of any Public Facility) to be owned by the City that is the subject of a Payment Request if (i) the Owner has not provided conditional lien releases for labor and materials provided in connection with such Discrete Components, (ii) the Discrete Component has not been constructed substantially in accordance with the Plans, (iii) the Director disputes the Actual Cost of the Discrete Component stated in the Payment Request or (iv) the Owner is delinquent in paying its special taxes.

The Director shall only be entitled to withhold approval for payment of any Public Facility to be owned by the City (or the Final Discrete Component of any such Public Facility) if (i) a notice of completion meeting the requirements of Section 3.9 has not been recorded for the Public Facility and final conditional lien releases for labor and materials provided in connection with such Public Facilities have not been submitted to the Director, (ii) the Public Facility has not been constructed substantially in accordance with the Plans, (iii) the Director disputes the Actual Cost of any Public Facility or Discrete Component stated in the Payment Request, (iv) the

Owner is delinquent in paying its special taxes or (v) the City Council has not taken final action to accept dedication of, or transfer of title to, the Public Facility.

The City shall only be entitled to withhold payment for any Public Facilities or Discrete Components thereof to be owned by a Receiving Agency other than the City if the Owner does not provide the Director with evidence that the Receiving Agency has inspected and signed off on the Discrete Components of a Public Facility, and with respect to payment for any Public Facility or the Final Discrete Component of any Public Facility, the legislative body of the Receiving Agency has taken final action to accept dedication of, or transfer of title to, the Public Facility.

Nothing in this Agreement shall be deemed to prohibit the Owner from contesting in good faith the validity or amount of any mechanics' or materialman's lien nor limit the remedies available to the Owner with respect thereto so long as such delay in performance shall not subject the Public Facilities or any Discrete Component thereof to foreclosure, forfeiture or sale. In the event that any such lien is contested, the Owner shall only be required to post or cause the delivery of a bond in an amount equal to the amount in dispute with respect to any such contested lien, so long as such bond is drawn on an obligor and is otherwise in a form acceptable to the Director.

**Section 4.6 Payment.** Upon approval of the Payment Request (or any portion thereof) by the Director, the Director shall sign the Payment Request and forward the same to the District Representative. Upon receipt of the approved Payment Request, the District Representative shall, within five (5) business days of receipt of the approved Payment Request, cause the same to be paid, to the extent of funds then on deposit in the Acquisition and Construction Fund. Any approved Payment Request not paid due to an insufficiency of funds in the Acquisition and Construction Fund shall be paid promptly following the deposit into the Acquisition and Construction Fund of additional proceeds of the Bonds, earnings on the Acquisition and Construction Fund or other funds transferred pursuant to the Fiscal Agent Agreement.

The Purchase Price paid hereunder for any Public Facility or Discrete Component shall constitute payment in full for such Public Facility or Discrete Component, including, without limitation, payment for all labor, materials, equipment, tools and services used or incorporated in the work, supervision, administration, overhead, expenses and any and all other things required, furnished or incurred for completion of such Public Facility or Discrete Component, as specified in the Plans.

**Section 4.7 Restrictions on Payments.** Notwithstanding any other provisions of this Agreement, the following restrictions shall apply to any payments made to the Owner under Section 4.5 hereof:

A. Amounts of Payments. Payments for each Discrete Component or Public Facility will be made only in the amount of the Purchase Price for the respective Discrete Component or Public Facility. The City agrees that the Actual Cost of a Discrete Component or Public Facility may fluctuate from the budgeted amounts. The City agrees that the Owner has the latitude to increase or decrease the reimbursement of a Discrete Component or Public

Facility, as the Purchase Price is determined. In no case will the total Purchase Price paid exceed the total amount of funds available in the Acquisition and Construction Fund.

Nothing herein shall require the City in any event (i) to pay more than the Purchase Price of a Public Facility or Discrete Component; or (ii) to make any payment beyond the available funds in the Acquisition and Construction Fund for such Public Facilities or Discrete Components. The Parties hereto acknowledge and agree that all payments to the Owner for the Purchase Prices of Public Facilities or Discrete Components are intended to be reimbursed to the Owner for services provided or costs incurred by the Owner or moneys already expended or incurred by the Owner to third parties in respect of such Public Facilities and/or Discrete Components.

B. Frequency. No more than one Payment Request shall be submitted in any calendar month although a Payment Request may relate to more than one Public Facility or Discrete Component.

**Section 4.8 Defective or Nonconforming Work.** If any of the work done or materials furnished for a Public Facility or Discrete Component are found by the Director to be defective or not in substantial accordance with the applicable Plans: (i) if such finding is made prior to payment for the Purchase Price of such Public Facility or Discrete Component hereunder, the Director may withhold payment therefor until such defect or nonconformance is corrected, or (ii) if such finding is made after payment of the Purchase Price of such Public Facility or Discrete Component, the Receiving Agency and the Owner shall act in accordance with the applicable Improvement Agreement, if any.

**Section 4.9 Modification of Discrete Components.** Upon written request of the Owner, the Director shall consider modification of the description of any Discrete Component. Any such modification shall be subject to the written approval of the Director, which approval the Director may withhold in his sole discretion, and shall not diminish the overall Public Facilities to be provided pursuant to the Improvement Agreements.

**Section 4.10 Funding of Fees.** The City may requisition from the Acquisition and Construction Fund, in the manner specified in the Fiscal Agent Agreement and this Agreement, an amount which is sufficient to pay all or a portion of the Fees payable by the Owner or its successors and assigns upon receipt of a Payment Request in the form attached hereto as Exhibit B-2. To the extent Fees payable by the Owner or its successors and assigns constitute City Fees, the City may requisition from the Acquisition and Construction Fund an amount which is sufficient to such Fees without having first received a Payment Request in the form attached hereto as Exhibit B-2. The City shall provide a credit against the applicable Fees to the Owner or its successors and assigns equal to the amount of the moneys disbursed pursuant to the Payment Request. In the event the Owner is required to pay Fees to the City prior to the issuance and sale of the Bonds, the Owner or its successors and assigns shall deposit with the City the amount due in immediately available funds (a "Deposit") and such Deposit shall be reimbursed to the Owner when funds subsequently deposited in the Acquisition and Construction Fund are disbursed to the City in an equal amount for the payment of such Fees. In addition, in the event that the amount in the Acquisition and Construction Fund is insufficient to pay the total amount of Fees requested in a Payment Request, the Owner or its successors and assigns shall make a

Deposit equal to the amount due and such Deposit shall be reimbursed to the Owner when funds subsequently deposited in the Acquisition and Construction Fund are disbursed to the City in an equal amount for the payment of such Fees. In the event Bonds are not issued within twenty-four (24) months of the date of any such Deposit, such Deposit may at the written direction of the Director be applied to pay Fees and shall no longer be reflected as a Deposit on the accounts of the City.

Some of the Public Facilities anticipated to be constructed are included in the City development impact fee or other financing programs. The Owner shall be entitled to full credit against all applicable Fees imposed or collected by the City based upon the Owner's construction of such Public Facilities whether or not the Purchase Price of such Public Facilities is funded out of the Acquisition and Construction Fund.

## **ARTICLE V**

### **OWNERSHIP AND TRANSFER OF PUBLIC FACILITIES**

**Section 5.1 Conveyance of Land and Easements for Receiving Agency.** Acceptable Title to all property on, in or over which each Public Facility to be acquired by the Receiving Agency will be located, shall be conveyed to the Receiving Agency by way of grant deed, quitclaim, or dedication or irrevocable offer of dedication of such property, or easement thereon, in accordance with the applicable Improvement Agreement, if any. The Owner agrees to provide the Receiving Agency such documents as are required to obtain Acceptable Title with respect to these Public Facilities funded pursuant to this Agreement. Completion of the transfer of title to land shall be accomplished prior to the payment of the Purchase Price for a Public Facility (or the Final Discrete Component thereof) and shall be evidenced by recordation of the acceptance thereof by the Receiving Agency.

**Section 5.2 Evidence and Insurance.** Within fifteen (15) calendar days following the request of the City, the Owner shall furnish to the City a preliminary title report for such land not previously dedicated or otherwise conveyed to the City, for review and approval prior to the transfer of Acceptable Title to a Public Facility to the City. Within ten (10) calendar days thereafter, the Director shall approve the preliminary title report unless it reveals a matter which, in the judgment of the Director, could materially affect the City's use of any part of the property or easement covered by the preliminary title report for the purpose for which such property or easement is being conveyed. In the event the Director does not approve the preliminary title report, the City shall not be obligated to accept title to such Public Facility or pay the Purchase Price for such Public Facility (or the Final Discrete Component thereof) until such objections to title have been cured to the satisfaction of the Director. The failure of the Director to provide written approval to the Owner shall be deemed to be a disapproval.

**Section 5.3 Facilities Constructed on Private Lands.** If any Public Facilities to be acquired are located on privately-owned land, the owner thereof shall retain title to the land and the completed Public Facilities until acquisition of the Public Facilities under Article V hereof. Pending the completion of such transfer and where the Owner has received any payment for any such Public Facility or a Discrete Component thereof, the Owner shall be responsible for maintaining the land and any Public Facilities or Discrete Components in good and safe

condition. Notwithstanding the foregoing, subject to the terms of the applicable Improvement Agreement, upon written request of the Receiving Agency before payment for the Final Discrete Component of such a Public Facility, the Owner shall convey or cause to be conveyed Acceptable Title thereto in the manner described in Section 5.1 hereof.

**Section 5.4 Facilities Constructed on City Land.** If the Public Facilities to be acquired are on land owned by the City, the City hereby grants to the Owner a license to enter upon such land for purposes related to the construction (and maintenance pending acquisition) of the Public Facilities. The provisions for inspection and acceptance of such Public Facilities otherwise provided herein shall apply.

**Section 5.5 Maintenance and Warranties.** The Owner shall maintain each Discrete Component of any Public Facility constructed by the Owner in good and safe condition until the Acceptance Date of the Public Facility of which such Discrete Component is a part. Prior to the Acceptance Date, the Owner shall be responsible for performing any required maintenance on any completed Discrete Component or Public Facility constructed by the Owner. On or before the Acceptance Date of the Public Facility, the Owner shall assign to the Receiving Agency, to the extent assignable, all of the Owner's rights in any warranties, guarantees, maintenance obligations or other evidence of contingent obligations of third persons with respect to such Public Facility. After the Acceptance Date, the Owner shall not be responsible for maintaining such Public Facility. Any warranties, guarantees or other evidences of contingent obligations of third parties with respect to the Public Facilities to be acquired by the City shall be delivered to the Director as part of the transfer of title.

## ARTICLE VI

### INSURANCE

**Section 6.1 Requirements.** The Owner shall, at all times prior to the final Acceptance Date of all Public Facilities, maintain, deliver to the City evidence of and keep in full force and effect, or cause to be maintained, delivered to the City evidence of and kept in full force and effect, the insurance policies and endorsements required pursuant to the Improvement Agreements or if a Public Facility is not subject to an Improvement Agreement, the insurance policies meeting the coverage requirements set forth in Section 6.1.J. below.

A. Time for Compliance. The Owner shall not commence any physical work on the Public Facilities until it has provided evidence satisfactory to the Risk Manager that it has secured all insurance required under this Section 6.1. In addition, the Owner shall not allow any subcontractor to commence work on any subcontract until it has provided evidence satisfactory to the City that the subcontractor has secured all insurance required under this Section 6.1. Any insurance policy or endorsement required pursuant to this Section 6.1 shall be procured by the Owner at its expense (but subject to reimbursement to the extent permitted as an Actual Cost).

B. Insurance Endorsements. The insurance policies required pursuant to this Section 6.1 (including any insurance policy required pursuant to any Improvement Agreement) shall contain the following provisions, or the Owner shall provide endorsements on forms

supplied or approved by the Risk Manager to add the following provisions to its insurance policies:

1. General Liability. (a) The City, the District, and their respective Councilmembers, directors, officials, officers, employees, consultants, agents, and volunteers shall be covered as additional insureds with respect to the construction of the Public Facilities or operations performed by or on behalf of the Owner, including materials, parts or equipment furnished in connection with such work; (b) the insurance coverage shall be primary and non-contributing insurance as respects the City, the District, and their respective Councilmembers, directors, officials, officers, employees, consultants, agents and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Owner's scheduled underlying coverage; and (c) any failure to comply with reporting provisions of the policy shall not affect coverage provided to the City, the District, and their respective Councilmembers, directors, officials, officers, employees, consultants, agents, and volunteers. Any insurance or self-insurance maintained by the City, the District, and their respective Councilmembers, directors, officials, officers, employees, consultants, agents, and volunteers shall be excess of the Owner's insurance and shall not be called upon to contribute with it.

2. Automobile Liability. (a) The City, the District, and their respective Councilmembers, directors, officials, officers, employees, consultants, agents and volunteers shall be covered as additional insureds with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by the Owner or for which the Owner is responsible; (b) the insurance coverage shall be primary insurance as respects the City, the District, and their respective Councilmembers, directors, officials, officers, employees, consultants, agents, and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Owner's scheduled underlying coverage; and (c) any failure to comply with reporting provisions of the policy shall not affect coverage provided to the City, the District, and their respective Councilmembers, directors, officials, officers, employees, consultants, agents, and volunteers. Any insurance or self-insurance maintained by the City, its directors, officials, officers, employees, consultants, agents and volunteers shall be excess of the Owner's insurance and shall not be called upon to contribute with it in any way.

3. Workers' Compensation and Employer's Liability Coverage. The insurer shall agree to waive all rights of subrogation against the City, the District, and their respective Councilmembers, directors, officials, officers, employees, consultants, agents and volunteers for losses paid under the terms of the insurance policy which arise from work performed by the Owner.

4. All Coverages. Each insurance policy required by this Agreement shall be endorsed to state that: (a) coverage shall not be suspended, voided, reduced (in coverage or in limits) or canceled except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the Risk Manager; and (b) any failure to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to the City, the District, and their respective Councilmembers, directors, officials, officers, employees, consultants, agents, and volunteers.

Liability coverage shall not be limited to the vicarious liability or supervising role of any additional insured nor shall there be any limitation with the severability clause. Coverage shall contain no limitation endorsements and there shall be no endorsement or modification limiting the scope of coverage for liability arising from pollution, explosion, collapse, underground property damage or employment related practices. All liability insurance shall be on an occurrence basis. Insurance on a claims made basis will be rejected. There shall be no cross policy exclusion.

C. Separation of Insureds; No Special Limitations. All insurance required by this Section 6.1 shall contain standard separation of insureds provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to the City, the District, and their respective Councilmembers, directors, officials, officers, employees, consultants, agents, and volunteers.

D. Professional Liability Insurance. All architects, engineers, consultants or design professionals retained by the Owner shall also procure and maintain, for a period of five (5) years following acceptance (pursuant to the terms of this Agreement) of all Public Facilities, errors and omissions liability insurance with a limit of not less than \$1,000,000 per occurrence.

E. Deductibles and Self-Insurance Retentions. Any deductibles or self-insured retentions must be declared to and approved by the Risk Manager. The Owner shall guarantee that, at the option of the City, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, the District, and their respective Councilmembers, officers, directors, officials, employees, consultants, agents, and volunteers; or (2) the Owner shall procure a bond guaranteeing payment of losses and related investigation costs, claims and administrative and defense expenses.

F. Acceptability of Insurers. Insurance is to be placed with insurers authorized to do business in the State of California and with a minimum "Best's" Insurance Guide rating of "A+:VII." Self-insurance will not be considered to comply with these insurance specifications.

G. Verification of Coverage. The Owner shall furnish the City with certificates of insurance and endorsements, duly authenticated, evidencing coverage required by this Agreement on forms satisfactory to the Risk Manager and with other evidence of coverage as may be reasonably required by the Risk Manager. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf, and shall be on forms supplied or approved by the Risk Manager. All certificates and endorsements must be received and approved by the Risk Manager before work commences. The Risk Manager reserves the right to require complete, certified copies of all required insurance policies, at any time.

H. Reduction, Cancellation, Void or Suspended Policy. In the event that any required insurance is reduced in coverage, canceled for any reason, voided or suspended, the Owner agrees that the City may arrange for insurance coverage as specified, and the Owner further agrees that administrative and premium costs may be deducted from any deposits or bonds the City may have, or from the Acquisition and Construction Fund under the Fiscal Agent

Agreement. A reduction or cancellation will be grounds for termination of this Agreement and will cause a halt to payment for any Public Facilities or Discrete Components until the insurance is reestablished.

I. Subcontractors. All subcontractors shall meet the requirements of this Section 6.1 before commencing any physical work on the Public Facilities. The Owner shall also require all of its subcontractors to procure and maintain the same insurance required for Owner hereunder until acceptance (pursuant to the terms of this Agreement) of all Public Facilities. In addition, the Owner shall include all subcontractors as insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor, in form and substance acceptable to the Risk Manager, prior to the subcontractor entering the job site. All coverages for subcontractors shall be subject to all of the requirements stated herein.

J. Minimum Requirements. If any Public Facility is not subject to an Improvement Agreement, the Owner shall procure and maintain, until acceptance pursuant to the terms of this Agreement of all such Public Facilities, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work covered by this Agreement by the Owner, its agents, representatives, employees or subcontractors. Such insurance shall meet at least the following minimum levels of coverage:

1. Minimum Scope of Insurance. Coverage shall be at least as broad as the latest version of the following:

(a) *General Liability*: Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001);

(b) *Automobile Liability*: Insurance Services Office Business Auto Coverage form number CA 0001, code 1 (any auto);

(c) *Workers' Compensation and Employers' Liability*: Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance; and

(d) *Builders' /All Risk*: Builders' /All Risk insurance covering for all risks of loss, including explosion, collapse, underground excavation and removal of lateral support (and including earthquakes and floods if requested by the City).

2. Minimum Limits of Insurance. The Owner shall maintain limits no less than:

(a) *General Liability*: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. The general aggregate limit shall apply separately to each construction contract for a Public Facility or Discrete Component thereof that is separately bid and shall be \$2,000,000. If multiple Public Facilities are aggregated under one construction contract, the Risk Manager may in its sole discretion require a higher general aggregate limit;

(b) *Automobile Liability*: \$1,000,000 per accident for bodily injury and property damage;

(c) *Workers' Compensation and Employer's Liability*: Workers' compensation limits as required by the Labor Code of the State of California. Employers Liability limits of \$1,000,000 per accident for bodily injury or disease; and

(d) *Builders'/All Risk*: Completed value of the project.

The foregoing requirements as to the insurance coverage to be maintained by the Owner are not intended to and shall not in any manner limit or qualify the liabilities and obligations assumed by the Owner under this Agreement.

**Section 6.2 Evidence of Insurance.** The Owner shall furnish to the City, from time to time upon request, a certificate of insurance regarding each insurance policy required to be maintained by the Owner hereunder.

## ARTICLE VII

### REPRESENTATIONS, WARRANTIES AND COVENANTS

**Section 7.1 Covenants and Warranties of the Owner.** The Owner represents and warrants for the benefit of the City as follows:

A. Organization. Highpointe JPR 308, LLC, a California limited liability company, is in compliance in all material respects with the laws of the State of California, and has the limited liability company power and authority to own its property and assets and to carry on its business as now being conducted and as now contemplated.

B. Authority. The Owner has the power and authority to enter into this Agreement, and has taken all action necessary to cause this Agreement to be executed and delivered, and this Agreement has been duly and validly executed and delivered by the Owner.

C. Binding Obligation. This Agreement is a legal, valid and binding obligation of the Owner, enforceable against the Owner in accordance with its terms.

D. Financial Records. Until one year after the final acceptance of all the Public Facilities, the Owner covenants to maintain proper books of record and account for the construction of the Public Facilities and all costs related thereto. Such accounting books shall be maintained in accordance with generally accepted accounting principles, and shall be available for inspection by the City or its agent at any reasonable time during regular business hours on reasonable notice.

E. Plans. The Owner represents that it has obtained or will obtain approval of the Plans for the Public Facilities constructed by the Owner from all appropriate departments of the City and from any other public entity or public utility from which such approval must be obtained. The Owner further agrees that the Public Facilities constructed by the Owner have been or will be constructed in compliance with such approved Plans and any supplemental agreements (change orders) thereto, as approved in the same manner.

**Section 7.2 Indemnification and Hold Harmless.** The Owner and its successors and assigns shall assume the defense of, indemnify, protect and save harmless the City, the District, and each of their respective Councilmembers, directors, officials, officers, employees, consultants, agents, and volunteers (each an "Indemnified Party"), and each and every one of them (including independent contractors who serve as the City's or District's officers or officials), from and against all actions, demands, damages, injuries, claims, losses, causes of action, liabilities, costs, or expenses of every type and description to which they may be subjected or put, whether known or unknown, existing or potential, anticipated or unanticipated, in law or equity, to property or persons, including wrongful death, by reason of, or resulting or in any manner arising from or incident to, the performance by the Owner (or any of its officers, agents, servants, employees, subcontractors, materialmen, or suppliers) of its obligations under this Agreement, the construction of the Public Facilities (including, but not limited to, failure of the Owner to pay any amount due to any contractor hired by the Owner for the construction of any Public Facility and any fines or penalties arising therefrom, and all damages to property or personal injury received by reason of, or in the course of, performing work, which may be caused by any willful or negligent act or omission by the Owner or any of the Owner's employees, or any subcontractor), the nature or physical condition of any Public Facilities constructed or caused to be constructed by the Owner, the presence of any hazardous materials on or in any land conveyed by the Owner to the City hereunder or to any Receiving Agency hereunder (but excluding hazardous materials which are introduced in or on such land by an Indemnified Party or after the expiration of the period for which the Owner is responsible for maintenance of the related Public Facility pursuant to Section 5.5. hereof), or an alleged misstatement or omission of fact relating to the Owner or its development of the property within the District in any official statement for the District or the Bonds (including, but not limited to, any statements regarding the presence of any hazardous materials or endangered species thereon or therein), including without limitation the payment of all consequential damages and attorneys' fees and other related costs and expenses. No provision of this Agreement shall in any way limit the extent of the Owner's responsibility for payment of damages resulting from the operations of the Owner and its contractors; provided, however, that the Owner shall not be required to indemnify an Indemnified Party as to damages resulting from the gross negligence or willful misconduct of an Indemnified Party in performing its obligations under this Agreement.

The Owner shall defend, at the Owner's own cost, expense and risk, any and all such aforesaid suits, actions or other legal proceedings of every kind that may be brought or instituted against the City or the District, or their respective directors, officials, officers, employees, consultants, agents or volunteers. The Owner shall pay and satisfy any judgment, award or decree that may be rendered against City or the District, or their Councilmembers, directors, officials, officers, employees, consultants, volunteers or agents, in any such suit, action or other legal proceeding. The Owner shall reimburse City, the District, and their respective Councilmembers, directors, officials, officers, employees, consultants, agents and/or volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided.

The City and District do not, and shall not, waive any rights against the Owner which either may have by reason of the aforesaid hold harmless agreements because of the acceptance by the City, or deposit with the City by the Owner of any insurance policies described in Section 6.1. The aforesaid hold harmless agreement by the Owner shall apply to all damages and claims

for damages of every kind suffered, or alleged to have been suffered by reasons of any of the aforesaid operations of the Owner, or any subcontractor, regardless of whether or not such insurance policies are determined to be applicable to any of such damages or claims for damages.

No act by the City, the District, or their respective representatives in processing or accepting any plans, in releasing any bond, in inspecting or accepting any work, or of any other nature, shall in any respect relieve the Owner or anyone else from any legal responsibility, obligation or liability it might otherwise have.

The indemnification and hold harmless provisions of this Section 7.2 shall survive the termination of this Agreement, the completion of construction of the Public Facilities, and the conveyance of title thereto to the City or other Receiving Agency.

No provision of this Agreement shall in any way limit the Owner's responsibility for payment of damages resulting from the operations of the Owner and its agents, employees or contractors.

## **ARTICLE VIII**

### **DEFAULT AND REMEDIES**

**Section 8.1 Default Remedies.** Failure by either Party to perform any action or covenant required by this Agreement within the time periods provided herein following Notice and failure to cure as described hereafter, constitutes a "Default" under this Agreement. A Party claiming a Default shall give written Notice of Default to the other Party specifying such Default. Except as otherwise expressly provided in this Agreement, the claimant shall not institute any proceeding against any other Party, and the other Party shall not be in Default if such party within thirty (30) days from receipt of such Notice immediately, with due diligence, commences to cure, correct or remedy such failure or delay and shall complete such cure, correction or remedy with diligence.

**Section 8.2 Institution of Legal Actions.** The Parties shall be entitled to seek any remedy available at law and in equity for the other Party's Default. All legal actions must be instituted in the Superior Court of the County of Riverside, State of California, or in the United States District Court for District of California in which Riverside County is located.

**Section 8.3 Acceptance of Service of Process.** In the event that any legal action is commenced by the Owner against the City, service of process on the City shall be made by personal service upon the City Clerk or in such other manner as may be provided by law. In the event that any legal action is commenced by the City against the Owner, service of process on the Owner shall be made in such manner as may be provided by law.

**Section 8.4 Rights and Remedies Are Cumulative.** Except as otherwise expressly stated in this Agreement, the rights and remedies of the Parties are cumulative, and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same Default or any other Default by the other Party.

**Section 8.5 Inaction Not a Waiver of Default.** Any failures or delays by either Party in asserting any of its rights and remedies as to any Default shall not operate as a waiver of any Default or of any such rights or remedies, or deprive either such Party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

**Section 8.6 Applicable Law.** The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

**Section 8.7 Attorneys' Fees.** In any action between the Parties to interpret, enforce, reform, modify, rescind or otherwise in connection with any of the terms or provisions of this Agreement, the prevailing party in the action or other proceeding shall be entitled, in addition to damages, injunctive relief or any other relief to which it might be entitled, reasonable costs and expenses including, without limitation, litigation costs, expert witness fees and reasonable attorneys' fees.

## ARTICLE IX

### GENERAL

**Section 9.1 Mutual Consent.** This Agreement may be terminated by the mutual written consent of the City and the Owner, and all or any portion of the moneys in the Acquisition and Construction Fund may be used to pay for same, and the Owner shall have no claim or right to any further payments for the Purchase Price of Public Facilities or Discrete Components hereunder, except as otherwise may be provided in such written consent.

**Section 9.2 Audit.** The City shall have the right, during normal business hours and upon the giving of five (5) business days' prior written notice to the Owner, to review all books and records of the Owner pertaining to costs and expenses incurred by the Owner in relation to any of the Public Facilities, and any bids taken or received for the construction thereof or materials therefor.

**Section 9.3 Notices, Demands and Communications Between the Parties.** Any notices, requests, demands, documents, approvals or disapprovals given or sent under this Agreement from one Party to another (collectively, "Notices") may be personally delivered, transmitted by facsimile (FAX) transmission, deposited with the United States Postal Service for mailing, postage prepaid, or sent by overnight delivery to the address of the other Party as stated in this Section, and shall be deemed to have been given or sent at the time of personal delivery or FAX transmission or, if mailed, on the third day following the date of deposit in the course of transmission with the United States Postal Service or if sent by overnight delivery, on the day following its deposit with the overnight carrier. Notices shall be sent as follows:

If to the City:

City of Calimesa  
Attn: City Manager  
908 Park Avenue  
Calimesa, CA 92320  
Facsimile No. (909) 795-4399

With copies to:

Richards, Watson & Gershon, a Professional Corporation  
Attn: \_\_\_\_\_  
355 South Grand Avenue, 40<sup>th</sup> Floor  
Los Angeles, CA 90071  
Facsimile No. (213) 626-0078

If to the Owner:

Highpointe JPR 308, LLC  
Attn: Timothy D. England, SVP  
20 Enterprise, Suite 320  
Aliso Viejo, CA 92656  
Facsimile No. (949) 472-0198

**Section 9.4 Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties hereto. The Owner may assign its rights pursuant to this Agreement to a purchaser (an "Assignee") of a portion or portions of the property which is/are located within the District (the "Property") only with the prior written consent of the City and the District, which consent shall not be unreasonably withheld. In connection with any such consent of the City or the District, the City or the District, as applicable, may condition its consent upon the acceptability of the relevant experience and financial condition of the proposed assignee, the assignee's express assumption of all obligations of the Owner hereunder, and/or upon any other factor which the City or District, as applicable, deems relevant in the circumstances. If any such factors may adversely affect the security for the Bonds, as determined by the City and the District, in their sole discretion after consultation with the City's and/or District's financial advisor, bond counsel, and underwriters, the City's withholding or conditions of such consent shall be deemed to be reasonable. In any event, any such assignment shall be in writing, shall clearly identify the scope of the rights and/or obligations assigned, and shall not be effective until approved in writing by the City and the District. Subject to the foregoing, the Owner may assign to the Assignee the responsibility for the construction of all or a portion of the Public Facilities or Discrete Components thereof which remain to be constructed and the right to receive payment of the Purchase Price for Public Facilities and Discrete Components thereof previously completed by the Owner. The Owner and Assignee shall provide to the City such reasonable proof as the City may require that such Assignee is the purchaser of the Property within the District. Such Assignee shall, as a condition to receiving payment of a Purchase Price, enter into an assignment and assumption agreement with the City and the Owner, in the form attached hereto as Exhibit C, whereby such Assignee

agrees, except as may be otherwise specifically provided therein, to assume the obligations of the Owner pursuant to this Agreement with respect to such Public Facilities, or Discrete Components thereof, and to be bound thereby. No assignment, whether or not consented to by the City and the District, shall release the Owner from its obligations and liabilities under this Agreement unless such release is expressly agreed to by the City and the District in writing, which shall not be unreasonably withheld.

**Section 9.5 Relationship Between the City and the Owner.** It is hereby acknowledged by the Owner that the relationship between the City and the Owner is not that of a partnership or joint venture and that the City and the Owner shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided herein or in the Attachments hereto, the City shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Project. The Owner agrees to indemnify, hold harmless and defend the City from any claim made against the City arising from a claimed relationship of partnership or joint venture between the City and the Owner with respect to the development, operation, maintenance or management of the property within the District.

**Section 9.6 No Third Party Rights.** The Parties intend that no rights or remedies be granted to any third party as a beneficiary of this Agreement or of any covenant, duty, obligation or undertaking established herein.

**Section 9.7 Counterparts.** This Agreement may be signed in multiple counterparts which, when signed by all Parties, shall constitute a binding agreement. This Agreement is executed in five (5) originals, each of which is deemed to be an original.

**Section 9.8 Other Agreements.** The obligations of the Owner hereunder shall be that of a Party hereto. Nothing herein shall be construed as affecting the City's or the Owner's rights, or duties to perform their respective obligations, under Improvement Agreements, other agreements, use regulations or subdivision requirements relating to the development of the property within the District. This Agreement shall not confer any additional rights, or waive any rights given, by either Party hereto under any development or other agreement to which they are a party.

**Section 9.9 Titles and Captions.** Titles and captions are for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or of any of its terms. References to section numbers are to sections in this Agreement, unless expressly stated otherwise.

**Section 9.10 Interpretation.** As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others where and when the context so dictates. The word "including" shall be construed as if followed by the words "without limitation." This Agreement shall be interpreted as though prepared jointly by both Parties.

**Section 9.11 No Waiver.** A waiver by either Party of a breach of any of the covenants, conditions or agreements under this Agreement to be performed by the other Party shall not be

construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions of this Agreement.

**Section 9.12 Modifications.** Any alteration, change or modification of or to this Agreement, in order to become effective, shall be made in writing and in each instance signed on behalf of each Party.

**Section 9.13 Severability.** If any term, provision, condition or covenant of this Agreement or its application to any party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

**Section 9.14 Computation of Time.** The time in which any act is to be done under this Agreement is computed by excluding the first day (such as the day escrow opens), and including the last day, unless the last day is a holiday or Saturday or Sunday, and then that day is also excluded. The term "holiday" shall mean all holidays as specified in Section 6700 and 6701 of the California Government Code. If any act is to be done by a particular time during a day, that time shall be Pacific Time Zone time.

**Section 9.15 Legal Advice.** Each Party represents and warrants to the other the following: it has carefully read this Agreement, and in signing this Agreement it does so with full knowledge of any right which it may have; it has received independent legal advice from its respective legal counsel as to the matter set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, it has freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other Party, or its respective agents, employees, or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

**Section 9.16 Cooperation.** Each Party agrees to cooperate with the other in this transaction and, in that regard, to sign any and all documents which may be reasonably necessary, helpful, or appropriate to carry out the purposes and intent of this Agreement including, but not limited to, releases or additional agreements.

**Section 9.17 Conflicts of Interest.** No member, official or employee of the City shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to the Agreement which affects his personal interests or the interests of any corporation, partnership or association in which he is directly or indirectly interested.

**Section 9.18 Non-Liability of Officials and Employees of the City.** No member, official or employee of the City shall be personally liable to the Owner, or any successor in interest, in the event of any Default or breach by the City or for any amount which may become due to the Owner or its successors, or on any obligations under the terms of this Agreement. The Owner hereby waives and releases any claim it may have against the members, officials or

employees of the City with respect to any Default or breach by the City under this Agreement or for any amount under this Agreement which may become due to the Owner or its successors, or on any obligations under the terms of this Agreement.

**Section 9.19 Notice of Special Tax.** The Owner, or the successor or assigns of the Owner, shall prepare and provide written notice to all potential purchasers or lessees, if the special taxes are to be passed through to such lessees, of lots in the form prescribed by California Government Code Section 53341.5 advising the potential owner or lessee, as applicable, of the fact of the proposed or confirmed District, with said document being executed by the potential purchaser or lessee, as applicable. Such notice shall be provided to the potential purchaser or lessee, as applicable, before the potential purchaser becomes contractually committed to purchase the lot or the lessee enters into the lease of the lot so that the potential purchaser or lessee, as applicable, may knowingly consider the impact of the special tax in the decision to purchase or lease the lot.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

**“CITY”**

**CITY OF CALIMESA**, a municipal corporation

By: \_\_\_\_\_  
Mayor

**ATTEST:**

By: \_\_\_\_\_  
City Clerk

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
City Attorney

**“OWNER”**

**HIGHPOINTE JPR 308, LLC**,  
a California limited liability company

By: Highpointe JPR, L.P., a California  
limited partnership, Its Authorized  
Member

By: Highpointe Investments, Inc.,  
a California corporation, Its  
General Partner

By: \_\_\_\_\_  
Timothy D. England, SVP

**EXHIBIT A  
ELIGIBLE PUBLIC FACILITIES LIST**

**EXHIBIT B-1**

**PAYMENT REQUEST NO. \_\_\_\_\_**

The undersigned \_\_\_\_\_ (the "Owner") hereby requests payment in the total amount of \$\_\_\_\_\_ for the Public Facilities or Discrete Components (each as defined in the Funding, Construction and Acquisition Agreement, dated as of August 5, 2013 (the "Agreement"), by and between the City of Calimesa (the "City") and Highpointe JPR 308, LLC, a California limited liability company, and described in Exhibit A to that Agreement), all as more fully described in Attachment 1 hereto. In connection with this Payment Request, the undersigned hereby represents and warrants to the City and the District as follows (all capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Agreement):

1. He/She is a duly authorized officer of the Owner, qualified to execute this Payment Request for payment on behalf of the Owner and is knowledgeable as to the matters set forth herein.

2. To the extent that this Payment Request is with respect to a completed Public Facility or Discrete Component, the Owner has submitted or submits herewith to the City, if applicable, as-built drawings or similar plans and specifications for the items to be paid for as listed in Attachment 1 hereto with respect to any such Public Facility or Discrete Component, and such drawings or plans and specifications, as applicable, are true, correct and complete.

3. All costs of the Public Facilities or Discrete Component for which payment is requested hereby are Actual Costs (as defined in the Agreement referenced above) and have not been inflated in any respect. The items for which payment is requested have not been the subject of any prior payment request submitted to the City.

4. Supporting documentation (such as third party invoices, lien releases and cancelled checks) is attached with respect to each cost for which payment is requested.

5. The Public Facilities or Discrete Components for which payment is requested was constructed in accordance with the requirements of the Agreement and in compliance with any applicable prevailing wage requirements.

6. The Owner is in compliance with the terms and provisions of the Agreement and no portion of the amount being requested to be paid was previously paid.

7. The Purchase Price for the Public Facilities or Discrete Components (a detailed calculation of which is shown in Attachment 1 hereto for each Public Facility or Discrete Component) has been calculated in conformance with the terms of Section 4.4 of the Agreement.

I hereby declare under penalty of perjury that the above representations and warranties are true and correct.

OWNER:

\_\_\_\_\_, a \_\_\_\_\_

By: \_\_\_\_\_, a \_\_\_\_\_

By: \_\_\_\_\_  
[Title]

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

CITY:

Payment Request Approved for Submission to  
City Manager

By: \_\_\_\_\_  
Director of Public Works

Amount Approved: \$ \_\_\_\_\_

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

Payment Request Approved for Submission to  
Fiscal Agent

By: \_\_\_\_\_  
City Manager

Amount Approved: \$ \_\_\_\_\_

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

**ATTACHMENT 1**

**SUMMARY OF PUBLIC FACILITIES AND DISCRETE COMPONENTS  
TO BE ACQUIRED AS PART OF PAYMENT REQUEST NO. \_\_\_\_\_**

<u>Ref. No.</u>	<u>Public Facility/Discrete Component</u>	<u>Actual Cost</u>	<u>Disbursement Requested</u>
-----------------	---	--------------------	-----------------------------------

[List here all Public Facilities or Discrete Components for which payment is requested,  
and attach support documentation]

**EXHIBIT B-2**

**PAYMENT REQUEST NO. \_\_\_\_\_**

The undersigned \_\_\_\_\_ (the "Owner") hereby requests payment in the total amount of \$ \_\_\_\_\_ for the Fees (as defined in the Funding, Construction and Acquisition Agreement, dated as of August 5, 2013 (the "Agreement"), by and between the City of Calimesa (the "City") and Highpointe JPR 308, LLC, a California limited liability company, and described in Exhibit A to that Agreement), all as more fully described in Attachment 1 hereto. In connection with this Payment Request, the undersigned hereby represents and warrants to the City and the District as follows (all capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Agreement):

1. He/She is a duly authorized officer of the Owner, qualified to execute this Payment Request for payment on behalf of the Owner and is knowledgeable as to the matters set forth herein.
2. The items for which payment is requested have not been the subject of any prior payment request submitted to the City.
3. The Owner is in compliance with the terms and provisions of the Agreement and no portion of the amount being requested to be paid was previously paid.

I hereby declare under penalty of perjury that the above representations and warranties are true and correct.

OWNER:

\_\_\_\_\_, a \_\_\_\_\_

By: \_\_\_\_\_, a \_\_\_\_\_

By: \_\_\_\_\_  
[Title]

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

CITY:

Payment Request Approved for Submission to  
City Manager

By: \_\_\_\_\_  
Director of Public Works

Amount Approved: \$ \_\_\_\_\_

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

Payment Request Approved for Submission to  
Fiscal Agent

By: \_\_\_\_\_  
City Manager

Amount Approved: \$ \_\_\_\_\_

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

**ATTACHMENT 1**

**SUMMARY OF PUBLIC FACILITIES AND DISCRETE COMPONENTS  
TO BE ACQUIRED AS PART OF PAYMENT REQUEST NO. \_\_\_\_\_**

<u>Fee Category</u>	<u>Amount Requested</u>	<u>No. and Description of Lots/DUs for which Fees Requested</u>
---------------------	-------------------------	---

## EXHIBIT C

### FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

Pursuant to a Funding, Construction and Acquisition Agreement dated as of August 5, 2013 (the "Agreement") by and between the City of Calimesa ("City") and Highpointe JPR 308, LLC, a California limited liability company, which Agreement is hereby incorporated herein by this reference, and for good and valuable consideration, receipt of which is hereby acknowledged, the undersigned agree as follows:

1. The assignment and assumption provided for under this Assignment and Assumption Agreement ("Assignment") is made together with the sale, transfer or assignment of all or a part of the property subject to the Agreement. The property sold, transferred or assigned together with this Assignment is included within the District and described in "Attachment 1" attached hereto and incorporated herein by this reference (the "Subject Property").

2. \_\_\_\_\_, as the assignor hereof (the "Assignor") hereby grants, sells, transfers, conveys assigns and delegates to \_\_\_\_\_ ("Assignee"), all of Assignor's rights, title, interest, benefits, privileges, duties and obligations arising under or from the Agreement with respect to the Subject Property and the Public Facilities or Discrete Components authorized to be funded with respect to the District except for the following:

3. Assignee hereby accepts the foregoing assignment and unconditionally assumes and agrees to perform all of the duties and obligations of Assignor arising under or from the Agreement as owner of the Subject Property and the Assignor shall be released with respect to such obligations.

4. The sale, transfer or assignment of the Subject Property and the assignment and assumption provided for under this Assignment are the subject of additional agreements between Assignor and Assignee. Notwithstanding any term, condition or provision of such additional agreements, the rights of the City arising under or from the Agreement and this Assignment shall not be affected, diminished or defeated in any way, except upon the express written agreement of the City.

5. Assignor and Assignee execute this Assignment pursuant to Section 9.4 of the Agreement, and the City evidences its consent to this Assignment by signing below.

IN WITNESS WHEREOF, the parties have executed this Assignment on \_\_\_\_\_.

ASSIGNOR:

\_\_\_\_\_

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

ASSIGNEE:

\_\_\_\_\_

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

CITY:

CITY OF CALIMESA

By: \_\_\_\_\_  
Its: City Manager

**ATTACHMENT 1**  
**DESCRIPTION OF SUBJECT PROPERTY**

## EXHIBIT D

### DESIGN, BID AND CONTRACT REQUIREMENTS FOR CITY FACILITIES

The following requirements are in addition to those set forth in Article 4 of Chapter 1 of Part 3 of Division 2 of the California Public Contract Code relating to cities, applied to the Owner as if it were the City. IN the event of a conflict between this Exhibit D and the California Public Contract Code, the provisions of the California Public Contract Code, applied to the Owner as if it were the City, shall govern.

#### Design Phase

A. Only design costs directly related to the Public Facility to be acquired are eligible for inclusion.

#### Bidding Phase

A. Bidding Documents. Unless otherwise noted, the bidding documents shall conform to the following minimum requirements:

1. Unless impractical due to the nature of the Public Facility, the bid proposal shall be unit priced rather than lump sum or time and materials. A.C. pavement, base and sub-base shall be bid on a square foot per inch thickness basis.

2. It is recommended that the bidding documents require the bidder/contractor to provide the following bonds:

a. Bid Bond - 10% of the amount of the bid.

3. The bidding documents shall require the successful bidder to provide evidence of comprehensive public liability insurance in the amount of at least \$1,000,000 per occurrence prior to the award of the contract. See also Article VI.

4. The bidding documents shall provide for monthly progress payments by the Owner to the contractor. The City and the District are subject to the limitations of the Act and shall make no progress payments to the Owner but only reimbursement in accordance with this Agreement and pursuant to Payment Requests for functional Discrete Components, capable of serviceable use for their intended purposes.

5. The contractor shall be required to pay prevailing wages.

6. The bidding documents must clearly state the time, date, and place where bids are to be submitted and opened and shall be published and/or posted in accordance with the California Public Contract Code provisions stated above.

7. The bidding documents shall clearly state the amount of time to complete the work. The time allowed must be reasonable for the amount of work. Accelerated construction time allowances must be supplementally bid, and are not eligible for public finance unless previously approved by the City.

B. Owner shall keep a log of all persons obtaining bidding documents, and their mailing address.

C. Addenda shall be mailed by first class mail to all bidding document holders and the Director.

D. Submitted bids shall be in sealed envelopes.

E. Bids shall not be accepted after the stated time for submission.

F. Bid opening shall be conducted by the Owner at the Owner's place of business or other site mutually acceptable to the Owner and Director.

G. Sealed bids shall be opened and read aloud immediately following the submission time. A City representative shall be invited to attend the bid opening.

H. Conditioned bids, unless the bid proposal lists them for all to bid on, shall not be accepted.

I. The arithmetic of the two lowest bid proposals received shall immediately be checked for errors.

J. A tabulation of all bids received shall be provided to the Director.

K. Award shall be made to the lowest responsible and responsive bidder within a reasonable period of time.

L. A preconstruction meeting shall be held with the contractor prior to beginning the work. A City representative shall be invited to attend the meeting.

M. The Notice to Proceed shall be issued within a reasonable period of time following the contract execution.

### **Construction Phase**

A. The Director shall be provided a copy of the construction schedule.

B. Owner shall require the contractor to conduct weekly construction status meetings to which a City representative shall be invited.

C. Any additional costs incurred for the benefit of the Owner, such as accelerating the construction schedule, shall not be eligible for public financing unless previously approved by the City.

D. Any additional construction costs incurred due solely to delays caused by the Owner shall not be eligible for public financing.

E. All contracts and construction related records shall be available to the City as and when required for the final determination of eligible costs for the public financing.

**General**

The above rules shall be applied to all City Facilities proposed to be acquired through the Community Facilities District. Any deviation from the rules must be approved by the Director.

**EXHIBIT E**

**FORM OF PAYMENT BOND**

Bond No. \_\_\_\_\_

**PAYMENT BOND  
(LABOR AND MATERIALS)**

**CITY OF CALIMESA – MELLO-ROOS ACT BOND FORM**

KNOW ALL PERSONS BY THESE PRESENTS that:

WHEREAS [name of Owner] (“Owner”) has awarded to \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

*(Name, address, and telephone number of Contractor)*

(“Principal”), a contract (the “Contract”) for the work described as follows:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

WHEREAS, Principal is required under the terms of the Contract, the Mello-Roos Community Facilities Act of 1982, and the California Civil Code to secure the payment of claims of laborers, mechanics, materialmen, and other persons as provided by law.

NOW, THEREFORE, we, the undersigned Principal, and \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

*(Name, address, and telephone number of Surety)*

(“Surety”) a duly admitted surety insurer under the laws of the State of California, as Surety, are held and firmly bound unto Owner, the City of Calimesa, and the City of Calimesa Community Facilities District No. 2013-\_\_ ( \_\_\_\_\_ ) in the penal sum of \_\_\_\_\_

\_\_\_\_\_

Dollars (\$ \_\_\_\_\_), this amount being not less than one hundred percent (100%) of the total contract price, in lawful money of the United States of America, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH THAT, if the hereby bounded Principal, his, her or its heirs, executors, administrators, successors or assigns, or subcontractors shall fail to pay any of the persons named in Section 3181 of the California Civil Code, or any amounts due under the Unemployment Insurance Code with respect to work or labor performed under the Contract, or for any

amounts required to be deducted, withheld, and paid over to the Employment Development Department from the wages of employees of the Principal and subcontractors pursuant to Section 13020 of the Unemployment Insurance Code, with respect to work or labor performed under the Contract, the Surety will pay for the same in an amount not exceeding the penal sum specified in this bond; otherwise, this obligation shall become null and void.

This bond shall inure to the benefit of any of the persons named in Section 3181 of the California Civil Code so as to give a right of action to such persons or their assigns in any suit brought upon the bond. In case suit is brought upon this bond, Surety further agrees to pay all court costs and reasonable attorneys' fees in an amount fixed by the court.

FURTHER, the Surety, for value received, hereby stipulates and agrees that no change, extension of time, alteration, addition or modification to the terms of the Contract, or of the work to be performed thereunder, or the specifications for the same, shall in any way affect its obligations under this bond, and it does hereby waive notice of any such change, extension of time, alteration, addition, or modification to the terms of the Contract or to the work or to the specifications thereunder. Surety hereby waives the provisions of California Civil Code §§ 2845 and 2849.

IN WITNESS WHEREOF, two (2) identical counterparts of this instrument, each of which shall for all purposes be deemed an original hereof, have been duly executed by Principal and Surety, on the date set forth below, the name of each corporate party being hereto affixed and these presents duly signed by its undersigned representative(s) pursuant to authority of its governing body.

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

“Principal”

“Surety”

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

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

By: \_\_\_\_\_  
Its

By: \_\_\_\_\_  
Its

By: \_\_\_\_\_  
Its

By: \_\_\_\_\_  
Its

(Seal)

(Seal)

*Note: This bond must be executed in duplicate and dated, all signatures must be notarized, and evidence of the authority of any person signing as attorney-in-fact must be attached.*

**EXHIBIT F**

**FORM OF CONTRACTOR PERFORMANCE BOND**

Bond No. \_\_\_\_\_

**CONTRACTOR PERFORMANCE BOND  
CITY OF CALIMESA – MELLO-ROOS ACT BOND FORM**

KNOW ALL PERSONS BY THESE PRESENTS that:

WHEREAS [name of Owner] (“Owner”) has awarded to \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

*(Name, address, and telephone number of Contractor)*

(“Principal”), a contract (the “Contract”) for the work described as follows:

\_\_\_\_\_

\_\_\_\_\_

WHEREAS, Principal is required under the terms of the Contract to furnish a bond for the faithful performance of the Contract.

NOW, THEREFORE, we, the undersigned Principal, and \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

*(Name, address, and telephone number of Surety)*

(“Surety”) a duly admitted surety insurer under the laws of the State of California, as Surety, are held and firmly bound unto Owner, the City of Calimesa (the “City”), and the City of Calimesa Community Facilities District No. 2013-\_\_ (\_\_\_\_\_) (the “CFD”) in the penal sum of \_\_\_\_\_

\_\_\_\_\_

Dollars (\$\_\_\_\_\_), this amount being not less than the total contract price, in lawful money of the United States of America, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH THAT, if the hereby bounded Principal, his, her or its heirs, executors, administrators, successors or assigns, shall in all things stand to and abide by, and well and truly keep and perform all the undertakings, terms, covenants, conditions and agreements in the Contract and any alteration thereof made as therein provided, on the Principal’s part to be kept and performed, all within the time and in the manner therein specified, and in all respects according to their true intent and meaning, and shall

indemnify and hold harmless the City and the CFD, and their respective officers, agents, and others as therein provided, then this obligation shall become null and void; otherwise, it shall be and remain in full force and effect.

In case suit is brought upon this bond, Surety further agrees to pay all court costs and reasonable attorneys' fees in an amount fixed by the court.

FURTHER, the Surety, for value received, hereby stipulates and agrees that no change, extension of time, alteration, addition or modification to the terms of the Contract, or of the work to be performed thereunder, or the specifications for the same, shall in any way affect its obligations under this bond, and it does hereby waive notice of any such change, extension of time, alteration, addition, or modification to the terms of the Contract or to the work or to the specifications thereunder. Surety hereby waives the provisions of California Civil Code §§ 2845 and 2849. Each of the City and the CFD is a principal beneficiary of this bond and has all rights of a party thereto.

IN WITNESS WHEREOF, two (2) identical counterparts of this instrument, each of which shall for all purposes be deemed an original hereof, have been duly executed by Principal and Surety, on the date set forth below, the name of each corporate party being hereto affixed and these presents duly signed by its undersigned representative(s) pursuant to authority of its governing body.

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

“Principal”

“Surety”

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

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

By: \_\_\_\_\_  
Its

By: \_\_\_\_\_  
Its

By: \_\_\_\_\_  
Its

By: \_\_\_\_\_  
Its

(Seal)

(Seal)

*Note: This bond must be executed in duplicate and dated, all signatures must be notarized, and evidence of the authority of any person signing as attorney-in-fact must be attached.*

ATTACHMENT 14B  
RESOLUTION 2013-29

**RESOLUTION NO. 2013-29**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALIMESA TO INCUR BONDED INDEBTEDNESS IN THE AMOUNTS NOT TO EXCEED \$3,000,000, \$5,000,000 AND \$4,000,000 WITHIN IMPROVEMENT AREA NO. 1, IMPROVEMENT AREA NO. 2 AND IMPROVEMENT AREA NO. 3, RESPECTIVELY, OF THE CITY OF CALIMESA COMMUNITY FACILITIES DISTRICT NO. 2013-1 (JP RANCH) AND CALLING A SPECIAL ELECTION**

**WHEREAS**, the City Council (the “Council”) of the City of Calimesa (the “City”) has heretofore adopted Resolution No. 2013-21 (the “Resolution of Formation”), which formed the City of Calimesa Community Facilities District No. 2013-1 (JP Ranch) (the “CFD”), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, commencing with Section 53311 of the California Government Code (the “Act”), to finance a portion of the cost of providing landscaping, lighting, streets, storm drain and detention basin maintenance services (the “Services”) that are in addition to those provided in the territory within the CFD prior to the formation of the CFD, and to finance the purchase, construction, expansion or rehabilitation of certain real and other tangible property with an estimated useful life of five years or longer, including public infrastructure facilities and other governmental facilities, which the City is authorized by law to construct, own or operate (the “Facilities”); and

**WHEREAS**, a copy of the Resolution of Formation is on file with the City Clerk and incorporated herein by reference; and

**WHEREAS**, the Council has heretofore designated portions of the CFD as Improvement Area No. 1, Improvement Area No. 2 and Improvement Area No. 3 (each an “Improvement Area,” and collectively, the “Improvement Areas”); and

**WHEREAS**, in order to finance the Facilities it is necessary to incur bonded indebtedness in the amounts not to exceed \$3,000,000, \$5,000,000 and \$4,000,000 for Improvement Area No. 1, Improvement Area No. 2 and Improvement Area No. 3, respectively, the repayment of which is to be secured by special taxes levied in accordance with Section 53340 et seq. of the Act on certain properties within the respective Improvement Areas.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CALIMESA DOES HEREBY RESOLVE AS FOLLOWS:**

**Section 1.** The above recitals are true and correct.

**Section 2.** It is necessary to incur bonded indebtedness in amounts not to exceed \$3,000,000, \$5,000,000 and \$4,000,000 for Improvement Area No. 1, Improvement Area No. 2 and Improvement Area No. 3, respectively, to finance the costs of the Facilities for the respective Improvement Areas.

**Section 3.** The bonded indebtedness will be incurred for the purpose of financing the costs of acquiring the Facilities, the financing of the costs associated with the issuance of the bonds and all other costs necessary to finance the Facilities which are permitted to be financed pursuant to the Act.

**Section 4.** Each Improvement Area will pay for the bonded indebtedness for such Improvement Area.

**Section 5.** The bonds shall be issued in one or more series bearing interest payable semi-annually or in such other manner as the Council shall determine at a maximum interest rate of 12 percent per annum or such rate not in excess of the maximum rate permitted by law at the time the bonds are issued. The term of the bonds shall be determined pursuant to a resolution of the Council authorizing the issuance of the bonds, but such term shall in no event exceed 40 years or such longer term as is then permitted by law.

**Section 6.** Pursuant to and in compliance with the provisions of Article 1.5 (commencing with Section 53410) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, the Council hereby establishes the following accountability measures pertaining to any bonded indebtedness incurred by or on behalf of the City:

(a) Such bonded indebtedness shall be incurred for the specific purposes set forth in Section 3 above.

(b) The proceeds of any such bonded indebtedness shall be applied only to the specific purposes identified in Section 3 above.

(c) The document or documents establishing the terms and conditions for the issuance of any such bonded indebtedness shall provide for the creation of an account or accounts into which the proceeds of such bonded indebtedness shall be deposited.

(d) The City Manager, or his or her designee, acting for and on behalf of the City, shall annually file a report with the Council as required by Government Code Section 53411.

**Section 7.** Pursuant to Government Code Section 53326, the Council hereby determines to submit to the qualified electors of the respective Improvement Areas of the CFD a proposition (the "Services Proposition") to levy special taxes on property within the respective Improvement Areas of the CFD in accordance with the rate and method of apportionment specified in the Resolution of Formation. The form of the Services Proposition is attached as Exhibit "A."

**Section 8.** Pursuant to Government Code Section 53353.5, the Council hereby determines to submit to the qualified electors of the respective Improvement Areas a combined proposition (the "Facilities Proposition") to: (1) levy special taxes on property within the Improvement Areas in accordance with the rate and method of apportionment of special tax specified in the Resolution of Formation; (2) incur bonded indebtedness in the amounts not to exceed \$3,000,000, \$5,000,000 and \$4,000,000, respectively; and (3) establish an appropriations limit as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, for the respective Improvement Areas. Said appropriations limit shall equal the maximum amount of bonded indebtedness authorized to be incurred for the respective Improvement Areas. The form of the Facilities Proposition is attached as Exhibit "B."

**Section 9.** A special election is hereby called for the Improvement Areas on the Services Proposition set forth in Section 7 above.

**Section 10.** A special election is hereby called for the Improvement Areas on the Facilities Proposition set forth in Section 8 above.

**Section 11.** The time for notice having been waived by the qualified electors, the date of the special election for the Improvement Areas on the Services Proposition and for the Improvement Areas on the Facilities Proposition shall be on the 5th day of August, 2013. There being no registered voters residing within the territory of the CFD at the time of the protest hearing and ninety (90) days prior thereto, there being only one landowner in the CFD, and the requirements of Section 53326 of the Government Code having been waived by the landowner, the ballot for the special election shall be hand delivered to the landowner within the CFD. The voter ballot shall be returned to the City Clerk at 908 Park Avenue, Calimesa, California 92320, no later than 11:00 o'clock p.m. on August 5, 2013. However, the election may be closed within the concurrence of the City Clerk, as soon as the ballot is returned.

**Section 12.** Notice of said election and written argument for or against the measure have been waived by the landowner.

**Section 13.** Each Improvement Area, as applicable, shall constitute a single election precinct for the purpose of holding said special election.

**Section 14.** The Council hereby directs that the special election be conducted by the City Clerk, as the elections official.

**Section 15.** This Resolution shall take effect from and after the date of its passage and adoption.

**PASSED, APPROVED AND ADOPTED** this 5<sup>th</sup> day of August, 2013.

---

WILLIAM DAVIS, MAYOR

**ATTEST:**

---

DARLENE GERDES, CITY CLERK

**APPROVED AS TO FORM:**

---

KEVIN ENNIS, CITY ATTORNEY

**EXHIBIT A**

OFFICIAL BALLOT

CITY OF CALIMESA  
COMMUNITY FACILITIES DISTRICT NO. 2013-1 (JP RANCH)  
IMPROVEMENT AREA \_\_\_\_

SERVICES SPECIAL TAX ELECTION  
August 5, 2013

To vote, mark an "X" in the voting square after the word "YES" or after the word "NO."  
All marks otherwise made are forbidden.

This ballot is provided to Highpointe JPR 308, LLC, a California limited liability company, as owner or authorized representative of such owner of land within City of Calimesa Community Facilities District No. 2013-1 (JP Ranch) and represents \_\_\_\_ votes.

If you wrongly mark, tear, or deface this ballot, return it to the City Clerk of the City of Calimesa at 908 Park Avenue, Calimesa, California 92320.

PROPOSITION: Shall City of Calimesa Community Facilities District No. 2013-1 (JP Ranch) be authorized to levy special taxes pursuant to the rate and method of apportionment of special taxes (the "Special Tax Formula") set forth in Exhibit A of Resolution of Formation adopted on August 5, 2013 ("Resolution of Formation") to finance the authorized services and administrative expenses as provided for in the Resolution of Formation?

YES	
NO	

**EXHIBIT B**

OFFICIAL BALLOT

CITY OF CALIMESA  
COMMUNITY FACILITIES DISTRICT NO. 2013-1 (JP RANCH)  
IMPROVEMENT AREA NO. \_\_\_\_

SPECIAL TAX ELECTION  
August 5, 2013

To vote, mark an "X" in the voting square after the word "YES" or after the word "NO." All marks otherwise made are forbidden.

This ballot is provided to Highpointe JPR 308, LLC, a California limited liability company, as owner or authorized representative of such owner of land within City of Calimesa Community Facilities District No. 2013-1 (JP Ranch) and represents \_\_\_\_ votes.

If you wrongly mark, tear, or deface this ballot, return it to the City Clerk of the City of Calimesa at 908 Park Avenue, Calimesa, California 92320.

PROPOSITION: Shall City of Calimesa Community Facilities District No. 2013-1 (JP Ranch) (the "CFD"), subject to the accountability measures provided for in Resolution Calling Special Election adopted on August 5, 2013, incur an indebtedness and be authorized to issue bonds in an amount not to exceed \$3,000,000/\$5,000,000/\$4,000,000 with interest at a rate or rates established at such time as the bonds are sold in one or more series at fixed or variable interest rates, however not to exceed any applicable statutory rate for such bonds, the proceeds of which will be used to finance the certain public facilities (the "Facilities") as described in Resolution of Formation adopted on August 5, 2013 ("Resolution of Formation"); and, subject to the accountability measures provided for in the Resolution of Formation, shall a special tax be levied to pay the principal of and interest on such indebtedness and bonds and to otherwise finance the Facilities; and shall an appropriations limit be established for Improvement Area \_\_\_\_ of the CFD pursuant to Article XIII B of the California Constitution, said appropriations limit to be equal to the maximum amount of bonded indebtedness authorized to be incurred for Improvement Area \_\_\_\_?

YES	
NO	

ATTACHMENT 14C  
RESOLUTION 2013-30

**RESOLUTION NO. 2013-30**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALIMESA  
CANVASSING THE RESULTS OF THE ELECTION HELD WITHIN THE  
CITY OF CALIMESA COMMUNITY FACILITIES DISTRICT NO. 2013-1  
(JP RANCH)**

**WHEREAS**, the City Council (the “Council”) of the City of Calimesa (the “City”) has previously conducted proceedings pertaining to the formation of the City of Calimesa Community Facilities District No. 2013-1 (JP Ranch) (the “CFD”), the rate and method of apportionment for the levy and collection of special taxes (the “Services Special Tax”) to finance a portion of the cost of providing landscaping, lighting, streets, storm drain and detention basin maintenance services, the authorization of indebtedness in the amounts not to exceed \$3,000,000, \$5,000,000 and \$4,000,000 within Improvement Area No. 1 and Improvement Area No. 2, respectively, of the CFD, the rate and method of apportionment for the levy and collection of special taxes (the “Special Tax”) to pay the principal and interest on bonds issued or other debt, and the establishment of an appropriations limit, and the calling of an election in regard to the foregoing; and

**WHEREAS**, on August 5, 2013, an election was held within the CFD relative to the rate and method of apportionment of Services Special Tax, the authorization of not to exceed \$3,000,000, \$5,000,000 and \$4,000,000 of indebtedness within Improvement Area No. 1, Improvement Area No. 2 and Improvement Area No. 3, respectively, of the CFD, the rate and method of apportionment of the Special Tax, and the establishment of an appropriations limit; and

**WHEREAS**, at such election the proposal for the rate and method of apportionment and manner of collection of the Services Special Tax, incurring the bonded indebtedness, the rate and method of apportionment and manner of collection of the Special Tax and establishing an appropriations limit for the respective Improvement Areas of the CFD was approved by the requisite 2/3 of the votes cast by qualified electors of the respective Improvement Areas, as applicable.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CALIMESA DOES HEREBY RESOLVE AS FOLLOWS:**

**SECTION 1.** It is hereby determined that the elections conducted within the respective Improvement Areas of the CFD were duly and validly conducted.

**SECTION 2.** The Council, acting as the legislative body of the CFD, is authorized to levy the Services Special Tax on behalf of the CFD, as specified in Resolution No. 2013-21 (the “Resolution of Formation”) adopted by the Council on August 5, 2013.

**SECTION 3.** The Council, acting as the legislative body of the CFD, is authorized to levy the Special Tax on behalf of the CFD, as specified in the Resolution of Formation.

**SECTION 4.** The Council is authorized to incur indebtedness on behalf of the CFD for Improvement Area No. 1 and Improvement Area No. 2 of said CFD, in the maximum amounts of \$3,000,000, \$5,000,000 and \$4,000,000, respectively.

**SECTION 5.** The City is authorized to establish an appropriations limit for the Improvement Areas of the CFD.

**SECTION 6.** The City Clerk is hereby directed and authorized to record notice of the special tax of the CFD by recording a Notice of Special Tax Lien of the CFD in the office of the County Recorder of the County of Riverside within fifteen (15) days of the date hereof pursuant to Section 3114.5 of the California Streets and Highways Code.

**SECTION 7.** This Resolution shall take effect from and after the date of its passage and adoption.

**PASSED, APPROVED AND ADOPTED** this 5<sup>th</sup> day of August, 2013.

---

WILLIAM DAVIS, MAYOR

**ATTEST:**

---

DARLENE GERDES, CITY CLERK

**APPROVED AS TO FORM:**

---

KEVIN ENNIS, CITY ATTORNEY

**ATTACHMENT 14D**  
**ORDINANCE NO. 326**

**ORDINANCE NO. 326**

**ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CALIMESA  
AUTHORIZING THE LEVY OF A SERVICES SPECIAL TAX AND A  
SPECIAL TAX**

**WHEREAS**, on June 3, 2013, the City Council (the "Council") of the City of Calimesa (the "City") adopted Resolution No. 2013-21 stating its intention to dissolve City of Calimesa Community Facilities District No. 2006-3 (JP Ranch), Improvement Area No. 1, and to form the City of Calimesa Community Facilities District No. 2013-1 (JP Ranch) (the "CFD") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, commencing with Section 53311 of the California Government Code (the "Act"), to finance a portion of the cost of providing landscaping, lighting, streets, storm drain and detention basin maintenance services (the "Services") that are in addition to those provided in the territory within the CFD prior to the formation of the CFD, and to finance the purchase, construction, expansion or rehabilitation of certain real and other tangible property with an estimated useful life of five years or longer, including public infrastructure facilities and other governmental facilities, which the City is authorized by law to construct, own or operate (the "Facilities"), and designating portions of the CFD as Improvement Area No. 1, Improvement Area No. 2 and Improvement Area No. 3; and

**WHEREAS**, on June 3, 2013, the Council also adopted Resolution No. 2013-22 stating its intention and the necessity to incur bonded indebtedness in the amount of not to exceed \$3,000,000, \$5,000,000 and \$4,000,000 for Improvement Area No. 1, Improvement Area No. 2 and Improvement Area No. 3, respectively, to be issued for the purpose of financing the purchase, construction, expansion or rehabilitation of the Facilities; and

**WHEREAS**, notice was published as required by law relative to the intention of the Council to form the CFD and to incur bonded indebtedness in the amount not to exceed \$3,000,000, \$5,000,000 and \$4,000,000 within the boundaries of Improvement Area No. 1, Improvement Area No. 2 and Improvement Area No. 3, respectively, of the CFD; and

**WHEREAS**, on August 5, 2013, this Council held a noticed public hearing as required by law relative to the determination to proceed with the formation of the CFD, the rate and method of apportionment and manner of collection of the special tax to be levied within each Improvement Area of the CFD to pay for the Services and the rate and method of apportion and manner of collection of the special tax to be levied within each Improvement Area to pay the principal and interest on the proposed bonded indebtedness of each Improvement Area of the CFD, and relative to the necessity for authorizing the bonds, the purpose for which the bonds are to be issued, the amount of the proposed debt, the maximum term of the bonds and the maximum annual rate of interest to be paid; and

**WHEREAS**, at said hearing all persons desiring to be heard on all matters pertaining to the formation of the CFD and the incurring of bonded indebtedness by each of the Improvement Areas of the CFD were heard and a full and fair hearing was held; and

**WHEREAS**, the Council subsequent to said hearing adopted Resolution No. 2013-21 determining the validity of prior proceedings and established the CFD; and

**WHEREAS**, the Council subsequent to said hearing adopted Resolution No. 2013-21 which called an election within the CFD for August 5, 2013 on the proposition of incurring bonded indebtedness, levying a special tax and setting an appropriations limit; and

**WHEREAS**, on August 5, 2013, an election was held within the CFD in which the eligible electors approved by more than two-thirds vote the proposition of incurring bonded indebtedness, levying a special tax, and setting an appropriations limit.

**THE CITY COUNCIL OF THE CITY OF CALIMESA DOES ORDAIN AS FOLLOWS:**

**SECTION 1.** City of Calimesa Community Facilities District No. 2006-3 (JP Ranch) Improvement Area No. 1 is hereby dissolved.

**SECTION 2.** A special tax (the “Services Special Tax”) is levied within the boundaries of each Improvement Area of the CFD pursuant to the formula set forth in Exhibit “A” attached hereto and incorporated by reference in an amount necessary to pay all of the costs of providing the Services, periodic costs, and costs of the tax levy and collection, and all other costs.

**SECTION 3.** A special tax (the “Special Tax”) is levied within the boundaries of each Improvement Area of the CFD pursuant to the formulas set forth in Exhibit “A” attached hereto and incorporated by reference in an amount necessary to pay all of the costs of providing the Facilities, periodic costs, and costs of the tax levy and collection, and all other costs including amounts payable with respect to the bonded indebtedness.

**SECTION 4.** This legislative body is hereby further authorized each year, by resolution adopted as provided in section 53340 of the Act, to determine the specific special tax rate and amount to be levied for the then current or future tax years, except that the special tax rate to be levied shall not exceed the maximum rate set forth in Exhibit “A.”

**SECTION 5.** All of the collections of the Services Special Tax and Special Tax shall be used as provided for in the Act and Resolution No. 2013-21 of the Council (Resolution of Formation). The Special Tax shall be levied only so long as needed for its purpose as described in Resolution No. 2013-21.

**SECTION 6.** The above authorized Services Special Tax and the Special Tax shall be collected in the same manner as ordinary ad valorem property taxes are collected and shall be subject to the same penalties and the same procedure, sale and lien priority in cases of delinquency as is provided for ad valorem taxes; provided, however, the CFD may collect the Services Special Tax and the Special Tax at a different time or in a different manner if necessary to meet its financial obligations.

**SECTION 7.** The Mayor shall sign this ordinance and the City Clerk shall attest to such signature. The City Clerk is directed to cause the title and summary or text of this ordinance, together with the vote thereon, to be published within fifteen (15) days after its passage at least once in a newspaper of general circulation published and circulated within the territorial jurisdiction of the City, and to post at the main office of the City a certified copy of the

full text of the adopted ordinance along with the names of the Council Members voting for and against the ordinance.

**SECTION 8.** This ordinance relating to the levy of the Services Special Tax and the Special Tax takes effect and shall be in force from and after 30 days from the date of final passage. A copy of this ordinance shall be transmitted to the Clerk of the Board of Supervisors of Riverside County, the Assessor and the Treasurer-Tax Collector of Riverside County.

**INTRODUCED AND APPROVED UPON FIRST READING** this 5<sup>th</sup> day of August, 2013, upon the following roll call vote:

**AYES:**

**NOES:**

**ABSET:**

**ABSTAIN:**

**PASSED, APPROVED AND ADOPTED UPON SECOND READING** this \_\_\_ day of \_\_\_\_\_, 2013, upon the following roll call vote:

**AYES:**

**NOES:**

**ABSET:**

**ABSTAIN:**

\_\_\_\_\_  
WILLIAM DAVIS, MAYOR

**ATTEST:**

\_\_\_\_\_  
DARLENE GERDES, CITY CLERK

**APPROVED AS TO FORM:**

\_\_\_\_\_  
KEVIN ENNIS, CITY ATTORNEY

**EXHIBIT "A"**

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX  
(IMPROVEMENT AREA NO. 1)  
(IMPROVEMENT AREA NO. 2)  
(IMPROVEMENT AREA NO. 3)**



CITY OF CALIMESA  
COMMUNITY FACILITIES DISTRICT  
No. 2013-1 (JP RANCH)

PUBLIC REPORT

AUGUST 5, 2013

KOPPEL & GRUBER  
PUBLIC FINANCE

334 VIA VERA CRUZ, SUITE 256  
SAN MARCOS  
CALIFORNIA 92078

T. 760.510.0290  
F. 760.510.0288

**CITY OF CALIMESA  
CITY COUNCIL**

**WILLIAM “BILL” DAVIS, MAYOR**

**JEFFREY HEWITT, MAYOR PRO TEM  
ELLA ZANOWIC, COUNCIL MEMBER  
JIM HYATT, COUNCIL MEMBER  
JOYCE J. MCINTIRE, COUNCIL MEMBER**

**CITY MANAGER  
RANDY ANSTINE**

# TABLE OF CONTENTS

<b>INTRODUCTION</b> .....	<b>1</b>
<b>A. DESCRIPTION OF CFD NO. 2013-1</b> .....	<b>1</b>
<b>B. DESCRIPTION OF FACILITIES AND SERVICES</b> .....	<b>2</b>
<b>C. BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT</b> .....	<b>4</b>
<b>D. COST ESTIMATE</b> .....	<b>4</b>
<b>E. RATE AND METHOD OF APPORTIONMENT</b> .....	<b>4</b>
<b>F. GENERAL TERMS AND CONDITIONS</b> .....	<b>5</b>
<b>EXHIBIT A – BOUNDARY MAP</b> .....	<b>A-1</b>
<b>EXHIBIT B – COST ESTIMATES</b> .....	<b>B-1</b>
<b>EXHIBIT C – RATES AND METHODS OF APPORTIONMENT</b> .....	<b>C-1</b>

## **Introduction**

The City Council of the City of Calimesa (the “Council”) did, pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended (the “Act”), on June 3, 2013 adopt a resolution entitled “Resolution of Intention of the City Council of the City of Calimesa to Establish City of Calimesa Community Facilities District No. 2013-1 (JP Ranch) and Designating Improvement Areas Within Said Community Facilities District” (the “Resolution of Intention”). In the Resolution of Intention the Council expressly ordered the preparation of a written Community Facilities District Report (the “Report”), for the proposed Community Facilities District No. 2013-1 (JP Ranch) (the “CFD No. 2013-1” or the “District”).

The Resolution of Intention ordering the Report did direct that the Report generally contain the following:

1. a brief description of the Facilities and the Services which are required to adequately meet the needs of CFD No. 2013-1; and
2. an estimate of the cost of providing the Facilities and Services, including an estimate of the fair and reasonable cost of all Incidental Expenses, including the cost of planning and designing the Facilities to be financed pursuant to the Act, all costs associated with the creation of the District, issuance of bonds, determination of the amount of any special taxes, collection of any special taxes, or costs otherwise incurred in order to carry out the authorized purposes of the City with respect to the District, and any other expenses incidental to the construction, completion and inspection of the authorized work to be paid through the proposed financing, and the costs associated with the providing the authorized Services.

For particulars, reference is made to the Resolution of Intention (Resolution Number 2013-21) for the District, as previously approved and adopted by Council.

**Now, Therefore** Koppel & Gruber Public Finance, the appointed responsible firm directed to prepare the Report, does hereby submit the following:

### **A. Description of CFD No. 2013-1**

CFD No. 2013-1 is comprised of approximately 47.03 acres of residentially zoned land in the City of Calimesa. Properties in CFD No. 2013-1 are divided into to three (3) Improvement Areas (“IAs”) adjacent to each other – Improvement Area No. 1 (“IA No. 1”), Zone 1 includes the previously constructed homes; Tract 26925, Lots 28-44 except Lots 33 and 38 for a total of 44 homes, and 30386-1, Lots 1-13, 31-37, and 41-50, Improvement Area No. 1, Zone 2 includes Tract 30386-1, Lots 1, 14, 15, 40, 51-68 and Tract 30386-2, Lots 1-6, 70-108 for a total of 65 Lots which are primarily adjacent to Zone 1. Improvement Area No. 2 (“IA No. 2”) includes in Tract 30386,

Lots 1-35, Tract 30386-1, Lots 16-30, 39 and 40 for a total of 117 lots. Improvement Area No. 3 (“IA No. 3”) includes the remaining 80 lots in Tract 26925, specifically, lots 1-27 and 45-97. A map showing the boundaries of Community Facilities District No. 2013-1 (JP Ranch) is included in Exhibit “A” of this Report. Table 1 below shows the number of projected units, the taxable acreage for each IA, and the not to exceed bond amount for CFD No. 2013-1 each IA.

<b>CFD 2013-1 Improvement Area</b>	<b>No. of Projected Taxable Units</b>	<b>Minimum Taxable Acreage</b>	<b>Not To Exceed Bond Amount</b>
1, Zone 1	44	6.45	\$3,000,000
1, Zone 2	65	10.57	
2	117	17.34	5,000,000
3	80	12.67	4,000,000
<b>TOTAL</b>	<b>306</b>	<b>47.03</b>	<b>\$12,000,000</b>

## **B. Description of Facilities and Services**

The purpose of CFD No. 2013-1 is to provide for the cost of financing the construction and engineering design of the Facilities (shown in detail below), the payment of development impact fees and the incidental expenses related to financing, forming and administering the District. Additionally, CFD 2013-1 will finance the maintenance of landscaping, lighting, streets, storm drain and detention basin maintenance services that are in addition to those provided in the territory within CFD 2013-1 prior to the formation of District.

Descriptions of the authorized facilities, which are defined in Exhibit B of the Resolution of Intention, are as follows:

### **City Facilities**

- Street facilities, including, but not limited to, major arterials, highways, intersections, access ramps, roadways, sidewalk, curb, gutters, striping, lighting, traffic signalization, signage, landscaping of public streets and rights-of-way and appurtenant facilities;
- Storm control facilities, including, but not limited to, storm drains, channels, detention, headwalls, riprap pads, retention and/or catch basins and appurtenant facilities;

- Trails/Habitat Improvements, including, but not limited to construction of decomposed granite trails within the wildlife corridors for wildlife travel and restoration of habitat area as permitted.
- Development Impact and other fees, including but not limited to City Administration Fee, Streets and Traffic Improvement Facility Fee, Drainage Facilities Fee, Library Facility Fee, Fire Service Facility Fee, Park Facilities Fee, Law Enforcement Facility Fee, Affordable Housing Fee, capital facilities' fees and other city fees all which are part of these fee programs;

**Incidental Expenses** - the District may also finance any of the following:

- Bond related expenses, including underwriters' discount, reserve fund, capitalized interest, financial advisor fees and expenses, bond and disclosure counsel fees, special tax consultant fees and expenses, dissemination agent fees and all other incidental expenses.
- Administrative fees of the City and the bond trustee or fiscal agent related to the District and the bonds.
- Reimbursement of costs related to the formation of the District advanced by the City or any related entity, or any landowner or developer within the District, as well as reimbursement of any costs advanced by the City or any related entity, or any landowner or developer within the District, for facilities, fees or other purposes or costs of the District.

This description of the public capital facilities is general in nature. The final nature and location of improvements and facilities will be determined upon the preparation of final plans and specifications. The final plans and specifications may show substitutes in lieu of, or modifications to, proposed work. Any such substitution shall not require a change or modification in the proceedings as long as the Facilities provide a service substantially similar to that as set forth in the Report.

### **Services to be Maintained**

The General Description of the Services to be maintained as part of CFD 2013-1 include but are not limited to the irrigated open space areas; non-irrigated open space or fuel modification areas; streetscape landscaping; slope landscaping; landscape improvements associated with the drainage easement areas and/or detention basins (both irrigated and non-irrigated); and public street lighting within and associated with the development of properties within JP Ranch (Tracts 26925, 30386-1, 30386-2 and the remaining unrecorded portion of 30386).

### **C. Boundaries of the Community Facilities District**

A reduced map of the boundaries of CFD No. 2013-1 titled "Corrected Map of Proposed Boundaries Community Facilities District No. 2013-1 (JP Ranch)" is included in Exhibit "A" and is incorporated herein. The boundaries include all the properties in the three improvement areas within Tracts 26925, 30386, 30386-1 and 30386-2 on which special taxes may be levied by CFD No. 2013-1.

A full scale map is on file with the Clerk of the City of Calimesa and was recorded with the County Recorder in the County of Riverside in Book 76 of Maps of Assessment and Community Facilities Districts, Pages 34 and 35, Document Number 2013-0342579.

### **D. Cost Estimate**

As discussed above, CFD No. 2013-1 includes the costs of Services and Facilities. The budget for Services is estimated at \$384,838 for fiscal year 2013/2014.

The maximum bonded indebtedness to finance the Facilities and Incidental Expenses as approved in the Resolution of Intention for CFD No. 2013-1 is \$12,000,000 which is proposed to fund improvements for the District. Bonds will be sold by CFD No. 2013-1 in one or more series for a term not to exceed 30 years.

The estimated costs of the Facilities are shown in 2013 dollars. For particulars on the estimated cost of Facilities, reference is made to Exhibit "B" of this Report.

### **E. Rate and Method of Apportionment**

The Rates and Methods of Apportionment (RMA) provide sufficient information to allow a property owner within each Improvement Area of CFD No. 2013-1 to estimate the Maximum Special Tax for his or her property. It also includes method of prepayment in full or prepayment in part and the procedure for prepayments.

For particulars on the rates and methods of apportionment, reference is made to Exhibit "C" of this report.

## F. General Terms and Conditions

The general terms and conditions of CFD No. 2013-1 are as follows:

- **Substitution of Facilities** – The description of the public capital facilities is general in nature. The final nature and location of improvements and facilities will be determined upon the preparation of final plans and specifications. The final plans and specifications may show substitutes in lieu of, or modifications to, proposed work. Any such substitution shall not be a change or modification in the proceedings as long as the Facilities provide a service substantially similar to that as set forth in the Report.
- **Bonds** – In order to finance the Facilities set forth in this Report, it is necessary that bonds be issued pursuant to the terms, conditions and authorizations as set forth in the Act, commencing with Section 53311 thereof and specifically, Article 5 therein.

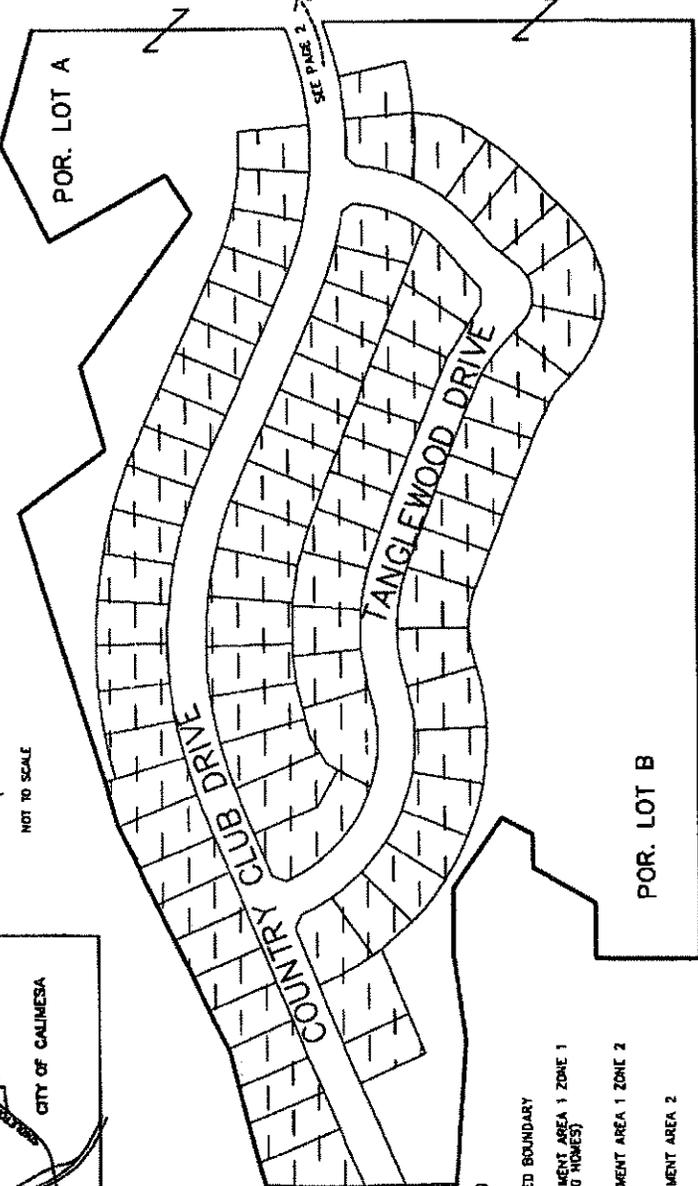
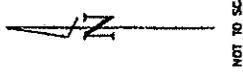
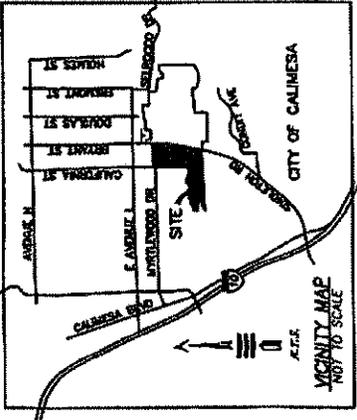
**EXHIBIT A**  
**BOUNDARY MAP FOR**  
**COMMUNITY FACILITIES DISTRICT NO. 2013-1**  
**(JP Ranch)**

A reduced copy of the Boundary Map (Corrected) follows. The original of such map is on file in the Office of the City Clerk and in the records of the County Recorder, County of Riverside, State of California.

0084  
HE

SHEET 1 OF 2

**CORRECTED MAP OF PROPOSED BOUNDARIES  
COMMUNITY FACILITIES DISTRICT NO. 2013-1  
(JP RANCH)  
CITY OF CALIFORNIA  
COUNTY OF RIVERSIDE  
STATE OF CALIFORNIA**



- LEGEND**
- PROPOSED BOUNDARY
  - IMPROVEMENT AREA 1 ZONE 1 (EXISTING HOMES)
  - IMPROVEMENT AREA 1 ZONE 2
  - IMPROVEMENT AREA 2
  - IMPROVEMENT AREA 2 - UNSUBDIVIDED
  - IMPROVEMENT AREA 3
  - MAP (LOT NUMBERS 33 & 38)

THIS MAP CORRECTS CLERICAL ERRORS IN MAP OF COMMUNITY FACILITIES DISTRICT NO. 2013-1 (JP RANCH), CITY OF CALIFORNIA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, PREVIOUSLY RECORDED IN BOOK 76 OF THE MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGES 23-24 AND AS INSTRUMENT NO. 2013-0278673, IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

FILED IN THE OFFICE OF THE CITY CLERK THIS 16<sup>th</sup> DAY OF July, 2013.  
*Natalie E. Bales*  
 CITY CLERK  
 CITY OF CALIFORNIA

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES AND THE IMPROVEMENT AREAS WITHIN COMMUNITY FACILITIES DISTRICT NO. 2013-1 (JP RANCH), CITY OF CALIFORNIA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, HAS BEEN REPRESENTED TO ME AS ACCURATELY REFLECTING THE BOUNDARIES AS APPROVED BY THE CITY COUNCIL OF THE CITY OF CALIFORNIA AT A REGULAR MEETING THEREOF, HELD ON THE 30<sup>th</sup> DAY OF JUNE, 2013, BY ITS RESOLUTION NO. 2013-21.

*Natalie E. Bales*  
 CITY CLERK  
 CITY OF CALIFORNIA

FILED THIS 16<sup>th</sup> DAY OF JUN, 2013, AT THE HOUR OF 2:11 O'CLOCK P. M. IN THE BOOK 76 OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS, PAGE 23-24, AND AS INSTRUMENT NO. 2013-0278673 IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA. Fee: \$ 12.00

*Natalie E. Bales*  
 COUNTY ASSESSOR/RECORDER  
 COUNTY OF RIVERSIDE  
 STATE OF CALIFORNIA

REFERENCE IS MADE TO THAT BOUNDARY MAP OF COMMUNITY FACILITIES DISTRICT NO. 2013-1 (JP RANCH) OF THE CITY OF CALIFORNIA FILED WITH THE RIVERSIDE COUNTY RECORDERS OFFICE ON JUNE 12, 2013, FILED IN BOOK 76 OF THE MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS, PAGES 23-24 AS INSTRUMENT NO. 2013-0278673.

THE LINES AND DIMENSIONS OF EACH LOT OR PARCEL SHOWN ON THIS DIAGRAM SHALL BE THOSE LINES AND DIMENSIONS AS SHOWN ON THE RIVERSIDE COUNTY ASSESSOR'S MAPS FOR THOSE PARCELS LISTED.

THE RIVERSIDE COUNTY ASSESSOR'S MAPS SHALL GOVERN FOR ALL DETAILS CONCERNING THE LINES AND DIMENSIONS OF SUCH LOTS OF PARCELS.

**KOPPEL GRUBER**  
 854 Via Yuma Cruz, Suite 206  
 San Marcos, California 92078  
 Phone (760) 640-0090  
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JULY 2013

CORRECTED MAP OF PROPOSED BOUNDARIES  
COMMUNITY FACILITIES DISTRICT NO. 2013-1  
(JP RANCH)

CITY OF CALIFORNIA  
COUNTY OF RIVERSIDE  
STATE OF CALIFORNIA



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Northwest Engineering

## EXHIBIT B

### COST ESTIMATES

The Estimated Costs of Facilities follows. The total costs for each of the Improvement Areas of the District are estimates only. The District has the ability to reallocate amounts between line items as long as the total costs do not exceed the total authorized bonded amounts.

#### Improvement Area No. 1 Facilities

Description of Fees and Improvements - (IA No. 1)	Estimated Total
<b>City of Calimesa</b>	
<b>Fees</b>	
City Administration Fee (100% of \$1,221 per unit)	\$133,089
Traffic Improvement Facility Fee (100% of \$1,030 per unit)	112,270
Drainage Facilities Fee (100% of \$2,927 per acre) Tr 26925	18,375
Drainage Facilities Fee (100% of \$2,927 per acre) Tr 30386	96,181
Library Facility Fee (100% of \$1,004 per unit)	109,436
Fire Service Facility Fee (100% of \$1,372 per unit)	149,548
Law Enforcement Facility Fee (100% of \$744 per unit)	81,096
Park Facilities Fee (100% of \$4,828 per unit)	526,252
Affordable Housing Fee (100% of \$1,000 per unit)	109,000
<b>Total City of Calimesa Fees</b>	<b>\$1,335,247</b>
<b>Improvements</b>	
Trails/Habitat Improvements	\$57,988
Landscape Improvements (Tr 26925)	86,895
Landscape Improvements (Tr 30386)	423,515
Street Improvements	314,465
Fencing and Wall Improvements	105,839
Storm Drain Improvements	398,940
Contingency	346,910
<b>Total Improvements</b>	<b>\$1,734,552</b>
<b>Total Uses of Net Bond Proceeds</b>	<b>\$3,069,799</b>

**Improvement Area No. 2  
Facilities**

<b>Description of Fees and Improvements - (IA No. 2)</b>	<b>Estimated Total</b>
<b>City of Calimesa</b>	
<b>Fees</b>	
City Administration Fee (100% of \$1,221 per unit)	\$142,857
Traffic Improvement Facility Fee (100% of \$1,030 per unit)	120,510
Drainage Facilities Fee (100% of \$2,927 per acre) Tr 30386	119,691
Library Facility Fee (100% of \$1,004 per unit)	117,468
Fire Service Facility Fee (100% of \$1,372 per unit)	160,524
Law Enforcement Facility Fee (100% of \$744 per unit)	87,048
Park Facilities Fee (100% of \$4,828 per unit)	564,876
Affordable Housing Fee (100% of \$1,000 per unit)	117,000
<b>Total City of Calimesa Fees</b>	<b>\$1,429,974</b>
<b>Improvements</b>	
Trails/Habitat Improvements	\$62,244
Landscape Improvements (Tr 30386)	527,085
Street Improvements	337,545
Fencing and Wall Improvements	113,607
Storm Drain Improvements	428,220
Traffic Signal Improvements	614,133
Contingency	520,714
<b>Total Improvements</b>	<b>\$2,603,548</b>
<b>Total Uses of Net Bond Proceeds</b>	<b>\$4,033,522</b>

**Improvement Area No. 3  
Facilities**

<b>Description of Fees and Improvements - (IA No. 3)</b>	<b>Estimated Total</b>
<b>City of Calimesa</b>	
<b>Fees</b>	
City Administration Fee (100% of \$1,221 per unit)	\$97,680
Traffic Improvement Facility Fee (100% of \$1,030 per unit)	82,400
Drainage Facilities Fee (100% of \$2,927 per acre) Tr 26925	98,000
Library Facility Fee (100% of \$1,004 per unit)	80,320
Fire Service Facility Fee (100% of \$1,372 per unit)	109,760
Law Enforcement Facility Fee (100% of \$744 per unit)	59,520
Park Facilities Fee (100% of \$4,828 per unit)	386,240
Affordable Housing Fee (100% of \$1,000 per unit)	80,000
<b>Total City of Calimesa Fees</b>	<b>\$993,920</b>
<b>Improvements</b>	
Trails/Habitat Improvements	\$42,560
Landscape Improvements (Tr 26925)	463,440
Street Improvements	230,800
Fencing and Wall Improvements	77,680
Storm Drain Improvements	292,800
Contingency	276,819
<b>Total Improvements</b>	<b>\$1,384,099</b>
<b>Total Uses of Net Bond Proceeds</b>	<b>\$2,378,019</b>

The description of the public capital facilities above is general in nature. The final nature and location of improvements and facilities will be determined upon the preparation of final plans and specifications. The final plans and specifications may show substitutes in lieu of, or modifications to, proposed work. Any such substitution shall not be a change or modification in the proceedings as long as the Facilities provide a service substantially similar to that as set forth in the Report. The budgeted amounts are the estimated costs of construction. The actual cost of any improvement may be different than the budgeted amount.

The Estimated Costs of Services follows. The total costs of the District are estimates only. The District has the ability to reallocate amounts between line items as long as the total costs do not exceed the total authorized bonded amounts

## Services Budget

The budget below reflects the maintenance costs for both Improvement Area Nos. 1, 2 and 3. The Special Tax for Services, Special Tax B and Special Tax C (Contingent), will be levied each fiscal year proportionately between the three Improvement Areas based on the methodology set out in the Rates and Methods of Apportionment.

As long as the Homeowner's Association is able to maintain the portion of landscaping it is responsible for Special Tax C (Contingent) will not be levied.

### Improvement Area Nos. 1, 2 and 3 Services Budget Fiscal Year 2013/2014

Description of Services	Estimated Total
<b>Annual Maintenance</b>	
Irrigated Maintenance	\$155,280
Non-Irrigated	21,694
Wildlife corridor -26925	100,840
Street Lighting	14,231
Contingency - 5%	\$14,602
<b>Subtotal</b>	<b>\$306,647</b>
<b>Replacement/Rehabilitation/Reserves</b>	
Replacement Reserve	\$55,448
Cash Flow Reserve	15,332
<b>Subtotal</b>	<b>\$70,780</b>
<b>Administration and Other Expenses</b>	
District Administration	\$6,000
County Costs	260
Legal Services	800
Accounting	250
Misc Office Expense	100
<b>Subtotal</b>	<b>\$7,410</b>
<b>Total</b>	<b>\$384,837</b>

## EXHIBIT C

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# COMMUNITY FACILITIES DISTRICT NO. 2013-1 (JP RANCH) IMPROVEMENT AREA NO. 1 OF THE CITY OF CALIMESA RATE AND METHOD OF APPORTIONMENT

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A Special Tax shall be levied on all Taxable Property (as defined below) within the boundaries of Improvement Area No. 1 ("IA No. 1") of Community Facilities District No. 2013-1 (JP Ranch), ("CFD No. 2013-1") of the City of Calimesa ("City") and collected each Fiscal Year commencing in Fiscal Year 2013/2014 in an amount determined by the City Council (as defined below), through the application of this Rate and Method of Apportionment of the Special Tax to the extent and in the manner herein provided.

### I. DEFINITIONS

**"Acreage"** or **"Acre"** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Subdivision Map, parcel map, condominium plan, or other recorded County parcel map. An Acre means 43,560 square feet of land.

**"Act"** means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

**"Administrative Expenses"** means the expenses incurred by the City on behalf of IA No. 1 related to the determination of the amount of the Levy of Annual Special Taxes; the collection of Annual Special Taxes including the expenses of collecting delinquencies; the administration of the Bonds; the payment of salaries and benefits of any employee of the City whose employment duties are directly related to the administration of IA No. 1; and the costs otherwise incurred in order to carry out authorized purposes of IA No. 1.

**"Annual Special Tax"** means any Special Tax actually levied in any Fiscal Year on any Assessor's Parcel.

**"Assessor"** means the Assessor of the County.

**“Assessor's Parcel”** means a lot or parcel shown on an Assessor's Parcel Map with an assigned Assessor's Parcel number.

**“Assessor's Parcel Map”** means an official map of the County designating parcels by Assessor's Parcel number.

**“Assigned Special Tax A”** means the Special Tax A for each Land Use Class, as determined in accordance with Section 3 below.

**“Backup Special Tax A”** means the Special Tax amount applicable to each Assessor's Parcel of Developed Property, as determined in accordance with Section 3.A (ii) below.

**“Bonds”** means any obligation of IA No. 1 to pay or repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, secured in whole or in part by the levy of Special Taxes.

**“Building Permit”** means a building permit for the construction of one or more Residential Units within CFD No. 2013-1, IA No. 1 issued by the City, or another public agency in the event the City no longer issues building permits.

**“Building Square Footage”** means all of the square footage of usable area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, or similar area. The determination of Building Square Footage shall be made by reference to the Building Permit(s) issued for such Assessor's Parcel.

**“Calendar Year”** means the period commencing January 1 of any year and ending the following December 31.

**“CFD Administrator”** means an authorized representative of the City, or designee thereof, responsible for determining the Special Tax Requirement for Facilities and the Special Tax Requirement for Services, for preparing the Annual Special Tax roll and calculating the Backup Special Tax A.

**“CFD No. 2013-1”** means Community Facilities District No. 2013-1 (JP Ranch) of the City.

**“City”** means the City of Calimesa, California.

**“City Council”** means the City Council of the City of Calimesa, acting as the legislative body of CFD No. 2013-1, or its designee.

**“Consumer Price Index”** means, for each Fiscal Year, the Consumer Price Index published by the U.S. Bureau of Labor Statistics for “All Urban Consumers” in the

Los Angeles-Anaheim-Riverside Area, measured as of the month of April in the previous Fiscal Year. In the event this index ceases to be published, the Consumer Price Index shall be another index that is reasonably comparable to the Consumer Price Index for the Los Angeles-Anaheim-Riverside Area, as determined by the CFD Administrator.

**“Contingent Special Tax Requirement for Services”** means that amount required in any Fiscal Year, if the HOA is unable to maintain the landscaping to: (i) pay the costs of Services incurred or otherwise payable in the Calendar Year commencing in such Fiscal Year; (ii) fund an operating reserve for the costs of Services as determined by the CFD Administrator; less a credit for funds available to reduce the annual Special Tax C (Contingent) levy as determined by the CFD Administrator.

**“County”** means the County of Riverside, California.

**“Debt Service”** means for each Fiscal Year, the total amount of principal and interest payable on any Outstanding Bonds during the Calendar Year commencing on January 1 of such Fiscal Year.

**“Developed Property”** means (i) for Zone 2 each Fiscal Year, all Assessor’s Parcels of Taxable Property, exclusive of Assessor’s Parcels of Provisional Undeveloped Property, for which a Building Permit was issued prior to May 1 of the previous Fiscal Year; and (ii) for Zone 1 each Fiscal Year, all Assessor’s Parcels of Taxable Property.

**“Exempt Property”** means Assessor’s Parcels designated as being exempt from Special Taxes pursuant to Section 9.

**“Final Subdivision Map”** means a subdivision of property created by recordation of a final map or parcel map, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 1352 or lot line adjustment that creates individual lots for which building permits may be issued without further subdivision.

**“Fiscal Year”** means the period starting on July 1 and ending the following June 30.

**“Homeowner’s Association” or “HOA”** means the homeowner’s association established to maintain certain landscaping within IA No. 1.

**“Improvement Area 1” or “IA No. 1”** means Improvement Area No. 1 of CFD No. 2013-1, as identified on the boundary map for CFD No. 2013-1, as in effect on the date of formation of IA No. 1, and as may thereafter be amended in accordance with the Act.

**“Indenture”** means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

**“Land Use Class”** means any of the classes listed in Table 1 or Table 2 under Section 3 below.

**“Lot”** means an individual legal lot created by a Final Subdivision Map.

**“Lot 33”** means the property identified on Tract Map No. 26925, dated March 21, 2005 which consists of approximately 0.1371 Acres as depicted on Exhibit A.

**“Lot 38”** means the property identified on Tract Map No. 26925, dated March 21, 2005 which consists of approximately 0.1371 Acres as depicted on Exhibit A.

**“Mandatory Maximum Special Tax Reduction”** means a mandatory reduction of the Maximum Special Tax A prior to the issuance of Bonds as set forth in Section 7 below.

**“Maximum Special Tax A”** means the Maximum Special Tax A (Facilities), determined in accordance with Section 3 below, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

**“Maximum Special Tax B”** means the Maximum Special Tax B (Services), determined in accordance with Section 3 below, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

**“Maximum Special Tax C (Contingent)”** means the Maximum Special Tax C (Contingent), determined in accordance with Section 3 below, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

**“Outstanding Bonds”** mean all Bonds, which are deemed to be outstanding under the Indenture.

**“Partial Prepayment Amount”** means a prepayment of a portion of the Special Tax A Obligation applicable to an Assessor’s Parcel of Taxable Property as set forth in Section 6.B below.

**“Property Tax Burden”** means the total annual estimated amount of taxes a residential owner would expect to pay including ad valorem property taxes, special assessments, fees and charges placed on the County property tax bill and is expressed as a percentage of value as determined in Section 7.

**“Proportionately” or “Proportionate”** means for Developed Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax A or Maximum Special Tax B, as applicable, per Acre is equal for all Assessor’s Parcels of Undeveloped Property. The term “Proportionately” may similarly be applied to other categories of Taxable Property as described in Section 3 below.

**“Provisional Undeveloped Property”** means all Assessor’s Parcels of property that would otherwise be classified as Exempt Property pursuant to the provisions of Section 9, but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property below the required minimum Acreage as set forth in Section 9.

**“Residential Unit”** means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential dwelling units.

**“Services”** means the services eligible to be funded by IA No. 1.

**“Special Tax”** means any special tax authorized to be levied within CFD No. 2013-1 pursuant to the Act and this Rate and Method of Apportionment.

**“Special Tax A”** means the Special Tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property within IA No. 1 to fund the Special Tax Requirement for Facilities.

**“Special Tax A Obligation”** means the total obligation of an Assessor’s Parcel of Taxable Property to pay the Special Tax A for the remaining life of CFD No. 2013-1.

**“Special Tax B”** means the Special Tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property within IA No. 1 to fund the Special Tax Requirement for Services.

**“Special Tax C (Contingent)”** means the Special Tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property within IA No. 1 to fund the Contingent Special Tax Requirement for Services, if required.

**“Special Tax Requirement for Facilities”** means that amount required in any Fiscal Year to: (i) pay Debt Service on all Outstanding Bonds; (ii) pay periodic costs on the Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on the Outstanding Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) the costs associated with the release of funds from an escrow account established in association with the Bonds; (vi) accumulate funds to pay directly for

acquisition or construction of facilities provided that the inclusion of such amount does not cause an increase in the Special Tax to be levied on Undeveloped Property, and (vii) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (viii) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

**“Special Tax Requirement for Services”** means that amount required in any Fiscal Year to: (i) pay the costs of Services incurred or otherwise payable in the Calendar Year commencing in such Fiscal Year; (ii) fund an operating reserve for the costs of Services as determined by the CFD Administrator; less a credit for funds available to reduce the annual Special Tax B levy as determined by the CFD Administrator.

**“State”** means the State of California.

**“Taxable Property”** means all of the Assessor's Parcels within the boundaries of CFD No. 2013-1 IA1, which are not exempt from the levy of the Special Tax pursuant to law or Section 9 below.

**“Trustee”** means the trustee or fiscal agent under the Indenture.

**“Undeveloped Property”** means, for each Fiscal Year, all Taxable Property within the boundaries of IA No. 1 not classified as Developed Property or Provisional Undeveloped Property.

**“Zone”** means the areas identified as a Zone in Exhibit A to this Rate and Method of Apportionment.

**“Zone 1”** means all property located within the area identified as Zone 1 in Exhibit A to this Rate and Method of Apportionment.

**“Zone 2”** means all property located within the area identified as Zone 2 in Exhibit A to this Rate and Method of Apportionment.

## 2. LAND USE CLASSIFICATION

Each Fiscal Year, beginning with Fiscal Year 2013/2014, (i) each Assessor's Parcel shall be classified as Taxable Property or Exempt Property; (ii) each Assessor's Parcel of Taxable Property shall be classified as Developed Property, Undeveloped Property or Provisional Undeveloped Property; and (iii) each Assessor's Parcel shall be assigned a Zone in accordance with Exhibit A. Taxable Property shall be subject to the levy of Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections 3 and 4 below. Furthermore, each Assessor's Parcels of Developed Property which is a Residential Unit shall be classified to its applicable Land Use Class based on its Building Square Footage.

**3. MAXIMUM SPECIAL TAX RATES**

**A. Special Tax A (Facilities)**

**i. Developed Property**

The Maximum Special Tax A applicable to an Assessor’s Parcel classified as Developed Property for Fiscal Year 2013/2014 shall be the greater of (i) the Assigned Special Tax A determined pursuant to Table 1 for Zone 1 and Table 2 for Zone 2 below or (ii) the amount derived by application of the Backup Special Tax A.

**Table 1  
Assigned Special Tax A Rates, Zone 1  
Fiscal Year 2013/2014**

<b>Land Use Class</b>	<b>Building Square Footage</b>	<b>Assigned Special Tax A</b>
1	2,100 or less Sq. Ft.	\$345 per Residential Unit
2	2,101 to 2,200 Sq. Ft.	\$410 per Residential Unit
3	2,201 to 2,500 Sq. Ft.	\$520 per Residential Unit
4	2,501 to 2,700 Sq. Ft.	\$590 per Residential Unit
5	2,701 to 2,900 Sq. Ft.	\$845 per Residential Unit
6	Greater than 2,900 Sq. Ft.	\$900 per Residential Unit

**Table 2  
Assigned Special Tax A Rates, Zone 2  
Fiscal Year 2013/2014**

<b>Land Use Class</b>	<b>Building Square Footage</b>	<b>Assigned Special Tax A</b>
1	2,100 or less Sq. Ft.	\$1,480 per Residential Unit
2	2,101 to 2,300 Sq. Ft.	\$1,628 per Residential Unit
3	2,301 to 2,500 Sq. Ft.	\$1,776 per Residential Unit
4	2,501 to 2,700 Sq. Ft.	\$1,924 per Residential Unit
5	2,701 to 2,900 Sq. Ft.	\$2,072 per Residential Unit
6	2,901 to 3,100 Sq. Ft.	\$2,220 per Residential Unit
7	Greater than 3,100 Sq. Ft.	\$2,368 per Residential Unit

Each July 1, commencing July 1, 2014, the Assigned Special Tax A for Developed Property shall be increased by two percent (2.0%) of the amount in effect in the prior Fiscal Year.

**ii. Backup Special Tax A and Undeveloped Property Maximum Special Tax A**

The Backup Special Tax A applicable to an Assessor's Parcel classified as Developed Property or the Maximum Special Tax A applicable to an Assessor's Parcel of Undeveloped Property for Fiscal Year 2013/2014 shall be determined by reference to Table 3.

Each July 1, commencing July 1, 2014, the Backup Special Tax A for Developed Property in either Zone 1 or Zone 2 shall be increased by two percent (2.0%) of the amount in effect in the prior Fiscal Year.

**Table 3  
Backup Special Tax A and Undeveloped Property Special Tax A  
Fiscal Year 2013/2014**

Zone	Backup Special Tax A Fiscal Year 2013/14	Undeveloped Property Maximum Special Tax A
1	\$486 Per Lot	N/A
2	\$1,630 Per Lot	\$1,630 per Lot

**iii. Provisional Undeveloped Property**

The Maximum Special Tax A for Provisional Undeveloped Property for Fiscal Year 2013/2014 shall be determined by reference to Table 4.

Each July 1, commencing July 1, 2014, the Maximum Special Tax A for Provisional Undeveloped Property shall be increased by two percent (2.0%) of the amount in effect in the prior Fiscal Year.

**Table 4  
Provisional Undeveloped Property Special Tax A  
Fiscal Year 2013/2014**

<b>Zone</b>	<b>Provisional Undeveloped Property Special Tax A Fiscal Year 2013/14</b>
1	\$3,321 Per Acre
2	\$10,024 Per Acre

**B. Special Tax B (Services)**

**i. Developed Property and Undeveloped Property**

The Maximum Special Tax B rates for Developed Property and Undeveloped Property for Fiscal Year 2013/2014 are shown in Table 5 below.

**Table 5  
Developed and Undeveloped Property Special Tax B  
Fiscal Year 2013/2014**

<b>Property Type</b>	<b>Maximum Special Tax B</b>
Developed Property	\$577 per Residential Unit
Undeveloped Property	\$577 per Lot

**ii. Provisional Undeveloped Property**

The Maximum Special Tax B for Provisional Undeveloped Property for Fiscal Year 2013/2014 shall be \$3,491.00 per Acre.

Each July 1 commencing July 1, 2014, the Maximum Special Tax B shall be increased by the greater of (i) the most recent annual percentage change in the Consumer Price Index or (ii) two-percent (2%) of the amount in effect in the prior Fiscal Year.

**C. Special Tax C (Contingent)**

**i. Developed Property and Undeveloped Property**

The Maximum Special Tax C (Contingent) rates for Developed Property and Undeveloped Property for Fiscal Year 2013/2014 are shown in Table 6 below.

**Table 6  
Developed and Undeveloped Property Special Tax C (Contingent)  
Fiscal Year 2013/2014**

<b>Property Type</b>	<b>Maximum Special Tax C</b>
Developed Property	\$681 per Residential Unit
Undeveloped Property	\$681 per Lot

**ii. Provisional Undeveloped Property**

The Maximum Special Tax C (Contingent) for Provisional Undeveloped Property for Fiscal Year 2013/2014 shall be \$4,120.23 per Acre

Each July 1 commencing July 1, 2014, the Maximum Special Tax C (Contingent) shall be increased by the greater of (i) the most recent annual percentage change in the Consumer Price Index or (ii) two-percent (2%) of the amount in effect in the prior Fiscal Year.

**4. METHOD OF APPORTIONMENT**

**A. Special Tax A (Facilities)**

For each Fiscal Year, commencing Fiscal Year 2013/2014, the CFD Administrator shall calculate the Special Tax Requirement for Facilities and levy Special Tax A on all Taxable Property in accordance with the following steps:

Step 1: The Special Tax A shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Assigned Special Tax A as necessary to satisfy the Special Tax Requirement for Facilities;

Step 2: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after Step 1 has been completed, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax A;

Step 3: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after the first two steps have been completed, then the levy of the Special Tax A on each Assessor's Parcel of Developed Property whose Maximum Special Tax A is determined through the application of the Backup Special Tax A shall be increased Proportionately from the Assigned Special Tax A up to 100% of the Maximum Special Tax A for each such Assessor's Parcel; and

Step 4: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after the first three steps have been completed, then the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Provisional Undeveloped Property at up to 100% of the Maximum Special Tax A for Provisional Undeveloped Property.

**B. Special Tax B (Services)**

For each Fiscal Year, commencing Fiscal Year 2013/2014, the CFD Administrator shall calculate the Special Tax Requirement for Services and levy Special Tax B on all Taxable Property in accordance with the following steps:

Step 1: The Special Tax B shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Maximum Special Tax B for Developed Property and on each Assessor's Parcel of Undeveloped Property up to 50% of the applicable Maximum Special Tax B for Undeveloped Property as necessary to satisfy the Special Tax Requirement for Services;

Step 2: If additional monies are needed to satisfy the Special Tax Requirement for Services after Step 1 has been completed, the Special Tax B shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax B;

Step 3: If additional monies are needed to satisfy the Special Tax Requirement for Services after the first two steps have been completed, then the Special Tax B shall be levied in equal percentages on each Assessor's Parcel of Provisional Undeveloped Property at up to 100% of the Maximum Special Tax B for Provisional Undeveloped Property.

**C. Special Tax C (Contingent)**

For each Fiscal Year, commencing Fiscal Year 2013/2014, the CFD Administrator shall calculate the Contingent Special Tax Requirement for Services and if the Contingent Special Tax Requirement is greater than \$0,

Special Tax C shall be levied on all Taxable Property in accordance with the following steps:

Step 1: The Special Tax C shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Maximum Special Tax C for Developed Property and on each Assessor's Parcel of Undeveloped Property up to 50% of the applicable Maximum Special Tax C for Undeveloped Property as necessary to satisfy the Contingent Special Tax Requirement for Services

Step 2: If additional monies are needed to satisfy the Contingent Special Tax Requirement for Services after the first step has been completed, the Special Tax C shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax C;

Step 3: If additional monies are needed to satisfy the Contingent Special Tax Requirement for Services after the first two steps have been completed, then the Special Tax C shall be levied in equal percentages on each Assessor's Parcel of Provisional Undeveloped Property at up to 100% of the Maximum Special Tax C for Provisional Undeveloped Property.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Developed Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent as a consequence of delinquency or default by the owner of any other Assessor's Parcel within IA No. 1, except for those Assessor's Parcels of Developed Property whose owners are also delinquent or in default on their Special Tax payments for one or more other properties within IA No. 1.

## **5. COLLECTON OF ANNUAL SPECIAL TAXES**

Collection of the Annual Special Tax shall be by the County in the same manner as ordinary ad valorem property taxes are collected and the Annual Special Tax shall be subject to the same penalties and the same lien priority in the case of delinquency as ad valorem taxes; provided, however, that the City Council may provide for (i) other means of collecting the Annual Special Tax, including direct billings thereof to the property owners; and (ii) judicial foreclosure of delinquent Special Taxes to meet the financial obligations of IA No. 1.

## 6. PREPAYMENT OF SPECIAL TAX A OBLIGATION

Property owners may prepay and permanently satisfy the Special Tax A Obligation by a cash settlement with the City as permitted under Government Code Section 53344. Prepayment is permitted only under the following conditions:

The following definitions apply to this Section 6:

**“IA No. 1 Public Facilities Costs”** means \$344,216 for Zone 1 and \$1,685,965 for Zone 2 in 2013 dollars, which shall increase by the Construction Inflation Index on July 1, 2014, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to acquire or construct the facilities to be financed under the authorized Mello-Roos financing program for IA No. 1, or (ii) shall be determined by the City Council concurrently with a covenant that it will not issue any more IA No. 1 Bonds (except refunding bonds) to be supported by Special Taxes.

**“Construction Fund”** means the fund (regardless of its name) established pursuant to the Indenture to hold funds, which are currently available for expenditure to acquire or construct the facilities or pay fees.

**“Construction Inflation Index”** means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the Calendar Year, which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

**“Future Facilities Costs”** means the IA No. 1 Public Facilities Costs minus (i) costs previously paid from the Construction Fund to acquire or construct the facilities, (ii) monies currently on deposit in the Construction Fund, and (iii) monies currently on deposit in an escrow or other earmarked fund that are expected to be available to finance IA No. 1 Public Facilities Costs.

**“Outstanding Bonds”** means all Previously Issued Bonds, which remain outstanding as of the first interest and/or principal payment date following the current Fiscal Year excluding Bonds to be redeemed at a later date with proceeds of prior prepayments of Maximum Special Taxes.

**“Previously Issued Bonds”** means all IA No. 1 Bonds that have been issued prior to the date of prepayment.

**A. Prepayment in Full**

The Special Tax A Obligation applicable to an Assessor's Parcel may be prepaid and the obligation of the Assessor's Parcel to pay any Special Tax permanently satisfied as described herein, provided that a prepayment may be made with respect to a particular Assessor's Parcel only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax A Obligation shall provide the CFD Administrator with written notice of intent to prepay and the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the Prepayment Amount (as defined below) for such Assessor's Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service. Prepayment must be made more than sixty (60) days prior to any redemption date for the CFD No. 2013-1 Bonds to be redeemed with the proceeds of such prepaid Special Taxes, unless a shorter period is acceptable to the Trustee and the City.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Prepayment Amount
plus	Defeasance Amount
plus	Prepayment Administrative Fees and Expenses
less	Reserve Fund Credit
less	<u>Capitalized Interest Credit</u>
Total: equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

**Paragraph No.:**

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For an Assessor's Parcel of Developed Property, determine the Maximum Special Tax A. For an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax A for that Assessor's Parcel as though it was already designated as Developed Property, based upon the Building Permit which has already been issued for that Assessor's Parcel.

3. Divide the Maximum Special Tax A computed pursuant to paragraph 2 by the total estimated Maximum Special Tax A for IA No. 1 based on the Developed Property Special Tax A which could be levied in the current Fiscal Year on all expected development through build-out of IA No. 1 as determined by the CFD Administrator, excluding any Assessor's Parcels for which the Special Tax A Obligation has been prepaid.
4. Multiply the quotient computed pursuant to paragraph 3 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "Bond Redemption Amount").
5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium (expressed as a percentage), if any, on the Outstanding Bonds to be redeemed at the first available call date (the "Redemption Premium").
6. Compute the current Future Facilities Costs.
7. Multiply the quotient computed pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Prepayment Amount").
8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.
9. Compute the amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Prepayment Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
10. Take the amount computed pursuant to paragraph 8 and subtract the amount computed pursuant to paragraph 9 (the "Defeasance Amount").
11. Verify the administrative fees and expenses of IA No. 1, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Prepayment Administrative Fees and Expenses").

12. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment date, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the "Reserve Fund Credit"). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement.
13. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the larger quotient computed pursuant to paragraph 3 by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").
14. The Special Tax A Obligation is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 10, and 11, less the amounts computed pursuant to paragraphs 12 and 13 (the "Prepayment Amount").
15. From the Prepayment Amount, the sum of the amounts computed pursuant to paragraphs 4, 5, and 10, less the amounts computed pursuant to paragraphs 12, and 13 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make Debt Service payments. The amount computed pursuant to paragraph 7 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 11 shall be retained by IA No. 1.

The Prepayment Amount may be sufficient to redeem an amount other than a \$5,000 increment of Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to redeem Bonds to be used with the next prepayment of Bonds.

The CFD Administrator will confirm that all previously levied Special Taxes have been paid in full. With respect to any Assessor's Parcel that is prepaid in full, once the CFD Administrator has confirmed that all previously levied Special Taxes have been paid, the City Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the Special Tax A Obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Taxes A less Administrative Expenses for each Fiscal Year that may be levied on Taxable Property, respectively, after the proposed prepayment is at least 1.1 times the annual Debt Service on all Outstanding Bonds.

## **B. Partial Prepayment**

The Special Tax A on an Assessor's Parcel of Developed Property or Undeveloped Property for which a Building Permit has been issued may be partially prepaid. The amount of the prepayment shall be calculated as in Section 6.A.; except that a partial prepayment shall be calculated according to the following formula:

$$PP = P_E \times F.$$

These terms have the following meaning:

- PP = the Partial Prepayment
- P<sub>E</sub> = the Prepayment Amount calculated according to Section 6.A.
- F = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Special Tax, (ii) the percentage by which the Special Tax shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for an Assessor's Parcel within sixty (60) days of the request and may charge a reasonable fee for providing this service

With respect to any Assessor's Parcel that is partially prepaid, the City shall (i) distribute the funds remitted to it according to Section 6.A., and (ii) indicate in the records of IA No. 1 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the remaining Maximum Special Tax A, shall continue to be levied on such Assessor's Parcel pursuant to Section 3.

Notwithstanding the foregoing, no partial prepayment shall be allowed unless the amount of Maximum Special Taxes A less Administrative Expenses for each Fiscal Year that may be levied on Taxable Property, respectively, after the proposed partial prepayment is at least 1.1 times the annual Debt Service on all Outstanding Bonds.

**7. MANDATORY MAXIMUM SPECIAL TAX REDUCTION**

Prior to the issuance of Bonds, the Property Tax Burden shall be calculated by the CFD Administrator pursuant to the Land Secured Financing Policy adopted pursuant to City Council Resolution in effect at the time of formation of the District (the “2012 Goals and Policies”) on Developed Property based on an average value for each Land Use Class for which Residential Units have been constructed. The values may be calculated by the CFD Administrator, an appraiser or other means as determined by the City. The Maximum Special Tax A on Developed Property set forth in Section 3.A of this Rate and Method of Apportionment shall be reduced Proportionately for each Land Use Class if it is reasonably determined by the CFD Administrator that the Property Tax Burden exceeds the maximum level allowed in the 2012 Goals and Policies.

If the Mandatory Maximum Special Tax Reduction is implemented, then the City Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the lower Maximum Special Tax A rates.

**8. TERM OF SPECIAL TAX**

Special Tax A shall be levied for a period of thirty-five (35) Fiscal Years after the last series of Bonds has been issued, but shall not be levied for a period to exceed fifty (50) Fiscal Years commencing with Fiscal Year 2013/2014.

Special Tax B shall be levied as long as necessary to meet the Special Tax Requirement for Services.

Special Tax C (Contingent) shall be levied as long as necessary to meet the Contingent Special Tax Requirement for Services.

**9. EXEMPTIONS**

The CFD Administrator shall classify as Exempt Property (i) Assessor’s Parcels owned by the State of California, Federal or other local governments, (ii) Assessor’s Parcels which are used as places of worship and are exempt from ad valorem property taxes because they are owned by a religious organization (iii) Assessor’s Parcels developed or planned to be developed exclusively for any type of non-residential use, (iv) Assessor’s Parcels that consist of Lot 33 and Lot 38, and (v) Assessor’s Parcels with public utility easement by the restriction, as determined reasonably by the CFD Administrator, provided that no such classification would reduce the sum of all Taxable Property in IA No. 1, Zone 1 to less than 6.45 Acres and all Taxable Property in IA No. 1, Zone 2 to less than 10.57 Acres. Assessor’s Parcels which cannot be classified as Exempt Property because such classification would reduce the sum of all Taxable Property in IA No. 1, Zone 1 to less than 6.45 Acres and Zone 2 to less than 10.57 Acres shall be classified as Provisional Undeveloped Property, and will

continue to be subject to the Special Tax A accordingly. Tax exempt status for this purpose of this paragraph will be assigned by the CFD Administrator in the chronological order in which property becomes eligible for classification as Exempt Property.

If the use of an Assessor's Parcel of Exempt Property changes so that such Assessor's Parcel is no longer classified as one of the uses set forth in the first paragraph of this Section 9 above that would make such Assessor's Parcel eligible to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property.

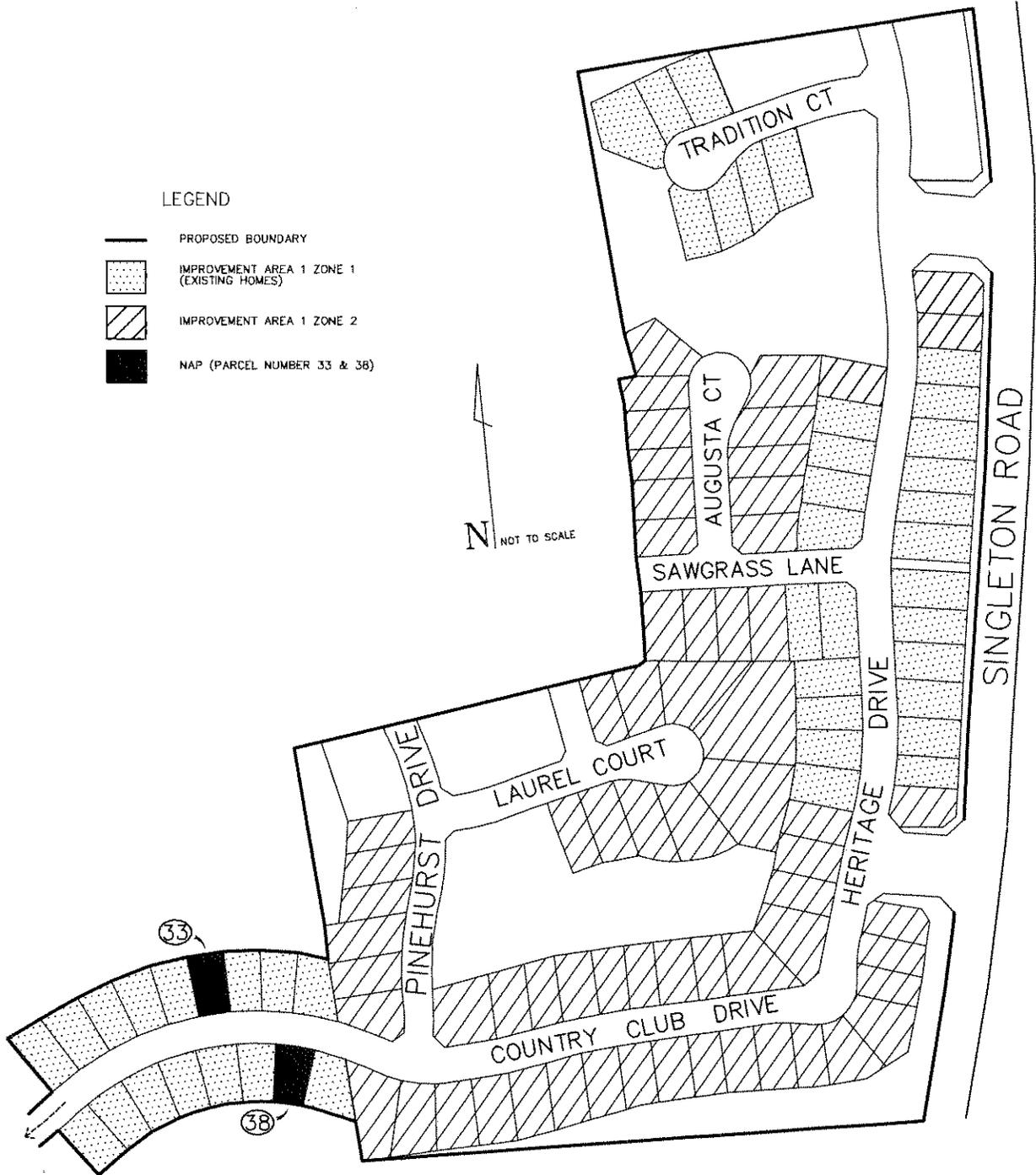
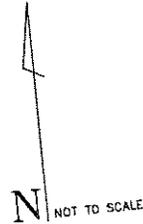
## **10. APPEALS**

Any landowner who pays the Annual Special Tax and claims the amount of the Annual Special Tax levied on his or her Assessor's Parcel is in error shall first consult with the CFD Administrator regarding such error not later than twelve (12) months after first having paid the first installment of the Annual Special Tax that is disputed. If following such consultation, the CFD Administrator determines that an error has occurred, the CFD Administrator may recommend changing the amount of the Annual Special Tax levied on such Assessor's Parcel. If following such consultation and action, if any by the CFD Administrator, the landowner believes such error still exists, such person may file a written notice with the City Manager, or designee of the City, appealing the amount of the Annual Special Tax levied on such Assessor's Parcel. Upon the receipt of such notice, the City Manager or designee may establish such procedures as deemed necessary to undertake the review of any such appeal. The City Manager or designee thereof shall interpret this Rate and Method of Apportionment and make determinations relative to the administration of the Annual Special Tax and any landowner appeals. The decision of the City Manager or designee shall be final and binding as to all persons.

EXHIBIT A  
SPECIAL TAX ZONE MAP  
COMMUNITY FACILITIES DISTRICT NO. 2013-1  
(JP RANCH)  
IMPROVEMENT AREA NO. 1

LEGEND

-  PROPOSED BOUNDARY
-  IMPROVEMENT AREA 1 ZONE 1  
(EXISTING HOMES)
-  IMPROVEMENT AREA 1 ZONE 2
-  MAP (PARCEL NUMBER 33 & 38)



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**COMMUNITY FACILITIES DISTRICT NO. 2013-1  
(JP RANCH)  
IMPROVEMENT AREA NO. 2  
OF THE CITY OF CALIMESA  
RATE AND METHOD OF APPORTIONMENT**

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A Special Tax shall be levied on all Taxable Property (as defined below) within the boundaries of Improvement Area No. 2 ("IA No. 2") of Community Facilities District No. 2013-1 (JP Ranch), ("CFD No. 2013-1") of the City of Calimesa ("City") and collected each Fiscal Year commencing in Fiscal Year 2013/2014 in an amount determined by the City Council (as defined below), through the application of this Rate and Method of Apportionment of the Special Tax to the extent and in the manner herein provided.

**1. DEFINITIONS**

**"Acreage"** or **"Acre"** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Subdivision Map, parcel map, condominium plan, or other recorded County parcel map. An Acre means 43,560 square feet of land.

**"Act"** means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

**"Administrative Expenses"** means the expenses incurred by the City on behalf of IA No. 2 related to the determination of the amount of the levy of Annual Special Taxes; the collection of Annual Special Taxes including the expenses of collecting delinquencies; the administration of the Bonds; the payment of salaries and benefits of any employee of the City whose employment duties are directly related to the administration of IA No. 2; and the costs otherwise incurred in order to carry out authorized purposes of IA No. 2.

**"Annual Special Tax"** means any Special Tax actually levied in any Fiscal Year on any Assessor's Parcel.

**"Assessor"** means the Assessor of the County.

**"Assessor's Parcel"** means a lot or parcel shown on an Assessor's Parcel Map with an assigned Assessor's Parcel number.

**“Assessor’s Parcel Map”** means an official map of the County designating parcels by Assessor’s Parcel number.

**“Assigned Special Tax A”** means the Special Tax A for each Land Use Class, as determined in accordance with Section 3 below.

**“Backup Special Tax A”** means the Special Tax amount applicable to each Assessor’s Parcel of Developed Property, as determined in accordance with Section 3.A (ii) below.

**“Bonds”** means any obligation of IA No. 2 to pay or repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, secured in whole or in part by the levy of Special Taxes.

**“Building Permit”** means a building permit for the construction of one or more Residential Units within CFD No. 2013-1, IA No. 2 issued by the City, or another public agency in the event the City no longer issues building permits.

**“Building Square Footage”** means all of the square footage of usable area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, or similar area. The determination of Building Square Footage shall be made by reference to the Building Permit(s) issued for such Assessor’s Parcel.

**“Calendar Year”** means the period commencing January 1 of any year and ending the following December 31.

**“CFD Administrator”** means an authorized representative of the City, or designee thereof, responsible for determining the Special Tax Requirement for Facilities and the Special Tax Requirement for Services, for preparing the Annual Special Tax roll and calculating the Backup Special Tax A.

**“CFD No. 2013-1”** means Community Facilities District No. 2013-1 (JP Ranch) of the City.

**“City”** means the City of Calimesa, California.

**“City Council”** means the City Council of the City of Calimesa, acting as the legislative body of CFD No. 2013-1, or its designee.

**“Consumer Price Index”** means, for each Fiscal Year, the Consumer Price Index published by the U.S. Bureau of Labor Statistics for “All Urban Consumers” in the Los Angeles-Anaheim-Riverside Area, measured as of the month of April in the previous Fiscal Year. In the event this index ceases to be published, the Consumer

Price Index shall be another index that is reasonably comparable to the Consumer Price Index for the Los Angeles-Anaheim-Riverside Area, as determined by the CFD Administrator.

**“Contingent Special Tax Requirement for Services”** means that amount required in any Fiscal Year, if the HOA is unable to maintain the landscaping to: (i) pay the costs of Services incurred or otherwise payable in the Calendar Year commencing in such Fiscal Year; (ii) fund an operating reserve for the costs of Services as determined by the CFD Administrator; less a credit for funds available to reduce the annual Special Tax C (Contingent) levy as determined by the CFD Administrator.

**“County”** means the County of Riverside, California.

**“Debt Service”** means for each Fiscal Year, the total amount of principal and interest payable on any Outstanding Bonds during the Calendar Year commencing on January 1 of such Fiscal Year.

**“Developed Property”** means for each Fiscal Year, all Assessor’s Parcels of Taxable Property, exclusive of Assessor’s Parcels of Provisional Undeveloped Property, for which a Building Permit was issued prior to May 1 of the previous Fiscal Year.

**“Exempt Property”** means Assessor’s Parcels designated as being exempt from Special Taxes pursuant to Section 9.

**“Final Subdivision Map”** means a subdivision of property created by recordation of a final map or parcel map, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 1352 or lot line adjustment that creates individual lots for which building permits may be issued without further subdivision.

**“Fiscal Year”** means the period starting on July 1 and ending the following June 30.

**“Homeowner’s Association” or “HOA”** means the homeowner’s association established to maintain certain landscaping within IA No. 2.

**“Improvement Area No. 2” or “IA No. 2”** means Improvement Area No. 2 of CFD No. 2013-1, as identified on the boundary map for CFD No. 2013-1, as in effect on the date of formation of IA No. 2, and as may thereafter be amended in accordance with the Act.

**“Indenture”** means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

**“Land Use Class”** means any of the classes listed in Table 1 under Section 3 below.

**“Lot”** means an individual legal lot created by a Final Subdivision Map.

**“Mandatory Maximum Special Tax Reduction”** means a mandatory reduction of the Maximum Special Tax A prior to the issuance of Bonds as set forth in Section 7 below.

**“Maximum Special Tax A”** means the Maximum Special Tax A (Facilities), determined in accordance with Section 3 below, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

**“Maximum Special Tax B”** means the Maximum Special Tax B (Services), determined in accordance with Section 3 below, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

**“Maximum Special Tax C (Contingent)”** means the Maximum Special Tax C (Contingent), determined in accordance with Section 3 below, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

**“Outstanding Bonds”** mean all Bonds, which are deemed to be outstanding under the Indenture.

**“Partial Prepayment Amount”** means a prepayment of a portion of the Special Tax A Obligation applicable to an Assessor’s Parcel of Taxable Property as set forth in Section 6.B below.

**“Property Tax Burden”** means the total annual estimated amount of taxes a residential owner would expect to pay including ad valorem property taxes, special assessments, fees and charges placed on the County property tax bill and is expressed as a percentage of value as determined in Section 7.

**“Proportionately” or “Proportionate”** means for Developed Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax A or Maximum Special Tax B, as applicable, per Acre is equal for all Assessor’s Parcels of Undeveloped Property. The term “Proportionately” may similarly be applied to other categories of Taxable Property as described in Section 3 below.

**“Provisional Undeveloped Property”** means all Assessor’s Parcels of property that would otherwise be classified as Exempt Property pursuant to the provisions of Section 9, but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property below the required minimum Acreage as set forth in Section 9.

**“Residential Unit”** means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential dwelling units.

**“Services”** means the services eligible to be funded by IA No. 2.

**“Special Tax”** means any special tax authorized to be levied within CFD No. 2013-1 pursuant to the Act and this Rate and Method of Apportionment.

**“Special Tax A”** means the Special Tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property within IA No. 2 to fund the Special Tax Requirement for Facilities.

**“Special Tax A Obligation”** means the total obligation of an Assessor’s Parcel of Taxable Property to pay the Special Tax A for the remaining life of CFD No. 2013-1.

**“Special Tax B”** means the Special Tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property within IA No. 2 to fund the Special Tax Requirement for Services.

**“Special Tax C (Contingent)”** means the Special Tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property within IA No. 2 to fund the Contingent Special Tax Requirement for Services, if required.

**“Special Tax Requirement for Facilities”** means that amount required in any Fiscal Year to: (i) pay Debt Service on all Outstanding Bonds; (ii) pay periodic costs on the Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on the Outstanding Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) the costs associated with the release of funds from an escrow account established in association with the Bonds; (vi) accumulate funds to pay directly for acquisition or construction of facilities provided that the inclusion of such amount does not cause an increase in the Special Tax to be levied on Undeveloped Property, and (vii) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (viii) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

**“Special Tax Requirement for Services”** means that amount required in any Fiscal Year to: (i) pay the costs of Services incurred or otherwise payable in the Calendar Year commencing in such Fiscal Year; (ii) fund an operating reserve for the costs of Services as determined by the CFD Administrator; less a credit for funds available to reduce the annual Special Tax B levy as determined by the CFD Administrator.

“**State**” means the State of California.

“**Taxable Property**” means all of the Assessor's Parcels within the boundaries of CFD No. 2013-1 IA2, which are not exempt from the levy of the Special Tax pursuant to law or Section 9 below.

“**Trustee**” means the trustee or fiscal agent under the Indenture.

“**Undeveloped Property**” means, for each Fiscal Year, all Taxable Property within the boundaries of IA No. 2 not classified as Developed Property or Provisional Undeveloped Property.

## **2. LAND USE CLASSIFICATION**

Each Fiscal Year, beginning with Fiscal Year 2013/2014, each Assessor's Parcel within the boundaries of IA No. 2 shall be classified as Taxable Property or Exempt Property. In addition, all Taxable Property within IA No. 2 shall be classified as Developed Property, Undeveloped Property or Provisional Undeveloped Property, and all such Taxable Property shall be subject to the levy of Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections 3 and 4 below. Furthermore, each Assessor's Parcels of Developed Property which is a Residential Unit shall be classified to its applicable Land Use Class based on its Building Square Footage.

## **3. MAXIMUM SPECIAL TAX RATES**

### **A. Special Tax A (Facilities)**

#### **i. Developed Property**

The Maximum Special Tax A applicable to an Assessor's Parcel classified as Developed Property for Fiscal Year 2013/2014 shall be the greater of (i) the Assigned Special Tax A determined pursuant to Table 1 below or (ii) the amount derived by application of the Backup Special Tax A.

**Table 1  
Assigned Special Tax A Rates  
Fiscal Year 2013/2014**

<b>Land Use Class</b>	<b>Building Square Footage</b>	<b>Assigned Special Tax A</b>
1	2,100 or less Sq. Ft.	\$1,480 per Residential Unit
2	2,101 to 2,300 Sq. Ft.	\$1,628 per Residential Unit
3	2,301 to 2,500 Sq. Ft.	\$1,776 per Residential Unit
4	2,501 to 2,700 Sq. Ft.	\$1,924 per Residential Unit
5	2,701 to 2,900 Sq. Ft.	\$2,072 per Residential Unit
6	2,901 to 3,100 Sq. Ft.	\$2,220 per Residential Unit
7	Greater than 3,100 Sq. Ft.	\$2,368 per Residential Unit

Each July 1, commencing July 1, 2014, the Assigned Special Tax A for Developed Property shall be increased by two percent (2.0%) of the amount in effect in the prior Fiscal Year.

**ii. Backup Special Tax A and Undeveloped Property Maximum Special Tax A**

The Backup Special Tax A applicable to an Assessor's Parcel classified as Developed Property or the Maximum Special Tax A applicable to an Assessor's Parcel of Undeveloped Property for Fiscal Year 2013/2014 shall be \$1,927 per Lot.

Each July 1, commencing July 1, 2014, the Backup Special Tax A for Developed Property shall be increased by two percent (2.0%) of the amount in effect in the prior Fiscal Year.

**iii. Provisional Undeveloped Property**

The Maximum Special Tax A for Provisional Undeveloped Property for Fiscal Year 2013/2014 shall be \$12,996 per Acre.

Each July 1, commencing July 1, 2014, the Maximum Special Tax A for Provisional Undeveloped Property shall be increased by two percent (2.0%) of the amount in effect in the prior Fiscal Year.

**B. Special Tax B (Services)**

**i. Developed Property and Undeveloped Property**

The Expected Special Tax B and Maximum Special Tax B for Developed Property for Fiscal Year 2013/2014 are shown in Table 2 below.

**Table 2  
Developed and Undeveloped Property Special Tax B  
Fiscal Year 2013/2014**

<b>Property Type</b>	<b>Maximum Special Tax B</b>
Developed Property	\$577 per Residential Unit
Undeveloped Property	\$577 per Lot

**iii. Provisional Undeveloped Property**

The Maximum Special Tax B for Provisional Undeveloped Property for Fiscal Year 2013/2014 shall be \$3,491.00 per Acre.

Each July 1 commencing July 1, 2014, the Maximum Special Tax B shall be increased by the greater of (i) the most recent annual percentage change in the Consumer Price Index or (ii) two-percent (2%) of the amount in effect in the prior Fiscal Year.

**C. Special Tax C (Contingent)**

**i. Developed Property and Undeveloped Property**

The Maximum Special Tax C (Contingent) rates for Developed Property and Undeveloped Property for Fiscal Year 2013/2014 are shown in Table 3 below.

**Table 3  
Developed and Undeveloped Property Special Tax C (Contingent)  
Fiscal Year 2013/2014**

<b>Property Type</b>	<b>Maximum Special Tax C</b>
Developed Property	\$681 per Residential Unit
Undeveloped Property	\$681 per Lot

**ii. Provisional Undeveloped Property**

The Maximum Special Tax C (Contingent) for Provisional Undeveloped Property for Fiscal Year 2013/2014 shall be \$4,120.23 per Acre.

Each July 1 commencing July 1, 2014, the Maximum Special Tax C (Contingent) shall be increased by the greater of (i) the most recent annual percentage change in the Consumer Price Index or (ii) two-percent (2%) of the amount in effect in the prior Fiscal Year.

**4. METHOD OF APPORTIONMENT**

**A. Special Tax A (Facilities)**

For each Fiscal Year, commencing Fiscal Year 2013/2014, the CFD Administrator shall calculate the Special Tax Requirement for Facilities and levy Special Tax A on all Taxable Property in accordance with the following steps:

Step 1: The Special Tax A shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Assigned Special Tax A as necessary to satisfy the Special Tax Requirement for Facilities;

Step 2: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after Step 1 has been completed, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax A;

Step 3: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after the first two steps have been completed, then the levy of the Special Tax A on each Assessor's Parcel of Developed Property whose Maximum Special Tax A is determined through the application of the Backup Special Tax A shall be increased Proportionately from the Assigned Special Tax A up to 100% of the Maximum Special Tax A for each such Assessor's Parcel; and

Step 4: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after the first three steps have been completed, then the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Provisional Undeveloped Property at up to 100% of the Maximum Special Tax A for Provisional Undeveloped Property.

**B. Special Tax B (Services)**

For each Fiscal Year, commencing Fiscal Year 2013/2014, the CFD Administrator shall calculate the Special Tax Requirement for Services and levy Special Tax B on all Taxable Property in accordance with the following steps:

Step 1: The Special Tax B shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Expected Special Tax B for Developed Property and on each Assessor's Parcel of Undeveloped Property up to 50% of the applicable Maximum Special Tax B for Undeveloped Property as necessary to satisfy the Special Tax Requirement for Services;

Step 2: If additional monies are needed to satisfy the Special Tax Requirement for Services after Step 1 has been completed, the Special Tax B shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax B;

Step 3: If additional monies are needed to satisfy the Special Tax Requirement for Services after the first two steps have been completed, then the Special Tax B shall be levied in equal percentages on each Assessor's Parcel of Provisional Undeveloped Property at up to 100% of the Maximum Special Tax B for Provisional Undeveloped Property.

**C. Special Tax C (Contingent)**

For each Fiscal Year, commencing Fiscal Year 2013/2014, the CFD Administrator shall calculate the Contingent Special Tax Requirement for Services and if the Contingent Special Tax Requirement is greater than \$0, Special Tax C shall be levied on all Taxable Property in accordance with the following steps:

Step 1: The Special Tax C shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Maximum Special Tax C for Developed Property and on each Assessor's Parcel of Undeveloped Property up to 50% of the applicable Maximum Special Tax C for Undeveloped Property as necessary to satisfy the Special Tax Requirement for Services

Step 2: If additional monies are needed to satisfy the Special Tax Requirement for Services after the first step has been completed, the Special Tax C shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax C;

Step 3: If additional monies are needed to satisfy the Special Tax Requirement for Services after the first two steps have been completed, then the Special Tax C shall be levied in equal percentages on each Assessor's Parcel of Provisional Undeveloped Property at up to 100% of the Maximum Special Tax C for Provisional Undeveloped Property.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Developed Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent as a consequence of delinquency or default by the owner of any other Assessor's Parcel within IA No. 2, except for those Assessor's Parcels of Developed Property whose owners are also delinquent or in default on their Special Tax payments for one or more other properties within IA No. 2.

## 5. COLLECTON OF ANNUAL SPECIAL TAXES

Collection of the Annual Special Tax shall be by the County in the same manner as ordinary ad valorem property taxes are collected and the Annual Special Tax shall be subject to the same penalties and the same lien priority in the case of delinquency as ad valorem taxes; provided, however, that the City Council may provide for (i) other means of collecting the Annual Special Tax, including direct billings thereof to the property owners; and (ii) judicial foreclosure of delinquent Special Taxes to meet the financial obligations of IA No. 2.

## 6. PREPAYMENT OF SPECIAL TAX A OBLIGATION

Property owners may prepay and permanently satisfy the Special Tax A Obligation by a cash settlement with the City as permitted under Government Code Section 53344. Prepayment is permitted only under the following conditions:

The following definitions apply to this Section 6:

**"IA No. 2 Public Facilities Costs"** means \$3,586,208 in 2013 dollars, which shall increase by the Construction Inflation Index on July 1, 2014, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to acquire or construct the facilities to be financed under the authorized Mello-Roos financing program for IA No. 2, or (ii) shall be determined by the City Council concurrently with a covenant that it will not issue any more IA No. 2 Bonds (except refunding bonds) to be supported by Special Taxes.

**"Construction Fund"** means the fund (regardless of its name) established pursuant to the Indenture to hold funds, which are currently available for expenditure to acquire or construct the facilities or pay fees.

**"Construction Inflation Index"** means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles,

measured as of the Calendar Year, which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

**“Future Facilities Costs”** means the IA No. 2 Public Facilities Costs minus (i) costs previously paid from the Construction Fund to acquire or construct the facilities, (ii) monies currently on deposit in the Construction Fund, and (iii) monies currently on deposit in an escrow or other earmarked fund that are expected to be available to finance IA No. 2 Public Facilities Costs.

**“Outstanding Bonds”** means all Previously Issued Bonds, which remain outstanding as of the first interest and/or principal payment date following the current Fiscal Year excluding Bonds to be redeemed at a later date with proceeds of prior prepayments of Maximum Special Taxes.

**“Previously Issued Bonds”** means all IA No. 2 Bonds that have been issued prior to the date of prepayment.

#### **A. Prepayment in Full**

The Special Tax A Obligation applicable to an Assessor’s Parcel may be prepaid and the obligation of the Assessor’s Parcel to pay any Special Tax permanently satisfied as described herein, provided that a prepayment may be made with respect to a particular Assessor’s Parcel only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel intending to prepay the Special Tax A Obligation shall provide the CFD Administrator with written notice of intent to prepay and the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the Prepayment Amount (as defined below) for such Assessor’s Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service. Prepayment must be made more than sixty (60) days prior to any redemption date for the CFD No. 2013-1 Bonds to be redeemed with the proceeds of such prepaid Special Taxes, unless a shorter period is acceptable to the Trustee and the City.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Prepayment Amount
plus	Defeasance Amount
plus	Prepayment Administrative Fees and Expenses
less	Reserve Fund Credit
<u>less</u>	<u>Capitalized Interest Credit</u>
Total: equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

**Paragraph No.:**

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For an Assessor's Parcel of Developed Property, determine the Maximum Special Tax A. For an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax A for that Assessor's Parcel as though it was already designated as Developed Property, based upon the Building Permit which has already been issued for that Assessor's Parcel.
3. Divide the Maximum Special Tax A computed pursuant to paragraph 2 by the total estimated Maximum Special Tax A for IA No. 2 based on the Developed Property Special Tax A which could be levied in the current Fiscal Year on all expected development through build-out of IA No. 2 as determined by the CFD Administrator, excluding any Assessor's Parcels for which the Special Tax A Obligation has been prepaid.
4. Multiply the quotient computed pursuant to paragraph 3 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "Bond Redemption Amount").
5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium (expressed as a percentage), if any, on the Outstanding Bonds to be redeemed at the first available call date (the "Redemption Premium").

6. Compute the current Future Facilities Costs.
7. Multiply the quotient computed pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Prepayment Amount").
8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.
9. Compute the amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Prepayment Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
10. Take the amount computed pursuant to paragraph 8 and subtract the amount computed pursuant to paragraph 9 (the "Defeasance Amount").
11. Verify the administrative fees and expenses of IA No. 2, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Prepayment Administrative Fees and Expenses").
12. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment date, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the "Reserve Fund Credit"). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement.
13. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the larger quotient computed pursuant to paragraph 3 by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").

14. The Special Tax A Obligation is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 10, and 11, less the amounts computed pursuant to paragraphs 12 and 13 (the "Prepayment Amount").
15. From the Prepayment Amount, the sum of the amounts computed pursuant to paragraphs 4, 5, and 10, less the amounts computed pursuant to paragraphs 12, and 13 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make Debt Service payments. The amount computed pursuant to paragraph 7 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 11 shall be retained by IA No. 2.

The Prepayment Amount may be sufficient to redeem an amount other than a \$5,000 increment of Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to redeem Bonds to be used with the next prepayment of Bonds.

The CFD Administrator will confirm that all previously levied Special Taxes have been paid in full. With respect to any Assessor's Parcel that is prepaid in full, once the CFD Administrator has confirmed that all previously levied Special Taxes have been paid, the City Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the Special Tax A Obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Taxes A less Administrative Expenses for each Fiscal Year that may be levied on Taxable Property, respectively, after the proposed prepayment is at least 1.1 times the annual Debt Service on all Outstanding Bonds.

#### **B. Partial Prepayment**

The Special Tax A on an Assessor's Parcel of Developed Property or Undeveloped Property for which a Building Permit has been issued may be partially prepaid. The amount of the prepayment shall be calculated as in Section 6.A.; except that a partial prepayment shall be calculated according to the following formula:

$$PP = P_E \times F.$$

These terms have the following meaning:

- PP = the Partial Prepayment
- P<sub>E</sub> = the Prepayment Amount calculated according to Section 6.A.
- F = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Special Tax, (ii) the percentage by which the Special Tax shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for an Assessor's Parcel within sixty (60) days of the request and may charge a reasonable fee for providing this service

With respect to any Assessor's Parcel that is partially prepaid, the City shall (i) distribute the funds remitted to it according to Section 6.A., and (ii) indicate in the records of IA No. 2 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the remaining Maximum Special Tax A, shall continue to be levied on such Assessor's Parcel pursuant to Section 3.

Notwithstanding the foregoing, no partial prepayment shall be allowed unless the amount of Maximum Special Taxes A less Administrative Expenses for each Fiscal Year that may be levied on Taxable Property, respectively, after the proposed partial prepayment is at least 1.1 times the annual Debt Service on all Outstanding Bonds.

## **7. MANDATORY MAXIMUM SPECIAL TAX REDUCTION**

Prior to the issuance of Bonds, the Property Tax Burden shall be calculated by the CFD Administrator pursuant to the Land Secured Financing Policy adopted pursuant to City Council Resolution in effect at the time of formation of the District (the "2012 Goals and Policies") on Developed Property based on an average value for each Land Use Class for which Residential Units have been constructed. The values may be calculated by the CFD Administrator, an appraiser or other means as determined by the City. The Maximum Special Tax A on Developed Property set forth in Section 3.A of this Rate and Method of Apportionment shall be reduced Proportionately for each Land Use Class if it is reasonably determined by the CFD Administrator that the Property Tax Burden exceeds the maximum level allowed in the 2012 Goals and Policies.

If the Mandatory Maximum Special Tax Reduction is implemented, then the City Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the lower Maximum Special Tax A rates.

#### **8. TERM OF SPECIAL TAX**

Special Tax A shall be levied for a period of thirty-five (35) Fiscal Years after the last series of Bonds has been issued, but shall not be levied for a period to exceed fifty (50) Fiscal Years commencing with Fiscal Year 2013/2014.

Special Tax B shall be levied as long as necessary to meet the Special Tax Requirement for Services.

Special Tax C (Contingent) shall be levied as long as necessary to meet the Contingent Special Tax Requirement for Services.

#### **9. EXEMPTIONS**

The CFD Administrator shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from ad valorem property taxes because they are owned by a religious organization (iii) Assessor's Parcels developed or planned to be developed exclusively for any type of non-residential use, (iv) Assessor's Parcels with public utility easement by the restriction, as determined reasonably by the CFD Administrator, provided that no such classification would reduce the sum of all Taxable Property in IA No. 2 to less than 17.34 acres. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the sum of all Taxable Property in IA No. 2 to less than 17.34 acres shall be classified as Provisional Undeveloped Property, and will continue to be subject to the Special Tax A accordingly. Tax exempt status for this purpose of this paragraph will be assigned by the CFD Administrator in the chronological order in which property becomes eligible for classification as Exempt Property.

If the use of an Assessor's Parcel of Exempt Property changes so that such Assessor's Parcel is no longer classified as one of the uses set forth in the first paragraph of this Section 9 above that would make such Assessor's Parcel eligible to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property.

#### **10. APPEALS**

Any landowner who pays the Annual Special Tax and claims the amount of the Annual Special Tax levied on his or her Assessor's Parcel is in error shall first consult with the CFD Administrator regarding such error not later than twelve (12) months after first having paid the first installment of the Annual Special Tax that is disputed.

If following such consultation, the CFD Administrator determines that an error has occurred, the CFD Administrator may recommend changing the amount of the Annual Special Tax levied on such Assessor's Parcel. If following such consultation and action, if any by the CFD Administrator, the landowner believes such error still exists, such person may file a written notice with the City Manager, or designee of the City, appealing the amount of the Annual Special Tax levied on such Assessor's Parcel. Upon the receipt of such notice, the City Manager or designee may establish such procedures as deemed necessary to undertake the review of any such appeal. The City Manager or designee thereof shall interpret this Rate and Method of Apportionment and make determinations relative to the administration of the Annual Special Tax and any landowner appeals. The decision of the City Manager or designee shall be final and binding as to all persons.

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**COMMUNITY FACILITIES DISTRICT NO. 2013-1  
(JP RANCH)  
IMPROVEMENT AREA NO. 3  
OF THE CITY OF CALIMESA  
RATE AND METHOD OF APPORTIONMENT**

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A Special Tax shall be levied on all Taxable Property (as defined below) within the boundaries of Improvement Area No. 3 (“IA No. 3”) of Community Facilities District No. 2013-1 (JP Ranch), (“CFD No. 2013-1”) of the City of Calimesa (“City”) and collected each Fiscal Year commencing in Fiscal Year 2013/2014 in an amount determined by the City Council (as defined below), through the application of this Rate and Method of Apportionment of the Special Tax to the extent and in the manner herein provided.

**1. DEFINITIONS**

“**Acreage**” or “**Acre**” means the land area of an Assessor’s Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Subdivision Map, parcel map, condominium plan, or other recorded County parcel map. An Acre means 43,560 square feet of land.

“**Act**” means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

“**Administrative Expenses**” means the expenses incurred by the City on behalf of IA No. 3 related to the determination of the amount of the levy of Annual Special Taxes; the collection of Annual Special Taxes including the expenses of collecting delinquencies; the administration of the Bonds; the payment of salaries and benefits of any employee of the City whose employment duties are directly related to the administration of IA No. 3; and the costs otherwise incurred in order to carry out authorized purposes of IA No. 3.

“**Annual Special Tax**” means any Special Tax actually levied in any Fiscal Year on any Assessor’s Parcel.

“**Assessor**” means the Assessor of the County.

“**Assessor's Parcel**” means a lot or parcel shown on an Assessor's Parcel Map with an assigned Assessor's Parcel number.

**“Assessor’s Parcel Map”** means an official map of the County designating parcels by Assessor’s Parcel number.

**“Assigned Special Tax A”** means the Special Tax A for each Land Use Class, as determined in accordance with Section 3 below.

**“Backup Special Tax A”** means the Special Tax amount applicable to each Assessor’s Parcel of Developed Property, as determined in accordance with Section 3.A (ii) below.

**“Bonds”** means any obligation of IA No. 3 to pay or repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, secured in whole or in part by the levy of Special Taxes.

**“Building Permit”** means a building permit for the construction of one or more Residential Units within CFD No. 2013-1, IA No. 3 issued by the City, or another public agency in the event the City no longer issues building permits.

**“Building Square Footage”** means all of the square footage of usable area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, or similar area. The determination of Building Square Footage shall be made by reference to the Building Permit(s) issued for such Assessor’s Parcel.

**“Calendar Year”** means the period commencing January 1 of any year and ending the following December 31.

**“CFD Administrator”** means an authorized representative of the City, or designee thereof, responsible for determining the Special Tax Requirement for Facilities and the Special Tax Requirement for Services, for preparing the Annual Special Tax roll and calculating the Backup Special Tax A.

**“CFD No. 2013-1”** means Community Facilities District No. 2013-1 (JP Ranch) of the City.

**“City”** means the City of Calimesa, California.

**“City Council”** means the City Council of the City of Calimesa, acting as the legislative body of CFD No. 2013-1, or its designee.

**“Consumer Price Index”** means, for each Fiscal Year, the Consumer Price Index published by the U.S. Bureau of Labor Statistics for “All Urban Consumers” in the Los Angeles-Anaheim-Riverside Area, measured as of the month of April in the previous Fiscal Year. In the event this index ceases to be published, the Consumer Price Index shall be another index that is reasonably comparable to the Consumer Price Index for the Los Angeles-Anaheim-Riverside Area, as determined by the CFD Administrator.

**“County”** means the County of Riverside, California.

**“Debt Service”** means for each Fiscal Year, the total amount of principal and interest payable on any Outstanding Bonds during the Calendar Year commencing on January 1 of such Fiscal Year.

**“Developed Property”** means for each Fiscal Year, all Assessor’s Parcels of Taxable Property, exclusive of Assessor’s Parcels of Provisional Undeveloped Property, for which a Building Permit was issued prior to May 1 of the previous Fiscal Year.

**“Exempt Property”** means Assessor’s Parcels designated as being exempt from Special Taxes pursuant to Section 9.

**“Expected Special Tax B”** means the maximum Special Tax B anticipated to be levied in any Fiscal Year where the HOA is maintaining certain landscaping up to City standards.

**“Final Subdivision Map”** means a subdivision of property created by recordation of a final map or parcel map, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 1352 or lot line adjustment that creates individual lots for which building permits may be issued without further subdivision.

**“Fiscal Year”** means the period starting on July 1 and ending the following June 30.

**“Homeowner’s Association”** or **“HOA”** means the homeowner’s association established to maintain certain landscaping within IA No. 3.

**“Improvement Area No. 3”** or **“IA No. 3”** means Improvement Area No. 3 of CFD No. 2013-1, as identified on the boundary map for CFD No. 2013-1, as in effect on the date of formation of IA No. 3, and as may thereafter be amended in accordance with the Act.

**“Indenture”** means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

**“Land Use Class”** means any of the classes listed in Table 1 under Section 3 below.

**“Lot”** means an individual legal lot created by a Final Subdivision Map.

**“Mandatory Maximum Special Tax Reduction”** means a mandatory reduction of the Maximum Special Tax A prior to the issuance of Bonds as set forth in Section 7 below.

**“Maximum Special Tax A”** means the Maximum Special Tax A (Facilities), determined in accordance with Section 3 below, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

**“Maximum Special Tax B”** means the Maximum Special Tax B (Services), determined in accordance with Section 3 below, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

**“Outstanding Bonds”** mean all Bonds, which are deemed to be outstanding under the Indenture.

**“Partial Prepayment Amount”** means a prepayment of a portion of the Special Tax A Obligation applicable to an Assessor’s Parcel of Taxable Property as set forth in Section 6.B below.

**“Property Tax Burden”** means the total annual estimated amount of taxes a residential owner would expect to pay including ad valorem property taxes, special assessments, fees and charges placed on the County property tax bill and is expressed as a percentage of value as determined in Section 7.

**“Proportionately” or “Proportionate”** means for Developed Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax A or Maximum Special Tax B, as applicable, per Acre is equal for all Assessor’s Parcels of Undeveloped Property. The term “Proportionately” may similarly be applied to other categories of Taxable Property as described in Section 3 below.

**“Provisional Undeveloped Property”** means all Assessor’s Parcels of property that would otherwise be classified as Exempt Property pursuant to the provisions of Section 9, but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property below the required minimum Acreage as set forth in Section 9.

**“Residential Unit”** means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential dwelling units.

**“Services”** means the services eligible to be funded by IA No. 3.

**“Special Tax”** means any special tax authorized to be levied within CFD No. 2013-1 pursuant to the Act and this Rate and Method of Apportionment.

**“Special Tax A”** means the Special Tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property within IA No. 3 to fund the Special Tax Requirement for Facilities.

**“Special Tax A Obligation”** means the total obligation of an Assessor’s Parcel of Taxable Property to pay the Special Tax A for the remaining life of CFD No. 2013-1.

**“Special Tax B”** means the Special Tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property within IA No. 3 to fund the Special Tax Requirement for Services.

**“Special Tax Requirement for Facilities”** means that amount required in any Fiscal Year to: (i) pay Debt Service on all Outstanding Bonds; (ii) pay periodic costs on the Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on the Outstanding Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) the costs associated with the release of funds from an escrow account established in association with the Bonds; (vi) accumulate funds to pay directly for acquisition or construction of facilities provided that the inclusion of such amount does not cause an increase in the Special Tax to be levied on Undeveloped Property, and (vii) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (viii) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

**“Special Tax Requirement for Services”** means that amount required in any Fiscal Year to: (i) pay the costs of Services incurred or otherwise payable in the Calendar Year commencing in such Fiscal Year; (ii) fund an operating reserve for the costs of Services as determined by the CFD Administrator; less a credit for funds available to reduce the annual Special Tax B levy as determined by the CFD Administrator.

**“State”** means the State of California.

**“Taxable Property”** means all of the Assessor's Parcels within the boundaries of CFD No. 2013-1 IA3, which are not exempt from the levy of the Special Tax pursuant to law or Section 9 below.

**“Trustee”** means the trustee or fiscal agent under the Indenture.

**“Undeveloped Property”** means, for each Fiscal Year, all Taxable Property within the boundaries of IA No. 3 not classified as Developed Property or Provisional Undeveloped Property.

## **2. LAND USE CLASSIFICATION**

Each Fiscal Year, beginning with Fiscal Year 2013/2014, each Assessor's Parcel within the boundaries of IA No. 3 shall be classified as Taxable Property or Exempt Property. In addition, all Taxable Property within IA No. 3 shall be classified as Developed Property, Undeveloped Property or Provisional Undeveloped Property, and all such Taxable Property shall be subject to the levy of Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections 3 and 4 below. Furthermore, each Assessor's Parcels of Developed Property which is a Residential Unit shall be classified to its applicable Land Use Class based on its Building Square Footage.

## **3. MAXIMUM SPECIAL TAX RATES**

### **A. Special Tax A (Facilities)**

#### **i. Developed Property**

The Maximum Special Tax A applicable to an Assessor's Parcel classified as Developed Property for Fiscal Year 2013/2014 shall be the greater of (i) the Assigned Special Tax A determined pursuant to Table 1 below or (ii) the amount derived by application of the Backup Special Tax A.

**Table 1**  
**Assigned Special Tax A Rates**  
**Fiscal Year 2013/2014**

Land Use Class	Building Square Footage	Assigned Special Tax A
1	2,100 or less Sq. Ft.	\$1,480 per Residential Unit
2	2,101 to 2,300 Sq. Ft.	\$1,628 per Residential Unit
3	2,301 to 2,500 Sq. Ft.	\$1,776 per Residential Unit
4	2,501 to 2,700 Sq. Ft.	\$1,924 per Residential Unit
5	2,701 to 2,900 Sq. Ft.	\$2,072 per Residential Unit
6	2,901 to 3,100 Sq. Ft.	\$2,220 per Residential Unit
7	Greater than 3,100 Sq. Ft	\$2,368 per Residential Unit

Each July 1, commencing July 1, 2014, the Maximum Special Tax A for Developed Property shall be increased by two percent (2.0%) of the amount in effect in the prior Fiscal Year.

**ii. Backup Special Tax A and Undeveloped Property Maximum Special Tax A**

The Backup Special Tax A applicable to an Assessor's Parcel classified as Developed Property or the Maximum Special Tax A applicable to an Assessor's Parcel of Undeveloped Property for Fiscal Year 2013/2014 shall be \$2,222 per Lot.

Each July 1, commencing July 1, 2014, the Backup Special Tax A for Developed Property shall be increased by two percent (2.0%) of the amount in effect in the prior Fiscal Year.

**iii. Provisional Undeveloped Property**

The Maximum Special Tax A for Provisional Undeveloped Property for Fiscal Year 2013/2014 shall be \$14,028 per Acre.

Each July 1, commencing July 1, 2014, the Maximum Special Tax A for Provisional Undeveloped Property and Undeveloped Property shall be increased by two percent (2.0%) of the amount in effect in the prior Fiscal Year.

**B. Special Tax B (Services)**

**i. Developed Property and Undeveloped Property**

The Expected Special Tax B and Maximum Special Tax B for Developed Property for Fiscal Year 2013/2014 are shown in Table 2 below..

**Table 2  
Provisional Undeveloped Property Special Tax A  
Fiscal Year 2013/2014**

<b>Property Type</b>	<b>Expected Special Tax B</b>	<b>Maximum Special Tax B</b>
Developed Property	\$577 per Residential Unit	\$1,258 per Residential Unit
Undeveloped Property	\$577 per Lot	\$1,258 per Lot

**ii. Provisional Undeveloped Property**

The Maximum Special Tax B for Provisional Undeveloped Property for Fiscal Year 2013/2014 shall be 7,611.23 per Acre. The Expected Special Tax B for Provisional Undeveloped Property shall be \$\$3,491.00 per Acre.

Each July 1 commencing July 1, 2014, the Maximum Special Tax B shall be increased by the greater of (i) the most recent annual percentage change in the Consumer Price Index or (ii) two-percent (2%) of the amount in effect in the prior Fiscal Year.

#### 4. METHOD OF APPORTIONMENT

##### A. Special Tax A (Facilities)

For each Fiscal Year, commencing Fiscal Year 2013/2014, the CFD Administrator shall calculate the Special Tax Requirement for Facilities and levy Special Tax A on all Taxable Property in accordance with the following steps:

Step 1: The Special Tax A shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Assigned Special Tax A as necessary to satisfy the Special Tax Requirement for Facilities;

Step 2: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after Step 1 has been completed, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax A;

Step 3: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after the first two steps have been completed, then the levy of the Special Tax A on each Assessor's Parcel of Developed Property whose Maximum Special Tax A is determined through the application of the Backup Special Tax A shall be increased Proportionately from the Assigned Special Tax A up to 100% of the Maximum Special Tax A for each such Assessor's Parcel; and

Step 4: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after the first three steps have been completed, then the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Provisional Undeveloped Property at up to 100% of the Maximum Special Tax A for Provisional Undeveloped Property.

##### B. Special Tax B (Services)

For each Fiscal Year, commencing Fiscal Year 2013/2014, the CFD Administrator shall calculate the Special Tax Requirement for Services and levy Special Tax B on all Taxable Property in accordance with the following steps:

Step 1: The Special Tax B shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Expected Special Tax B for Developed Property and on each Assessor's Parcel of Undeveloped Property up to 50% of the applicable Expected Special Tax B for Undeveloped Property as necessary to satisfy the Special Tax Requirement for Services;

Step 2: If additional monies are needed to satisfy the Special Tax Requirement for Services after Step 1 has been completed, the Special Tax B shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Expected Special Tax B;

Step 3: If additional monies are needed to satisfy the Special Tax Requirement for Services after the first two steps have been completed, then the Special Tax B shall be levied in equal percentages on each Assessor's Parcel of Provisional Undeveloped Property at up to 100% of the Expected Special Tax B for Provisional Undeveloped Property. If the HOA is unable to maintain the landscaping to City standards the Special Tax B shall be levied on all Taxable Property in accordance with the following steps:

Step 4: If additional monies are needed to satisfy the Special Tax Requirement for Services after the first three steps have been completed, the Special Tax B shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Maximum Special Tax B for Developed Property and on each Assessor's Parcel of Undeveloped Property up to 50% of the applicable Maximum Special Tax B for Undeveloped Property as necessary to satisfy the Special Tax Requirement for Services

Step 5: If additional monies are needed to satisfy the Special Tax Requirement for Services after the first four steps have been completed, the Special Tax B shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax B;

Step 6: If additional monies are needed to satisfy the Special Tax Requirement for Services after the first five steps have been completed, then the Special Tax B shall be levied in equal percentages on each Assessor's Parcel of Provisional Undeveloped Property at up to 100% of the Maximum Special Tax B for Provisional Undeveloped Property.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Developed Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent as a consequence of delinquency or default by the owner of any other Assessor's Parcel within IA No. 3, except for those Assessor's Parcels of Developed Property whose owners are also delinquent or in default on their Special Tax payments for one or more other properties within IA No. 3.

## 5. COLLECTON OF ANNUAL SPECIAL TAXES

Collection of the Annual Special Tax shall be by the County in the same manner as ordinary ad valorem property taxes are collected and the Annual Special Tax shall be subject to the same penalties and the same lien priority in the case of delinquency as ad valorem taxes; provided, however, that the City Council may provide for (i) other means of collecting the Annual Special Tax, including direct billings thereof to the property owners; and (ii) judicial foreclosure of delinquent Special Taxes to meet the financial obligations of IA No. 3.

## 6. PREPAYMENT OF SPECIAL TAX A OBLIGATION

Property owners may prepay and permanently satisfy the Special Tax A Obligation by a cash settlement with the City as permitted under Government Code Section 53344. Prepayment is permitted only under the following conditions:

The following definitions apply to this Section 6:

**“IA No. 3 Public Facilities Costs”** means \$2,827,995 in 2013 dollars, which shall increase by the Construction Inflation Index on July 1, 2014, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to acquire or construct the facilities to be financed under the authorized Mello-Roos financing program for IA No. 3, or (ii) shall be determined by the City Council concurrently with a covenant that it will not issue any more IA No. 3 Bonds (except refunding bonds) to be supported by Special Taxes.

**“Construction Fund”** means the fund (regardless of its name) established pursuant to the Indenture to hold funds, which are currently available for expenditure to acquire or construct the facilities or pay fees.

**“Construction Inflation Index”** means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the Calendar Year, which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

**“Future Facilities Costs”** means the IA No. 3 Public Facilities Costs minus (i) costs previously paid from the Construction Fund to acquire or construct the facilities, (ii) monies currently on deposit in the Construction Fund, and (iii) monies currently on deposit in an escrow or other earmarked fund that are expected to be available to finance IA No. 3 Public Facilities Costs.

**“Outstanding Bonds”** means all Previously Issued Bonds, which remain outstanding as of the first interest and/or principal payment date following the current Fiscal Year

excluding Bonds to be redeemed at a later date with proceeds of prior prepayments of Maximum Special Taxes.

**“Previously Issued Bonds”** means all IA No. 3 Bonds that have been issued prior to the date of prepayment.

**A. Prepayment in Full**

The Special Tax A Obligation applicable to an Assessor’s Parcel may be prepaid and the obligation of the Assessor’s Parcel to pay any Special Tax permanently satisfied as described herein, provided that a prepayment may be made with respect to a particular Assessor’s Parcel only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel intending to prepay the Special Tax A Obligation shall provide the CFD Administrator with written notice of intent to prepay and the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the Prepayment Amount (as defined below) for such Assessor’s Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service. Prepayment must be made more than sixty (60) days prior to any redemption date for the CFD No. 2013-1 Bonds to be redeemed with the proceeds of such prepaid Special Taxes, unless a shorter period is acceptable to the Trustee and the City.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Prepayment Amount
plus	Defeasance Amount
plus	Prepayment Administrative Fees and Expenses
less	Reserve Fund Credit
less	<u>Capitalized Interest Credit</u>
Total: equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

**Paragraph No.:**

1. Confirm that no Special Tax delinquencies apply to such Assessor’s Parcel.
2. For an Assessor’s Parcel of Developed Property, determine the Maximum Special Tax A. For an Assessor’s Parcel of Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special

Tax A for that Assessor's Parcel as though it was already designated as Developed Property, based upon the Building Permit which has already been issued for that Assessor's Parcel.

3. Divide the Maximum Special Tax A computed pursuant to paragraph 2 by the total estimated Maximum Special Tax A for IA No. 3 based on the Developed Property Special Tax A which could be levied in the current Fiscal Year on all expected development through build-out of IA No. 3 as determined by the CFD Administrator, excluding any Assessor's Parcels for which the Special Tax A Obligation has been prepaid.
4. Multiply the quotient computed pursuant to paragraph 3 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "Bond Redemption Amount").
5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium (expressed as a percentage), if any, on the Outstanding Bonds to be redeemed at the first available call date (the "Redemption Premium").
6. Compute the current Future Facilities Costs.
7. Multiply the quotient computed pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Prepayment Amount").
8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.
9. Compute the amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Prepayment Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
10. Take the amount computed pursuant to paragraph 8 and subtract the amount computed pursuant to paragraph 9 (the "Defeasance Amount").
11. Verify the administrative fees and expenses of IA No. 3, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds, and the costs of recording any

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Taxes A less Administrative Expenses for each Fiscal Year that may be levied on Taxable Property, respectively, after the proposed prepayment is at least 1.1 times the annual Debt Service on all Outstanding Bonds.

**B. Partial Prepayment**

The Special Tax A on an Assessor's Parcel of Developed Property or Undeveloped Property for which a Building Permit has been issued may be partially prepaid. The amount of the prepayment shall be calculated as in Section 6.A.; except that a partial prepayment shall be calculated according to the following formula:

$$PP = P_E \times F.$$

These terms have the following meaning:

- PP = the Partial Prepayment
- P<sub>E</sub> = the Prepayment Amount calculated according to Section 6.A.
- F = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Special Tax, (ii) the percentage by which the Special Tax shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for an Assessor's Parcel within sixty (60) days of the request and may charge a reasonable fee for providing this service

With respect to any Assessor's Parcel that is partially prepaid, the City shall (i) distribute the funds remitted to it according to Section 6.A., and (ii) indicate in the records of IA No. 3 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the remaining Maximum Special Tax A, shall continue to be levied on such Assessor's Parcel pursuant to Section 3.

Notwithstanding the foregoing, no partial prepayment shall be allowed unless the amount of Maximum Special Taxes A less Administrative Expenses for each Fiscal Year that may be levied on Taxable Property, respectively, after the proposed partial prepayment is at least 1.1 times the annual Debt Service on all Outstanding Bonds.

## **7. MANDATORY MAXIMUM SPECIAL TAX REDUCTION**

Prior to the issuance of Bonds, the Property Tax Burden shall be calculated by the CFD Administrator pursuant to the Land Secured Financing Policy adopted pursuant to City Council Resolution in effect at the time of formation of the District (the "2012 Goals and Policies") on Developed Property based on an average value for each Land Use Class for which Residential Units have been constructed. The values may be calculated by the CFD Administrator, an appraiser or other means as determined by the City. The Maximum Special Tax A on Developed Property set forth in Section 3.A of this Rate and Method of Apportionment shall be reduced Proportionately for each Land Use Class if it is reasonably determined by the CFD Administrator that the Property Tax Burden exceeds the maximum level allowed in the 2012 Goals and Policies.

If the Mandatory Maximum Special Tax Reduction is implemented, then the City Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the lower Maximum Special Tax A rates.

## **8. TERM OF SPECIAL TAX**

Special Tax A shall be levied for a period of thirty-five (35) Fiscal Years after the last series of Bonds has been issued, but shall not be levied for a period to exceed fifty (50) Fiscal Years commencing with Fiscal Year 2013/2014.

Special Tax B shall be levied as long as necessary to meet the Special Tax Requirement for Services.

## **9. EXEMPTIONS**

The CFD Administrator shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from ad valorem property taxes because they are owned by a religious organization (iii) Assessor's Parcels developed or planned to be developed exclusively for any type of non-residential use, (iv) Assessor's Parcels with public utility easement by the restriction, as determined reasonably by the CFD Administrator, provided that no such classification would reduce the sum of all Taxable Property in IA No. 3 to less than 12.67 acres. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the sum of all Taxable Property in IA No. 3 to less than 12.67 acres shall be classified as Provisional Undeveloped Property, and will continue to be subject to the Special Tax A accordingly. Tax exempt status for this purpose of this paragraph will be assigned by the CFD Administrator in the chronological order in which property becomes eligible for classification as Exempt Property.

If the use of an Assessor's Parcel of Exempt Property changes so that such Assessor's Parcel is no longer classified as one of the uses set forth in the first paragraph of this Section 9 above that would make such Assessor's Parcel eligible to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property.

## **10. APPEALS**

Any landowner who pays the Annual Special Tax and claims the amount of the Annual Special Tax levied on his or her Assessor's Parcel is in error shall first consult with the CFD Administrator regarding such error not later than twelve (12) months after first having paid the first installment of the Annual Special Tax that is disputed. If following such consultation, the CFD Administrator determines that an error has occurred, the CFD Administrator may recommend changing the amount of the Annual Special Tax levied on such Assessor's Parcel. If following such consultation and action, if any by the CFD Administrator, the landowner believes such error still exists, such person may file a written notice with the City Manager, or designee of the City, appealing the amount of the Annual Special Tax levied on such Assessor's Parcel. Upon the receipt of such notice, the City Manager or designee may establish such procedures as deemed necessary to undertake the review of any such appeal. The City Manager or designee thereof shall interpret this Rate and Method of Apportionment and make determinations relative to the administration of the Annual Special Tax and any landowner appeals. The decision of the City Manager or designee shall be final and binding as to all persons.



## Agenda Item No. 15

# STAFF REPORT

## CITY OF CALIMESA CITY COUNCIL MEETING

**SUBJECT:** Community Facilities District No. 2013-1(JP Ranch) Annual Levy of Special Taxes

**MEETING DATE:** August 5, 2013

**PRESENTED BY:** Randy Anstine, City Manager

**PREPARED BY:** Randy Anstine, City Manager

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**RECOMMENDATION:** It is recommended that the City Council considers the adoption of the following resolution:

RESOLUTION NO 2013-34 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALIMESA ACTING AS THE LEGISLATIVE BODY OF THE COMMUNITY FACILITIES DISTRICT NO. 2013-1 (JP RANCH) AUTHORIZING THE ANNUAL LEVY OF SPECIAL TAXES FOR FISCAL YEAR 2013/2014

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**SUMMARY:** On August 5, 2013 the City Council formed Community Facilities District No. 2013-1 (JP Ranch) ("CFD") for the purpose of providing a secure revenue source for certain authorized facilities and services.

To date 44 permits are taxable as Developed Property for this fiscal year, this represents the existing homes within Improvement Area No. 1 of the CFD. The Rate and Method of Apportionment ("RMA") provides for the levy of special taxes on Developed Property, which are defined as parcels for which building permits were issued as of May 1, 2013 and Undeveloped Property, to fund the authorized facilities, services and to pay for administration of the CFD. In order to meet the needs of the CFD, it is proposed that Special Tax A (Facilities) be levied at 100% of the maximum rate on Developed Property and that Special Tax B (Services) be levied at 50% of the maximum for Developed Property and 25% of the maximum for Undeveloped Property.

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**FISCAL IMPACT:** If the Council approves the CFD special tax levy for FY 2013/2014 it will provide approximately \$22,305 to fund the authorized facilities and administrative costs and \$22,070 to fund the authorized services and begin building a reserve fund within IA No. 1 of the CFD, if there are no delinquencies. The FY 2013/2014 levy amount is based on levying

at the applicable FY 2013/2014 Special Taxes rates listed in Exhibit "A" of the Resolution. The Maximum Special Tax Rates for facilities may escalate at 2% per year and the Maximum Special Tax Rates for services may escalate by the greater of two percent (2.0%) or the increase in the Consumer Price Index per fiscal year.

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**ATTACHMENTS:**

Attachment A: Resolution No. 2013-34

**RESOLUTION NO. 2013-34**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALIMESA ACTING AS THE LEGISLATIVE BODY OF THE COMMUNITY FACILITIES DISTRICT NO. 2013-1 (JP RANCH) , AUTHORIZING THE ANNUAL LEVY OF SPECIAL TAXES FOR FISCAL YEAR 2013/2014**

**WHEREAS**, the City Council (the “Council”) of the City of Calimesa (the “City”) previously undertook proceedings under and pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the “Act”), to form the City of Calimesa Community Facilities District No. 2013-1 (JP Ranch) (the “CFD”) and designate improvement areas with the CFD, to authorize the levy of special taxes upon the land within the CFD, to finance certain services and certain facilities; and

**WHEREAS**, the Council has, pursuant to resolution of formation adopted on August 5, 2013 (the “Resolution”) and related ordinance with the first reading on August 5, 2013 (the “Ordinance”), as authorized by Section 53340 of the California Government Code, authorized the levy of a Special Tax A to pay for costs and expenses related to the construction and acquisition of certain facilities, a Services Special Tax B to finance certain services and the Council desires to establish specific rates of the special tax to be collected for the next fiscal year.

**NOW, THEREFORE, it is hereby determined and ordered as follows:**

**Section I.** The above recitals are all true and correct.

**Section 2.** That the Council does, by the passage of this resolution authorize the levy of the Special Tax A and the Services Special Tax B at the rates set forth in Exhibit “A” attached hereto, referenced and so incorporated, conditioned upon the Ordinance taking effect.

**Section 3.** The rate determined and as set forth above does not exceed the amount as will be authorized by the Ordinance upon its effectiveness and is not in excess of that amount previously approved by the qualified electors of the CFD, and is exempt from Proposition 218, Section XIIIID of the California State Constitution. After adoption of this Resolution, the City Manager or his/her designee, may make any necessary modification to these special taxes to correct errors, omissions or inconsistencies in the listing or categorization of parcels to be taxed or in the amount to be charged to any category of parcels; provided, however, that any such modification shall not result in an increase in the tax applicable to any category of parcels.

**Section 4.** That the proceeds of the Special Tax A shall be used for the authorized purposes pursuant to the formation proceedings, including but not limited to the following:

- (a) Payment of CFD administrative costs;
- (b) Payment of acquisition or construction of authorized facilities;

- (c) Payment of principal of and interest on any outstanding authorized bonded indebtedness;
- (d) Necessary replenishment or expenditure of bond reserve funds, other reserve funds or accumulation of funds for future payments including any amount required by Federal law to be rebated to the United States on the same debt; and
- (e) Repayment of advances and loans, if appropriate.

**Section 5.** That the proceeds of the Services Special Tax B shall be used to pay the authorized purposes pursuant to the formation proceedings, including but not limited to, the following:

- (a) Payment of CFD administrative costs; and
- (b) Payment of authorized services

**Section 6.** The above authorized Special Tax A and Services Special Tax B (collectively the “Special Taxes”) shall be collected in the same manner as ordinary *ad valorem* property taxes, and shall be subject to the same penalties and same procedures, sale and lien priority in cases of any delinquency as is provided for *ad valorem* taxes, and the Riverside County Tax Collector is hereby authorized to deduct reasonable administrative costs incurred in collecting any said special tax.

**Section 7.** All monies collected shall be paid into the CFD funds, including any bond fund and reserve fund.

**Section 8.** This Resolution relating to the levy of the Special Taxes shall take effect immediately upon its adoption in accordance with the provisions of Section 53340 of the California Government Code, as amended.

**Section 9.** The Auditor of the County is hereby directed to enter in the next County assessment roll on which taxes will become due, opposite each lot or parcel of land affected, the installment of the special tax, reference is made to attached Exhibit “A” for the exact rates of the Special Taxes.

**Section 10.** The County Auditor shall then, at the close of the tax collection period, promptly render to this City a detailed report showing the amount and/or amounts of such special tax installments, interest, penalties and percentages so collected and from what property collected, and also provide a statement of any percentages retained for the expense of making any such collection.

**PASSED, APPROVED AND ADOPTED** this 5th day of August, 2013.

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WILLIAM DAVIS, MAYOR

ATTEST:

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DARLENE GERDES, CITY CLERK

APPROVED AS TO FORM:

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KEVIN ENNIS, CITY ATTORNEY

Exhibit "A"

**City of Calimesa  
CFD 2013-1 (JP Ranch),  
Improvement Area No. 1, Zone 1  
Fiscal Year 2013/2014**

**Assigned Special Tax A Rates (Facilities)**

<b>Land Use Class</b>	<b>Building Square Footage</b>	<b>Assigned Special Tax A</b>
1	2,100 or less Sq. Ft.	\$345 per Residential Unit
2	2,101 to 2,200 Sq. Ft.	\$410 per Residential Unit
3	2,201 to 2,500 Sq. Ft.	\$520 per Residential Unit
4	2,501 to 2,700 Sq. Ft.	\$590 per Residential Unit
5	2,701 to 2,900 Sq. Ft.	\$845 per Residential Unit
6	Greater than 2,900 Sq. Ft.	\$900 per Residential Unit

**Improvement Area No. 1, Zone 2  
Fiscal Year 2013/2014**

**Assigned Special Tax A Rates (Facilities)**

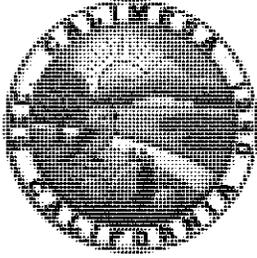
<b>Land Use Class</b>	<b>Building Square Footage</b>	<b>Assigned Special Tax A</b>
1	2,100 or less Sq. Ft.	\$1,480 per Residential Unit
2	2,101 to 2,300 Sq. Ft.	\$1,628 per Residential Unit
3	2,301 to 2,500 Sq. Ft.	\$1,776 per Residential Unit
4	2,501 to 2,700 Sq. Ft.	\$1,924 per Residential Unit
5	2,701 to 2,900 Sq. Ft.	\$2,072 per Residential Unit
6	2,901 to 3,100 Sq. Ft.	\$2,220 per Residential Unit
7	Greater than 3,100 Sq. Ft.	\$2,368 per Residential Unit

**CFD 2013-1 (JP Ranch), Improvement Area Nos. 1, 2 and 3  
Fiscal Year 2013/2014**

**Special Tax B Rates (Services)**

<b>Property Type</b>	<b>Maximum Special Tax B Rate</b>	<b>FY 2013/14 Special Tax B Rate</b>
Developed Property	\$577.00 per Residential Unit	\$288.50 per Residential Unit
Undeveloped Property	\$577.00 per Lot	\$144.25 per Lot

## Agenda Item No. 16



# STAFF REPORT

## CITY OF CALIMESA CITY COUNCIL MEETING

SUBJECT: PUBLIC HEARING: Special Assessments of Delinquent Refuse Fees

MEETING DATE: August 5, 2013

PRESENTED BY: Bob French, Public Works Director

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**RECOMMENDATION:** That the City Council:

1. Open the Public Hearing and take public testimony of the proposed special assessments of delinquent refuse fees; and
2. Adopt Resolution 2013-31, A Resolution of the City Council of the City of Calimesa, California, confirming the report of charges to be placed as special assessments for delinquent refuse fees.

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**BACKGROUND:** Due to the need for the City to be in compliance with AB 939, mandatory trash collection has been implemented citywide. In 1996, the City of Calimesa entered into an agreement with Cherry Valley Sanitation Service Inc., for the collection, transportation, recycling, composting and disposal of solid waste and construction debris and for providing temporary bin/rolloff services in the City of Calimesa. On November 1, 2003 the Solid Waste Franchise Agreement was transferred from Cherry Valley Sanitation, Inc. to CR&R Incorporated. The current franchise agreement with CR&R is for a term of ten (10) years commencing April 1, 2008.

Chapter 8.30 of Title 8 of the Calimesa Municipal Code provides for the collection of solid waste delinquent accounts through liens on real property. Section 8.30.560 states that the City Council shall fix a time, date and place for a hearing and report any objections or protests thereto.

On June 1, 2013, CR&R sent the Notice of Public Hearing to each property owner whose account was delinquent and potentially in an assessment position, notifying them of the Public Hearing to be held on August 5, 2013. The public notice was also published in the Yucaipa/Calimesa News-Mirror.

The delinquent account list provided by CR&R currently contains 62 accounts. Any party on the list who makes appropriate payment arrangements with CR&R prior to August 5, 2013 will have their name removed from the list prior to forwarding the list to the County for inclusion on the 2013-14 tax roll. The \$25.00 administrative fee is included in the total due for each property to be assessed.

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**ATTACHMENTS:**

- A. Resolution No. 2013-31with Exhibit "A"

Exhibit "A"  
Resolution No. 2013-31

SERVICE NAME	SERVICE ADDRESS	CITY	APN#	Balance as of 7/28/13	\$25.00 Admin Fee	Final total on tax roll
MARJORIE CARROLL	980 2ND ST	CALIMESA	410-050-015	\$ 44.16	25	69.16
STEVIE T KAGEYAMA	977 3RD ST	CALIMESA	410-040-022	\$ 50.72	25	75.72
SANDRA CRUZ	490 W AVENUE L	CALIMESA	411-160-036	\$ 56.21	25	81.21
FRANCIS DAVIS	1198 CHERRY LN	CALIMESA	411-242-006	\$ 62.32	25	87.32
MELISSA BALLAIN	912 AVE B	CALIMESA	411-100-026	\$ 103.12	25	128.12
JEFF MITCHELL	1045 5TH ST	CALIMESA	411-160-034	\$ 108.54	25	133.54
DEBBIE TAYLOR	9528 CRESTKNOLL	CALIMESA	413-360-001	\$ 129.93	25	154.93
RONNIE FRENCH	1282 2ND PL	CALIMESA	410-196-016	\$ 131.71	25	156.71
KIM REZENDES & PAWEL BASAK	217 LORETTA WAY	CALIMESA	409-111-003	\$ 136.89	25	161.89
MARTHA ALVINO	1181 MULBERRY	CALIMESA	411-261-008	\$ 137.26	25	162.26
STERLING J COX	418 W AVENUE L	CALIMESA	411-160-023	\$ 137.26	25	162.26
MICHAEL MEDINA	279 E COUNTY LINE RD	CALIMESA	410-040-003	\$ 137.26	25	162.26
JOSEPH E & JANETTE HOPPER	809 W CO LINE	CALIMESA	413-082-021	\$ 139.28	25	164.28
PAULINE -KRUEGER	182 E AVENUE L	CALIMESA	410-151-009	\$ 139.95	25	164.95
VALORIE GUTIERREZ	1117 7TH ST	CALIMESA	411-190-039	\$ 167.39	25	192.39
ALBERT TORRES	701 W AVENUE L	CALIMESA	411-200-007	\$ 180.29	25	205.29
ALBERT SANDERSON	202 HARRUBY	CALIMESA	410-243-030	\$ 184.94	25	209.94
KEVIN PRATT	206 E AVENUE L	CALIMESA	409-112-019	\$ 184.94	25	209.94
MARY GALVAN	1065 CLING WAY	CALIMESA	410-062-003	\$ 184.94	25	209.94
STEPHEN YAZELL	238 HARRUBY DR	CALIMESA	410-194-025	\$ 185.00	25	210.00
RALPH & MEREDITH TREJO	235 E AVENUE L	CALIMESA	409-140-005	\$ 190.22	25	215.22
DONALD MC PHAILL	9677 TERRA LINDA	CALIMESA	413-371-015	\$ 199.96	25	224.96
TREVOR MOCK	175 E CO LINE	CALIMESA	410-112-001	\$ 233.96	25	258.96
DAVID & CLAUDIA HANGVANLAM	169 W CO LINE	CALIMESA		\$ 235.60	25	260.60
FRANK & REGINA HOLGUIN	749 W AVENUE L	CALIMESA	411-200-002	\$ 240.61	25	265.61
MONA ROSE & MARIANNE JULER	422 MYRTLEWOOD DR	CALIMESA	411-251-014	\$ 245.08	25	270.08
BEE TU	915 CALIMESA BLVD	CALIMESA	411-100-003	\$ 250.77	25	275.77
GINGER DAVIS	278 1/2 W AVENUE L	CALIMESA	410-070-010	\$ 253.09	25	278.09
JAMES PENA	9641 CRESTKNOLL	CALIMESA	413-331-023	\$ 254.64	25	279.64
LEE & SUEZANNE WILLS	801 W COUNTY LINE RD	CALIMESA	413-082-005	\$ 255.71	25	280.71

Exhibit "A"  
Resolution No. 2013-31

JOHN SILLER	941 3RD ST	CALIMESA	410-040-035	\$ 270.84	25	295.84
JOHN BURSTEIN	1116 3RD ST	CALIMESA	410-181-001	\$ 285.66	25	310.66
SHELLISA PRINS	152 W AVENUE L	CALIMESA	410-140-026	\$ 285.68	25	310.68
PHILIP C ABBOTT	1225 2ND PL	CALIMESA	410-210-050	\$ 286.14	25	311.14
JOHN YBARRA	951 3RD ST	CALIMESA	410-040-016	\$ 286.32	25	311.32
DAVID & CLAUDIA HANGVANLAM	165 W CO LINE RD	CALIMESA	410-100-022	\$ 286.60	25	311.60
CHRIS & MARY M SADLER	934 STEARNS	CALIMESA	410-111-016	\$ 286.98	25	311.98
CHRIS HOWARD	367 W CO LINE	CALIMESA	410-020-007	\$ 286.98	25	311.98
MIGUEL A & TERESA H RUBIO	920 3RD ST	CALIMESA	410-030-005	\$ 288.14	25	313.14
DIANA TUCKER	461 W AVENUE L	CALIMESA	411-171-011	\$ 288.78	25	313.78
CHESTER L & WENDY L SIMMONS	991 5TH ST	CALIMESA	411-160-002	\$ 288.85	25	313.85
DOMENICK D RAGO SR	927 CALIMESA BLVD	CALIMESA	411-100-034	\$ 288.85	25	313.85
MARK GARDNER	228 W AVENUE L	CALIMESA	410-070-021	\$ 288.85	25	313.85
SCOTT SHERWOOD	188 HARRUBY DR	CALIMESA	410-243-027	\$ 288.85	25	313.85
JOHN & KAREN CAMPBELL	279 E AVENUE L	CALIMESA	409-140-011	\$ 288.89	25	313.89
ARMANDO/CHRISTINA VALLES	368 FLORDASON	CALIMESA	410-030-042	\$ 293.62	25	318.62
EDWARD NEGRETE	225 SUMMIT VIEW	CALIMESA	410-210-072	\$ 305.15	25	330.15
MARIA MENDOZA	376 FLORDASON	CALIMESA	410-020-046	\$ 336.06	25	361.06
MATTHEW BUCKLEY	907 CALIFORNIA	CALIMESA	410-111-001	\$ 336.06	25	361.06
WILLIAM LEE	934 4TH ST	CALIMESA	411-150-009	\$ 340.51	25	365.51
CHRISTINE MAC KINNON	332 SMOKERIDGE	CALIMESA	410-182-003	\$ 343.40	25	368.40
MELISSA RODRIQUEZ	928 AVE B	CALIMESA	411-100-028	\$ 359.93	25	384.93
JOHN THOMAS YBARRA	941 & 943 AVE B	CALIMESA	411-100-021	\$ 368.61	25	393.61
PAUL NEMEC	994 7TH PL	CALIMESA	411-050-006	\$ 369.55	25	394.55
STEVEN & JACKIE RESEITH	146 W AVENUE L	CALIMESA	410-140-014	\$ 370.31	25	395.31
PAUL WEATHERS	423 MYRTLEWOOD	CALIMESA	411-255-002	\$ 386.25	25	411.25
SHELIA BALDWIN	280 MYRTLEWOOD	CALIMESA	410-191-003	\$ 386.58	25	411.58
SALLIE COHEN	914 2ND ST	CALIMESA	410-050-009	\$ 387.90	25	412.90
SAM KAHN	1156 3RD ST	CALIMESA	410-184-012	\$ 387.90	25	412.90
LAKESHA HARRIS	1106 4TH ST	CALIMESA	411-171-030	\$ 388.78	25	413.78
LA JOYA RETIREMENT HOME	330 SANDALWOOD	CALIMESA	410-184-018	\$ 572.71	25	597.71
CRYSTAL STOKES	468 MYRTLEWOOD DR	CALIMESA	411-251-006	\$ 729.35	25	754.35
				<b>\$ 15,920.83</b>	<b>1,550.00</b>	<b>17,470.83</b>



## **STAFF REPORT**

### **CITY OF CALIMESA CITY COUNCIL MEETING**

**SUBJECT:** Assessments for Weed Abatement

**MEETING DATE:** August 5, 2013

**PRESENTED BY:** Randy Anstine, City Manager  
Darlene Gerdes, City Clerk

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**RECOMMENDATION:** That the City Council:

1. Open the public hearing and take public testimony and;
2. Adopt Resolution 2013-32 - A Resolution of the City Council of the City of Calimesa, California, confirming the report of charges to be placed as special assessments for weed abatement.

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**BACKGROUND:** The City Code Enforcement Department conducted inspections during the first week of April. Four-hundred seventy-six (476) properties were identified that were a fire hazard due to weeds and other flammable vegetation. On April 11, 2013, "Notice to Abate" letters were mailed to the property owner on the last equalized tax roll in compliance with requirements of Section 8.10.050 of the Calimesa Municipal Code. Property owners were given thirty days to abate weeds and other flammable vegetation.

Upon expiration of the thirty day period, the Code Enforcement Officer re-inspected the properties and found one-hundred eight (108) properties that had not complied with the Notice. These properties were contracted to Classen's Tractor Service to clear weeds and other flammable vegetation from these properties. Of the one-hundred eight (108) properties, only 23 were necessary for abatement by Classen's Tractor Service. Per Classen's Tractor Service, the remaining eighty-five (85) properties were in compliance.

On June 24, 2013, a Notice of the Public Hearing which included the amount of the proposed special assessment, where mailed to the property owners. In addition, a Notice of Public Hearing was published and posted and a list of assessments was made available for viewing at City Hall. The property owners were given 42 days to make their payment to the City, which made a payment due date of August 5, 2013 by 5:30 p.m.

As of the date of this report, the City has received payment in full for the assessments due on 8 properties. Attached is the proposed Resolution which includes "Exhibit A" listing the delinquent accounts as of July 31, 2013.

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**ATTACHMENTS:**

Attachment A: Resolution No. 2013-32 with Exhibit A

**RESOLUTION NO. 2013-32****A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALIMESA, CALIFORNIA, CONFIRMING THE REPORT OF CHARGES TO BE PLACED AS SPECIAL ASSESSMENTS FOR WEED ABATEMENT**

**WHEREAS**, the City Council of the City of Calimesa (the "City Council") adopted Ordinance No. 92-2, codified at Chapter 8.10 to Title 8 of the Municipal Code of the City of Calimesa (the "Municipal Code"), commencing with Section 8.10.010, providing for the abatement of weeds and other flammable vegetation; and

**WHEREAS**, the duty to abate weeds and hazardous vegetation is established at Section 8.10.030 of the Municipal Code; and,

**WHEREAS**, all requirements of Chapter 8.10 of the Municipal Code, including the requirements for notice and hearing as set forth in Sections 8.10.050 through 8.10.090 thereof, have been met; and

**WHEREAS**, the City Council, pursuant to the authority granted by Chapter 8.10 and Section 8.10.090 of the Municipal Code, has received the report of the City Manager, has heard any protests and has confirmed the report of charges to be placed as special assessments for the respective parcels of land;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CALIMESA DOES RESOLVE, DETERMINE AND ORDER AS FOLLOWS:**

**Section 1.** Removal costs and administrative charges for weed abatement are approved for the parcels of land as listed on Attachment "A," and shall constitute special assessments against the respective parcels of land and are a lien on the property for the amount of such costs and charges.

**Section 2.** The City Clerk is authorized and directed to submit a certified copy of this Resolution and the confirmed report to the Riverside County Auditor's Office to place said special assessments on the assessment roll and to record liens against the subject properties with the Riverside County Recorder's Office.

**Section 3.** The assessments shall be collected at the same time and in the same manner as the ad valorem County property taxes are collected, and shall be subject to the same penalties and the same procedure and sale in case of delinquency as provided for such taxes. All laws applicable to the levy, collection and enforcement of County ad valorem property taxes shall be applicable to such assessments, subject to and in accordance with subsection (c) of Section 8.10.100 of the Municipal Code.

**PASSED, APPROVED AND ADOPTED**, this 5<sup>th</sup> day of August 2013.

\_\_\_\_\_  
WILLIAM DAVIS, MAYOR

ATTEST:

\_\_\_\_\_  
DARLENE GERDES, CITY CLERK

**RESOLUTION NO. 2013-32  
ATTACHMENT "A"  
2013 SPECIAL ASSESSMENTS - WEED ABATEMENT**

<b>Assess. Number</b>	<b>APN #</b>	<b>Total Assess.</b>
1	409-070-001-	\$475.82
2	410-040-032-	\$210.82
3	410-061-026	\$659.07
4	410-080-049-	\$240.82
5	410-100-008-	\$210.82
6	410-111-001-	\$205.82
7	410-181-011-	\$175.82
8	411-100-023	\$245.82
9	411-190-036	\$652.82
10	411-200-07-	\$974.82
11	411-200-009-	\$240.82
12	411-200-020-	\$210.82
13	413-210-022	\$348.82
14	413-210-023-	\$592.82
15	413-221-004-	\$210.82
	<b>TOTAL</b>	<b>\$5,656.55</b>

## Agenda Item No. 18.



# STAFF REPORT

## CITY OF CALIMESA CITY COUNCIL MEETING

**SUBJECT:** FEASIBILITY STUDY FOR THE CONSTRUCTION OF A NEW LIBRARY AND CITY HALL FACILITY

**MEETING DATE:** August 5, 2013

**PRESENTED BY:** Randy Anstine, City Manager

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**RECOMMENDATION:** It is respectfully requested that Council approve the city manager exploring the feasibility of constructing a new Library and City Hall on City owned property at Calimesa Blvd. and K Street, and authorizing the City Engineer – TKE Engineering to accomplish the feasibility study.

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**BACKGROUND:** Since City incorporation the City has been collecting Developer Impact Fees (DIF) for the construction of a new Library and City Hall facilities. Presently there is approximately \$145,000 available in DIF fees. Staff is recommending using some of those funds to conduct a feasibility study to determine the size of facility required, size of facility the property may accommodate, and facility bonding capability.

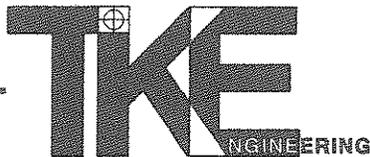
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**FINANCIAL IMPACT:** The cost to conduct the feasibility study is estimated to be \$25,000. Funds are available within the current fiscal year budget.

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### ATTACHMENTS:

Attachment A: Scope of Services



July 31, 2013

Randy Anstine, City Manager  
City of Calimesa  
908 Park Avenue  
Calimesa, CA 92320

Subject: Feasibility Study for City of Calimesa's New City Hall and Library

Dear Mr. Anstine:

TKE Engineering Inc. is pleased to present the following scope of services related to the feasibility study of the new City Hall and Library for the City of Calimesa located on a 1.2 acre site located at the southwest corner of Calimesa Boulevard and Avenue K. Based on preliminary discussions with City staff, the City desires to construct a 10,000 square foot, two story facility that would accommodate library services on the first floor and City administration on the second floor. In addition, preliminary project costs and funding sources will need to be determined.

To determine the suitability of the site to meet the City's needs into the future, the City desires to complete a feasibility study that includes determination of the Library and City Administration needs and compare those needs with site dimensions/characteristics. The feasibility study scope is presented in the following paragraphs:

**Task 1 – Project Meetings**

TKE will attend up to four (4) meetings with City staff for project status updates, project review and ongoing correspondence.

**Task 2 – Records Research**

TKE will thoroughly research existing utility records and acquire copies of all available records. The purpose of the records research is to assemble survey records to establish locations of street centerlines, street rights-of-way, property limits and easements and determine locations of all existing utilities and improvements. The research will consist of assembling copies of assessors' maps, tract maps, parcel maps, easement documents, monument ties, benchmark data, corner records, and utility drawings. In addition, we will request the City provide a title report for the sites.

**Task 3 – Site Survey**

TKE will survey the existing site to locate existing structures, property lines, existing contours, utility research and additional applicable data as necessary to depict the conditions of the existing site.

TKE will review existing survey data located during the Records Research task and after this review, establish ground control, conduct field surveys, collect field data, utility information and locate existing centerline monuments and property corners. Our field survey crew will locate existing street centerline monuments utilizing survey control data. The crew will measure the horizontal angle, horizontal distance, and vertical elevation difference between each survey monument. We will complete a traverse for each survey to ensure closure. Elevations will be tied to existing benchmarks.

**Task 4 – Base Sheet/Exhibit Preparation**

TKE will incorporate the survey data into an overall base sheet which will be the basis of the preliminary site plan. The base sheet will also be used to prepare site design documents.

TKE will prepare the base sheet using AutoCAD software, using the topographic data collected during the survey. We will add the sheet north arrow, graphic scale, existing improvements and utilities (based on both assembled records and field data), property lines, public and private right-of-way, easement areas, assessor parcel numbers, street centerline, street names, water service location; sewer service locations; cross gutters; driveways, pedestrian ramps; traffic stripes and legends; curb returns; details of private improvements, fences, gates, irrigation systems, mailboxes, trees and landscaping, and survey data to the drawings. Once the base sheet is complete, we will perform a careful field review to ensure all facilities are shown correctly. In addition, based on title report, TKE will show all encumbrances on the property to assess site development potential impacts.

Lastly, TKE will prepare initial exhibits to define site development. Exhibits will be used at public meetings. The exhibits will show building location and site development preliminary layout. Also, the exhibits will include other recently constructed facilities' details for City consideration for including with the proposed project.

**Task 5 – Outreach Workshops/Site Tours/Preliminary Exhibits**

TKE will perform an initial outreach workshop with Library staff, City Council, and the general public. TKE will present graphics of initial concepts prepared in Task 4 and note all public, Library staff, and Council comments. Council workshops will also be used to define City Hall objectives.

Prior to a second public workshop, TKE will schedule tours of recently constructed Library and City Administrative Services buildings. Members of the Library staff, City Council, and City Staff will be invited to attend the tours. The goal will be to observe other facility components and interview Operations staffs to determine effectiveness of facilities.

Upon completion of the initial workshop and facility tours, TKE will prepare a draft feasibility study report that includes a needs assessment, building interior layout, architectural elevations, updated site plan, and preliminary cost estimate. The draft study will be submitted to the City for comment.

After receipt of City approval of the draft feasibility study, TKE will schedule a second workshop with the aforementioned groups to further define building components and site characteristics. TKE will again manage the workshop.

**Task 6 – Final Report**

Upon completion of the workshops, TKE will prepare a final report. Again, the report will include final site development criteria and detailed building components, together with cost estimates for construction and design. In addition, we will identify project funding programs and an implementation schedule.

TKE proposes to complete the project tasks listed above for a fee of \$25,000. If you have any questions or require additional information, please advise.

Sincerely,



Michael P. Thornton, P.E., P.L.S., M.S.  
President