

**CITY OF ONTARIO  
CITY COUNCIL AND HOUSING AUTHORITY  
AGENDA  
OCTOBER 1, 2019**

**Paul S. Leon**  
Mayor

**Ruben Valencia**  
Mayor pro Tem

**Alan D. Wapner**  
Council Member

**Jim W. Bowman**  
Council Member

**Debra Dorst-Porada**  
Council Member



**Scott Ochoa**  
City Manager

**Scott E. Huber**  
City Attorney

**Sheila Mautz**  
City Clerk

**James R. Milhiser**  
Treasurer

**WELCOME to a meeting of the Ontario City Council.**

- All documents for public review are on file with the Records Management/City Clerk's Department located at 303 East B Street, Ontario, CA 91764.
- Anyone wishing to speak during public comment or on a particular item will be required to fill out a blue slip. Blue slips must be turned in prior to public comment beginning or before an agenda item is taken up. The Clerk will not accept blue slips after that time.
- Comments will be limited to 3 minutes. Speakers will be alerted when they have 1 minute remaining and when their time is up. Speakers are then to return to their seats and no further comments will be permitted.
- In accordance with State Law, remarks during public comment are to be limited to subjects within Council's jurisdiction. Remarks on other agenda items will be limited to those items.
- Remarks from those seated or standing in the back of chambers will not be permitted. All those wishing to speak including Council and Staff need to be recognized by the Chair before speaking.

**ORDER OF BUSINESS** The regular City Council and Housing Authority meeting begins with Closed Session and Closed Session Comment at 6:00 p.m., Public Comment at 6:30 p.m. immediately followed by the Regular Meeting and Public Hearings. No agenda item will be introduced for consideration after 10:00 p.m. except by majority vote of the City Council.

**(EQUIPMENT FOR THE HEARING IMPAIRED AVAILABLE IN THE RECORDS MANAGEMENT OFFICE)**

**CALL TO ORDER (*OPEN SESSION*)**

**6:00 p.m.**

***ROLL CALL***

Valencia, Wapner, Bowman, Dorst-Porada, Mayor/Chairman Leon

**CLOSED SESSION PUBLIC COMMENT** The Closed Session Public Comment portion of the Council/Housing Authority meeting is limited to a maximum of 3 minutes for each speaker and comments will be limited to matters appearing on the Closed Session. Additional opportunities for further Public Comment will be given during and at the end of the meeting.

***CLOSED SESSION***

- GC 54956.8, CONFERENCE WITH REAL PROPERTY NEGOTIATORS  
Property: APN 0210-204-12 through 0210-204-15; 0210-204-20 through 0210-204-23; and 0210-204-39; City/Authority Negotiator: Scott Ochoa or his designee; Negotiating parties: PPP Brickyard, LLC; Under negotiation: Price and terms of payment.
- GC 54956.9 (d)(2), CONFERENCE WITH LEGAL COUNSEL, ANTICIPATED LITIGATION:  
*One case.*

In attendance: Valencia, Wapner, Bowman, Dorst-Porada, Mayor/Chairman Leon

***PLEDGE OF ALLEGIANCE***

Council Member Wapner

***INVOCATION***

Pastor Sylvia Lee Mann, Bethel Congregational Church

**REPORT ON CLOSED SESSION**

City Attorney

**PUBLIC COMMENTS**

**6:30 p.m.**

The Public Comment portion of the Council/Housing Authority meeting is limited to 30 minutes with each speaker given a maximum of 3 minutes. An opportunity for further Public Comment may be given at the end of the meeting. Under provisions of the Brown Act, Council is prohibited from taking action on oral requests.

As previously noted -- if you wish to address the Council, fill out one of the blue slips at the rear of the chambers and give it to the City Clerk.

**AGENDA REVIEW/ANNOUNCEMENTS** The City Manager will go over all updated materials and correspondence received after the Agenda was distributed to ensure Council Members have received them. He will also make any necessary recommendations regarding Agenda modifications or announcements regarding Agenda items to be considered.

**SPECIAL CEREMONIES**

**RECOGNITION OF RETIREMENT - K-9 OFFICER "ANDRE"**

**CONSENT CALENDAR**

All matters listed under CONSENT CALENDAR will be enacted by one motion in the form listed below – there will be no separate discussion on these items prior to the time Council votes on them, unless a member of the Council requests a specific item be removed from the Consent Calendar for a separate vote.

Each member of the public wishing to address the City Council on items listed on the Consent Calendar will be given a total of 3 minutes.

**I. APPROVAL OF MINUTES**

Minutes for the regular meeting of the City Council and Housing Authority of September 3, 2019, approving same as on file in the Records Management Department.

**2. BILLS/PAYROLL**

**Bills** August 30, 2019 through September 12, 2019 and **Payroll** August 18, 2019 through August 31, 2019, when audited by the Finance Committee.

**3. AN ORDINANCE APPROVING A DEVELOPMENT AGREEMENT (FILE NO. PDA19-002) BETWEEN THE CITY OF ONTARIO AND SLV LC CENTER, LLC; HCW LC CENTER, LLC; STRACK FARMS LAND, LLC; RHV EDISON AVENUE, LLC; MV EDISON AVENUE, LLC; AND EPC HOLDINGS 938, LLC, TO ESTABLISH THE TERMS AND CONDITIONS FOR THE DEVELOPMENT OF TENTATIVE TRACT MAP 20157 (FILE NO. PMTT18-002), FOR PROPERTY LOCATED AT THE SOUTHEAST CORNER OF MILL CREEK AVENUE AND OLD EDISON ROAD WITHIN PLANNING AREAS 1 THROUGH 4 (RD-4, RD-6, RD-7, AND RD-8) OF THE ESPERANZA SPECIFIC PLAN (APNS: 0218-252-07, 0218-252-08, 0218-252-09, AND 0218-252-10)**

That the City Council consider and adopt an ordinance approving the Development Agreement (File No. PDA19-002) between the City of Ontario and SLV LC Center, LLC; HCW LC Center, LLC; Strack Farms Land, LLC; RHV Edison Avenue, LLC; MV Edison Avenue, LLC; and EPC Holdings 938, LLC, to establish the terms and conditions for the development of Tentative Tract Map 20157 (File No. PMTT18-002).

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, APPROVING FILE NO. PDA19-002, A DEVELOPMENT AGREEMENT BETWEEN THE CITY OF ONTARIO AND SLV LC CENTER, LLC; HCW LC CENTER, LLC; STRACK FARMS LAND, LLC; RHV EDISON AVENUE, LLC; MV EDISON AVENUE, LLC; AND EPC HOLDINGS 938, LLC, TO ESTABLISH THE TERMS AND CONDITIONS FOR THE DEVELOPMENT OF TENTATIVE TRACT MAP 20157 (FILE NO. PMTT18-002), FOR PROPERTY LOCATED AT THE SOUTHEAST CORNER OF MILL CREEK AVENUE AND OLD EDISON ROAD WITHIN PLANNING AREAS 1 THROUGH 4 (RD-4, RD-6, RD-7, AND RD-8) OF THE ESPERANZA SPECIFIC PLAN, AND MAKING FINDINGS IN SUPPORT THEREOF – APNS: 0218-252-07, 0218-252-08, 0218-252-09, AND 0218-252-10.

**4. IMPROVEMENT AGREEMENT AND IMPROVEMENT SECURITY FOR FINAL TRACT MAP NO. 16486, LOCATED ON OLIVE STREET, APPROXIMATELY 655 FEET EAST OF BAKER AVENUE**

That the City Council approve and authorize the City Manager to execute an improvement agreement and improvement security for Final Tract Map No. 16486, located on Olive Street, approximately 655 feet east of Baker Avenue.



**5. AUTHORIZE THE PURCHASE OF FLEET VEHICLES AND EQUIPMENT**

That the City Council take the following actions:

- (A) Authorize the cooperative purchase and delivery of one CNG Kenworth/Vactor combination sewer jetter in the amount of \$387,441 for the Utilities Department from Haaker Equipment Company of La Verne, California, consistent with the terms and conditions of the Sourcewell (formerly known as NJPA) Cooperative Contract 122017-FSC; and
- (B) Authorize the cooperative purchase and delivery of one Ford F650SD Aerial Service Truck in the amount of \$169,361 for the Municipal Services Department from Terex Utilities Inc. of Watertown, South Dakota, consistent with the terms and conditions of the Sourcewell (formerly known as NJPA) Cooperative Contract 012418-TER; and
- (C) Authorize the cooperative purchase and delivery of one CNG Three Axle Dump Truck in the amount of \$233,368 for the Parks and Maintenance Department from Los Angeles Freightliner of Whittier, California, consistent with the terms and conditions of the County of Orange order number PO-012-17010353; and
- (D) Authorize the cooperative purchase and delivery of eight trucks for a total amount of \$1,085,351 (one F750 Service Body Truck in the amount of \$226,349 and one F450 Traffic Control Truck in the amount of \$119,321 for the Utilities Department, and two F650 Stake Bed Trucks in the amount of \$265,834, one F350 Traffic Control Truck in the amount of \$121,245, two Ford F350 Sign Trucks in the amount of \$262,995, and one F350 Dump Truck in the amount of \$89,607 for the Parks and Maintenance Department) from PB Loader Corporation of Fresno, California, consistent with the terms and conditions of the Sourcewell (formerly known as NJPA) Cooperative Contract 052417-PBL.

**6. A WRITTEN PETITION TO CREATE A COMMUNITY FACILITIES DISTRICT; A RESOLUTION OF INTENTION TO ESTABLISH CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 46 (AVENUE 176 FACILITIES) AND TO AUTHORIZE THE LEVY OF SPECIAL TAXES; AND A RESOLUTION TO INCUR BONDED INDEBTEDNESS**

That the City Council consider and:

- (A) Accept a written petition (on file with the Records Management Department) from Lennar Homes of California, Inc. a California corporation, to create a Community Facilities District, and to waive certain procedural matters under the Mello-Roos Community Facilities Act of 1982;
- (B) Adopt a Resolution of Intention to establish City of Ontario Community Facilities District No. 46 (Avenue 176 Facilities) (the “CFD”) and authorize the associated levy of special taxes therein; and set a public hearing for the formation of the CFD as part of the regularly scheduled City Council meeting on Tuesday, November 5, 2019; and
- (C) Adopt a Resolution to Incur Bonded Indebtedness of proposed Community Facilities District No. 46 (Avenue 176 Facilities).

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, OF INTENTION TO ESTABLISH A COMMUNITY FACILITIES DISTRICT, PROPOSED TO BE NAMED CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 46 (AVENUE 176 FACILITIES), AND TO AUTHORIZE THE LEVY OF SPECIAL TAXES.

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, TO INCUR BONDED INDEBTEDNESS OF THE PROPOSED CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 46 (AVENUE 176 FACILITIES).

**7. DECLARATION AND DISPOSITION OF SURPLUS IMPROVEMENT FUNDS AND/OR REDEMPTION FUNDS IN ASSESSMENT DISTRICTS 94, 97B, 100A, 100C, 103, 104, 105, 106, 107, 108 AND REASSESSMENT DISTRICTS 97B, 100B, AND 105**

That City Council consider and adopt resolutions declaring surplus amounts remaining in and from the improvement funds and/or redemption funds in Assessment Districts 94, 97B, 100A, 100C, 103, 104, 105, 106, 107, 108 and Reassessment Districts 97B, 100B, and 105; and further resolve that the surplus funds for these districts, as well as previously declared surplus funds, be used for maintenance (capital replacement) of the public improvements funded by the districts.

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, MAKING A DETERMINATION REGARDING SURPLUS AMOUNTS REMAINING IN AND FROM THE REDEMPTION FUND OF ASSESSMENT DISTRICT NO. 94, AND DIRECTING THE DISPOSITION OF SUCH SURPLUS AMOUNTS.

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, MAKING A DETERMINATION REGARDING SURPLUS AMOUNTS REMAINING IN AND FROM THE IMPROVEMENT FUND OF ASSESSMENT DISTRICT NO. 97B, AND DIRECTING THE DISPOSITION OF SUCH SURPLUS AMOUNTS.

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, MAKING A DETERMINATION REGARDING SURPLUS AMOUNTS REMAINING IN AND FROM THE IMPROVEMENT FUND OF ASSESSMENT DISTRICT NO. 100A, AND DIRECTING THE DISPOSITION OF SUCH SURPLUS AMOUNTS.

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, MAKING A DETERMINATION REGARDING SURPLUS AMOUNTS REMAINING IN AND FROM THE IMPROVEMENT FUND AND REDEMPTION FUND OF ASSESSMENT DISTRICT NO. 100C, AND DIRECTING THE DISPOSITION OF SUCH SURPLUS AMOUNTS.

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, MAKING A DETERMINATION REGARDING SURPLUS AMOUNTS REMAINING IN AND FROM THE REDEMPTION FUND OF ASSESSMENT DISTRICT NO. 103, AND DIRECTING THE DISPOSITION OF SUCH SURPLUS AMOUNTS.

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, MAKING A DETERMINATION REGARDING SURPLUS AMOUNTS REMAINING IN AND FROM THE REDEMPTION FUND OF ASSESSMENT DISTRICT NO. 104, AND DIRECTING THE DISPOSITION OF SUCH SURPLUS AMOUNTS.

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, MAKING A DETERMINATION REGARDING SURPLUS AMOUNTS REMAINING IN AND FROM THE IMPROVEMENT FUND OF ASSESSMENT DISTRICT NO. 105, AND DIRECTING THE DISPOSITION OF SUCH SURPLUS AMOUNTS.

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, MAKING A DETERMINATION REGARDING SURPLUS AMOUNTS REMAINING IN AND FROM THE IMPROVEMENT FUND AND REDEMPTION FUND OF ASSESSMENT DISTRICT NO. 107, AND DIRECTING THE DISPOSITION OF SUCH SURPLUS AMOUNTS.

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, MAKING A DETERMINATION REGARDING SURPLUS AMOUNTS REMAINING IN AND FROM THE IMPROVEMENT FUND OF ASSESSMENT DISTRICT NO. 108, AND DIRECTING THE DISPOSITION OF SUCH SURPLUS AMOUNTS.

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, MAKING A DETERMINATION REGARDING SURPLUS AMOUNTS REMAINING IN AND FROM THE REDEMPTION FUND OF REASSESSMENT DISTRICT NO. 97B, AND DIRECTING THE DISPOSITION OF SUCH SURPLUS AMOUNTS.

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, MAKING A DETERMINATION REGARDING SURPLUS AMOUNTS REMAINING IN AND FROM THE REDEMPTION FUND OF REASSESSMENT DISTRICT NO. 100B, AND DIRECTING THE DISPOSITION OF SUCH SURPLUS AMOUNTS.

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, MAKING A DETERMINATION REGARDING SURPLUS AMOUNTS REMAINING IN AND FROM THE REDEMPTION FUND OF REASSESSMENT DISTRICT NO. 105, AND DIRECTING THE DISPOSITION OF SUCH SURPLUS AMOUNTS.

**8. A MAINTENANCE SERVICE AGREEMENT FOR GARAGE AND FUEL SITE MAINTENANCE AND ON-CALL REPAIR SERVICES**

That the City Council authorize the City Manager to execute a two-year Maintenance Service Agreement (on file in the Records Management Department) with Fuel Serv, Inc. of Montclair, California, for an annual estimated amount of \$62,682 plus a contingency of \$27,318 for unforeseen required repairs; authorize the addition of future services and repairs; and authorize the option to extend the agreement for up to two additional years consistent with City Council approved budgets.

**9. PROFESSIONAL SERVICES AGREEMENTS FOR CITYWIDE ON-CALL PROJECT MANAGEMENT SERVICES**

That the City Council and the Board of the Ontario Housing Authority approve and authorize the City Manager to execute three-year Project Management Professional Service Agreements (on file in the Records Management Department) with: HR Green Pacific of Corona, California; Cumming Construction of Murrieta, California; PPM Group, Inc. of Fontana, California; Wallace & Associates of Murrieta, California; AKM Consulting of Irvine, California; Project Management Advisors of Norco, California; CAPO Projects Group of San Juan Capistrano, California; and Transtech Engineers of Chino, California; and authorize the City Manager to extend the agreements for up to two additional years consistent with City Council approved budgets.

## PUBLIC HEARINGS

Pursuant to Government Code Section 65009, if you challenge the City's zoning, planning or any other decision in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City Council at, or prior to the public hearing.

### **10. A PUBLIC HEARING TO CONSIDER AN ORDINANCE APPROVING AN AMENDMENT TO THE CITY OF ONTARIO MUNICIPAL CODE, REVISING SECTIONS 3-1.113 AND 3-1.117, REGARDING BUSINESS LICENSE REGISTRATION TERMS**

That the City Council introduce and waive further reading of an ordinance approving an amendment to the City of Ontario Municipal Code, revising sections 3-1.113 and 3-1.117 to change the annual license renewal to expire at midnight on the anniversary of the date of the business start date rather than December 31 of each year.

Notice of public hearing has been duly given and affidavits of compliance are on file in the Records Management Department.

Written communication.  
Oral presentation.  
Public hearing closed.

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, AMENDING SECTIONS 3-1.113 AND 3-1.117 OF THE ONTARIO MUNICIPAL CODE REGARDING BUSINESS LICENSE REGISTRATION TERMS.

## ADMINISTRATIVE REPORTS/DISCUSSION/ACTION

### **11. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO AUTHORIZING THE ISSUANCE OF BONDS TO REFUND CERTAIN PENSION OBLIGATIONS OF THE CITY, APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF A TRUST AGREEMENT AND PURCHASE CONTRACT, AUTHORIZING JUDICIAL VALIDATION PROCEEDINGS RELATING TO THE ISSUANCE OF SUCH BONDS, AND APPROVING ADDITIONAL ACTIONS RELATED THERETO**

That the City Council adopt a resolution authorizing the issuance of bonds to refund certain pension obligations of the City, and authorizing judicial validation proceedings related to the issuance. The resolution:

- (A) Authorizes the issuance of pension obligation bonds to refund certain pension obligations of the City; and

- (B) Approves the forms of the Trust Agreement, the Bond Purchase Contract, and the authorization of judicial validation proceedings related to the issuance of such bonds; and
- (C) Authorizes a negotiated sale of the pension obligation bonds to Hilltop Securities, Inc. (the “Underwriter”) within certain parameters; and
- (D) Authorizes the execution of the Trust Agreement and the Bond Purchase Contract by the City Manager, or his designee; and
- (E) Authorizes the City Manager to execute contracts for services of Bond Counsel and Municipal Advisor.

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, AUTHORIZING THE ISSUANCE OF BONDS TO REFUND CERTAIN PENSION OBLIGATIONS OF THE CITY, APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF A TRUST AGREEMENT AND PURCHASE CONTRACT, AUTHORIZING JUDICIAL VALIDATION PROCEEDINGS RELATING TO THE ISSUANCE OF SUCH BONDS AND APPROVING ADDITIONAL ACTIONS RELATED THERETO.

## **STAFF MATTERS**

City Manager Ochoa

## **COUNCIL MATTERS**

### **BOARD/COMMISSION APPOINTMENTS**

Mayor Leon  
Mayor pro Tem Valencia  
Council Member Wapner  
Council Member Bowman  
Council Member Dorst-Porada

## **ADJOURNMENT**



**CITY OF ONTARIO  
CLOSED SESSION REPORT**  
City Council // Housing Authority // Other // (GC 54957.1)  
**October 1, 2019**

**ROLL CALL:** Valencia \_\_, Wapner \_\_, Bowman \_\_, Dorst-Porada\_\_, Mayor / Chairman Leon \_\_.

**STAFF:** City Manager / Executive Director \_\_, City Attorney \_\_

In attendance: Valencia \_\_, Wapner \_\_, Bowman \_\_, Dorst-Porada\_\_, Mayor / Chairman Leon \_\_.

- GC 54956.8, CONFERENCE WITH REAL PROPERTY NEGOTIATORS  
Property: APN 0210-204-12 through 0210-204-15; 0210-204-20 through 0210-204-23;  
and 0210-204-39; City/Authority Negotiator: Scott Ochoa or his designee; Negotiating  
parties: PPP Brickyard, LLC; Under negotiation: Price and terms of payment.

No Reportable Action	Continue	Approved
/ /	/ /	/ /

Disposition: \_\_\_\_\_

In attendance: Valencia \_\_, Wapner \_\_, Bowman \_\_, Dorst-Porada\_\_, Mayor / Chairman Leon \_\_.

- GC 54956.9 (d)(2) CONFERENCE WITH LEGAL COUNSEL, ANTICIPATED  
LITIGATION: One Case.

No Reportable Action	Continue	Approved
/ /	/ /	/ /

Disposition: \_\_\_\_\_

Reported by:

\_\_\_\_\_  
City Attorney / City Manager / Executive Director

# CITY OF ONTARIO

Agenda Report  
October 1, 2019

SECTION:  
CONSENT CALENDAR

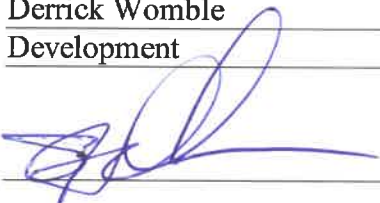
**SUBJECT: AN ORDINANCE APPROVING A DEVELOPMENT AGREEMENT (FILE NO. PDA19-002) BETWEEN THE CITY OF ONTARIO AND SLV LC CENTER, LLC; HCW LC CENTER, LLC; STRACK FARMS LAND, LLC; RHV EDISON AVENUE, LLC; MV EDISON AVENUE, LLC; AND EPC HOLDINGS 938, LLC, TO ESTABLISH THE TERMS AND CONDITIONS FOR THE DEVELOPMENT OF TENTATIVE TRACT MAP 20157 (FILE NO. PMTT18-002), FOR PROPERTY LOCATED AT THE SOUTHEAST CORNER OF MILL CREEK AVENUE AND OLD EDISON ROAD WITHIN PLANNING AREAS 1 THROUGH 4 (RD-4, RD-6, RD-7, AND RD-8) OF THE ESPERANZA SPECIFIC PLAN (APNS: 0218-252-07, 0218-252-08, 0218-252-09, AND 0218-252-10)**

**RECOMMENDATION:** That the City Council consider and adopt an ordinance approving the Development Agreement (File No. PDA19-002) between the City of Ontario and SLV LC Center, LLC; HCW LC Center, LLC; Strack Farms Land, LLC; RHV Edison Avenue, LLC; MV Edison Avenue, LLC; and EPC Holdings 938, LLC, to establish the terms and conditions for the development of Tentative Tract Map 20157 (File No. PMTT18-002).

**COUNCIL GOALS:** Invest in the Growth and Evolution of the City's Economy  
Operate in a Businesslike Manner  
Invest in the City's Infrastructure (Water, Streets, Sewers, Parks, Storm Drains and Public Facilities)  
Ensure the Development of a Well Planned, Balanced, and Self-Sustaining Community in Ontario Ranch

**FISCAL IMPACT:** The proposed Development Agreement will not have an immediate impact on the City's budget. The Development Agreement will provide funding from the formation of a Community Facilities District (CFD) for City services and facilities required to support the Esperanza Specific Plan development, thereby mitigating the increased costs associated with such services. In addition, the City will receive public service funding fees plus development impact, compliance processing, licensing, and permitting fees.

**STAFF MEMBER PRESENTING:** Scott Murphy, AICP, Executive Director Development Agency

Prepared by: Derrick Womble  
Department: Development  
City Manager Approval: 

Submitted to Council/O.H.A. 10/01/2019  
Approved: \_\_\_\_\_  
Continued to: \_\_\_\_\_  
Denied: \_\_\_\_\_

3

**BACKGROUND:** On September 17, 2019, the City Council introduced and waived further reading of an ordinance approving the Development Agreement. On February 6, 2007, the City Council adopted the Esperanza Specific Plan, File No. PSP05-002 (“Specific Plan”) and certified the Environmental Impact Report (EIR) for the Specific Plan. The Specific Plan establishes the land use designations, development standards, design guidelines, and infrastructure improvements for 223 acres of land, which includes the potential development of 1,410 dwelling units, landscaped neighborhood edges, parks, and proposed elementary school.

The Ontario Ranch financial commitments required for construction of properties within a specific plan are substantial. Therefore, in order to adequately forecast these costs and gain assurance that the project may proceed under the existing policies, rules, and regulations, SLV LC Center, LLC; HCW LC Center, LLC; Strack Farms Land, LLC; RHV Edison Avenue, LLC; MV Edison Avenue, LLC; and EPC Holdings 938, LLC (collectively “Owner”) have requested that the City enter into negotiations to create a Development Agreement.

In accordance with California Government Code Section 65865, which in part states that that “[a]ny city... may enter into a Development Agreement with any person having a legal or equitable interest in real property for the development of such property...” and California Government Code Section 65865.52, which in part states that “a Development Agreement shall specify the duration of the Agreement, the permitted uses of the property... and may include conditions, terms, restrictions...,” the City of Ontario adopted Resolution No. 2002-100 setting forth the procedures and requirements for consideration of Development Agreements. Furthermore, the Financing and Construction Agreement with the NMC Builders, LLC (NMC Builders), requires those developments wishing to use the infrastructure it created to enter into Development Agreements with the City of Ontario. Pursuant to these procedures and requirements, staff entered into negotiations with the Owner to create a Development Agreement for consideration by the Planning Commission and City Council.

The proposed Development Agreement is based upon the model Development Agreement that was developed in coordination with the City Attorney and legal counsel for NMC Builders, LLC. This model Development Agreement is consistent with the provisions of the Construction Agreement. The terms of the agreement between NMC Builders, LLC, members requires that members of the LLC enter into Development Agreements that are consistent with the provisions of the Construction Agreement.

The Development Agreement proposes to include 81.35 acres of land within Planning Areas 1 through 4 (RD-4, RD-6, RD-7, and RD-8) of the Specific Plan, as shown on the attached Exhibit “A”. The Development Agreement grants the Owner a vested right to develop Tentative Tract Map 20157, as long as the Owner complies with the terms and conditions of the Specific Plan and EIR.

Tentative Tract Map 20157 Exhibit “B” is located on the southeast corner of Mill Creek Avenue and Old Edison Road and proposes to subdivide 81.35 acres of land into six (6) numbered lots and five (5) lettered lots for residential, public/private streets, landscaped neighborhood edges, and common open space purposes. Currently, the Owner is proposing to develop only the west half of the project site. The easterly half will become a remainder parcel for future development.

The term of the Development Agreement is for ten (10) years, with a five-year option to extend. The main points of the agreement address funding for all new City expenses created by the project, which includes: Development Impact Fees (DIF) for construction of public improvements (i.e. streets and

bridges, police, and fire, etc.); Public Service Funding to ensure adequate provisions of public services (police, fire and other public services); the creation of a Community Facilities District (CFD) for reimbursement of public improvements and maintenance of public facilities.

In considering the application at their meeting on August 27, 2019, the Planning Commission found that the Development Agreement was consistent with State law, The Ontario Plan, and the City's Development Agreement policies, previously approved for Ontario Ranch developments. As a result, the Planning Commission adopted Resolution No. PC19-068 recommending City Council approval of the Development Agreement with a 6-0 vote.

**HOUSING ELEMENT COMPLIANCE:** The project is consistent with the Housing Element of the Policy Plan (General Plan) component of The Ontario Plan. The project site is one of the properties listed in the Available Land Inventory contained in Table A-3 (Available Land by Planning Area) of the Housing Element Technical Report Appendix, and the proposed project is consistent with the number of dwelling units (432) and overall project density (12.91 du/ac) specified in the Available Land Inventory.

**AIRPORT LAND USE COMPATIBILITY PLAN (ALUCP) COMPLIANCE:** The project site is located within the Airport Influence Area of the Ontario International Airport, and has been found to be consistent with the policies and criteria set forth within the Ontario International Airport Land Use Compatibility Plan.

**ENVIRONMENTAL REVIEW:** The environmental impacts of this project were previously reviewed in conjunction with the Esperanza Specific Plan (File No. PSP05-002), for which an Environmental Impact Report (SCH#2002061047) was adopted by the City Council on February 6, 2007. This Application introduces no new significant environmental impacts. All previously adopted mitigation measures are a condition of project approval and are incorporated herein by this reference.

Exhibit "A"

Esperanza Specific Plan Land Use Map

Section 4. LAND USE

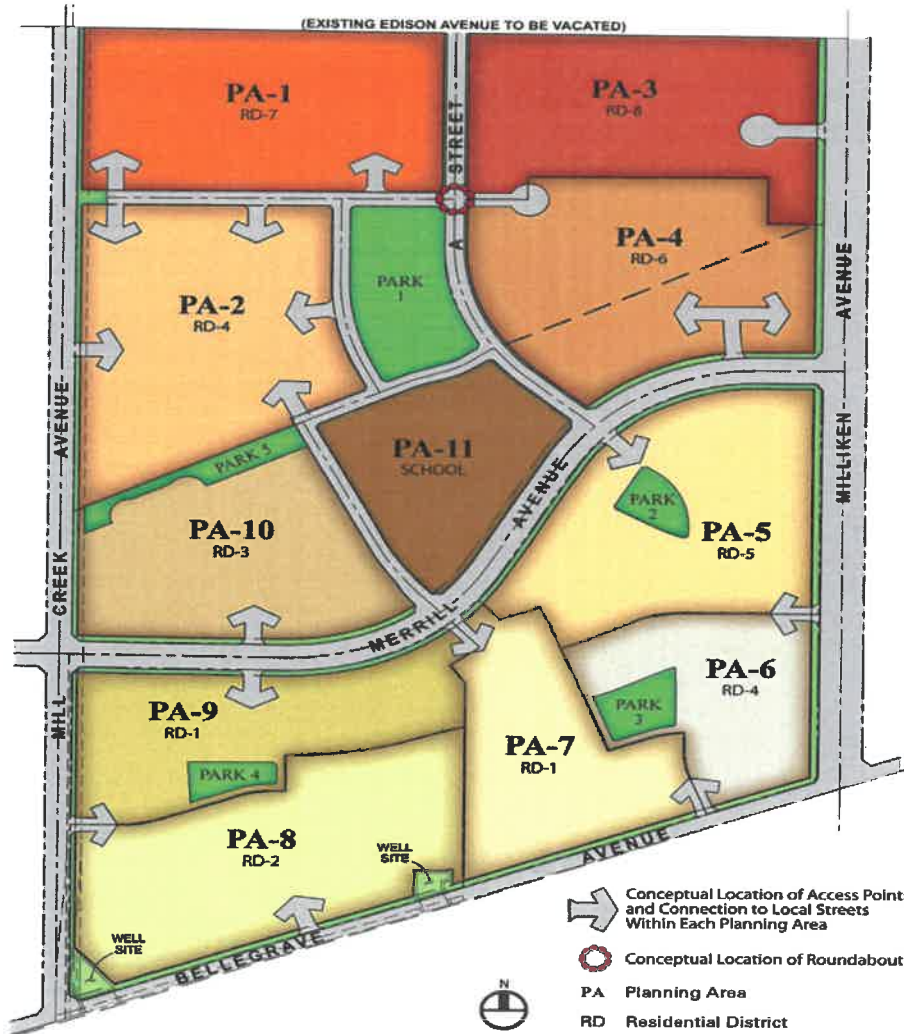
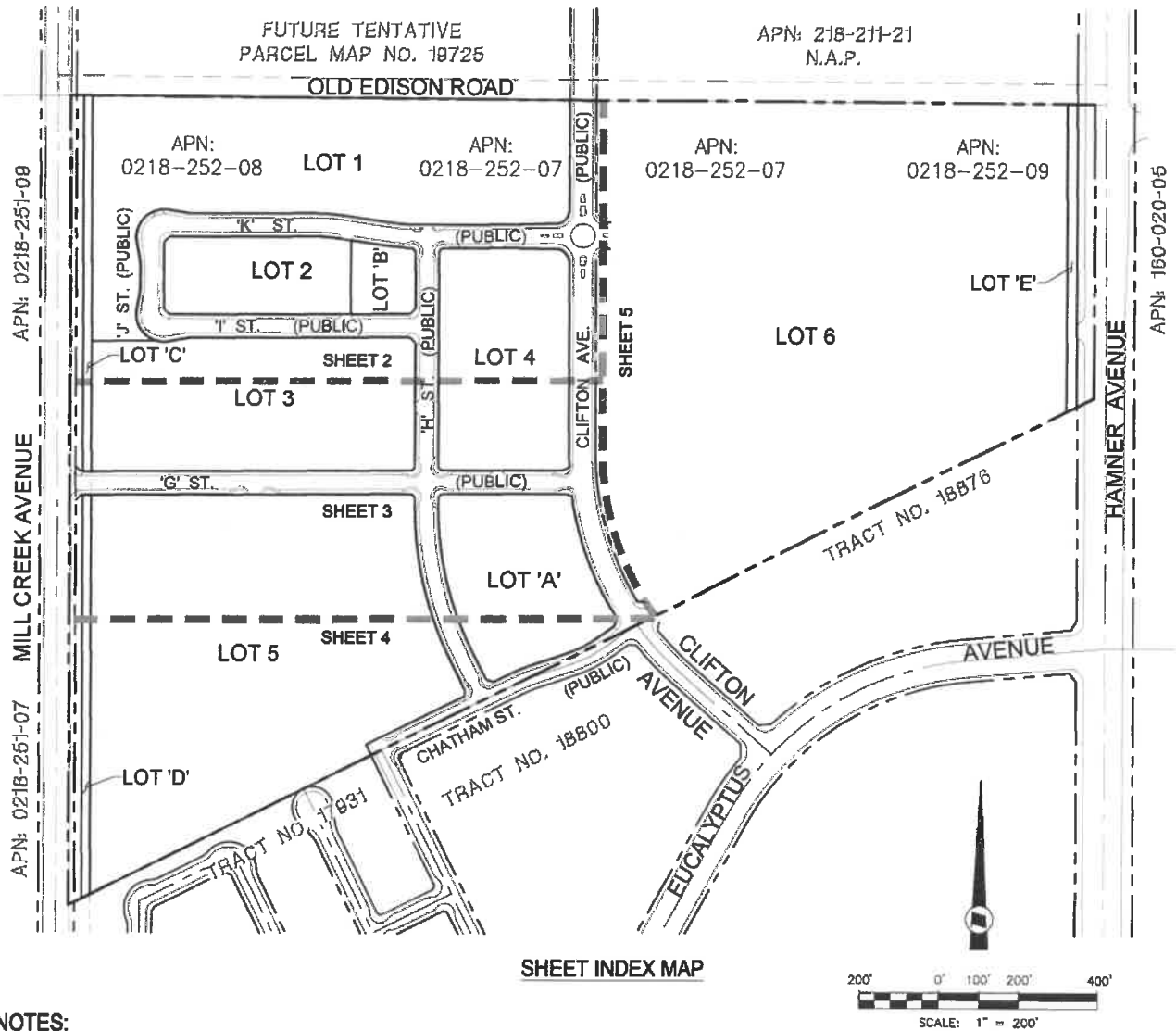


Exhibit 8  
Land Use Plan

Exhibit "B"

# TENTATIVE TRACT MAP NO. 20157

IN THE CITY OF ONTARIO, COUNTY OF SAN BERNARDINO  
STATE OF CALIFORNIA



**NOTES:**



ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, APPROVING FILE NO. PDA19-002, A DEVELOPMENT AGREEMENT BETWEEN THE CITY OF ONTARIO AND SLV LC CENTER, LLC; HCW LC CENTER, LLC; STRACK FARMS LAND, LLC; RHV EDISON AVENUE, LLC; MV EDISON AVENUE, LLC; AND EPC HOLDINGS 938, LLC, TO ESTABLISH THE TERMS AND CONDITIONS FOR THE DEVELOPMENT OF TENTATIVE TRACT MAP 20157 (FILE NO. PMTT18-002), FOR PROPERTY LOCATED AT THE SOUTHEAST CORNER OF MILL CREEK AVENUE AND OLD EDISON ROAD WITHIN PLANNING AREAS 1 THROUGH 4 (RD-4, RD-6, RD-7, AND RD-8) OF THE ESPERANZA SPECIFIC PLAN, AND MAKING FINDINGS IN SUPPORT THEREOF – APNS: 0218-252-07, 0218-252-08, 0218-252-09, AND 0218-252-10.

WHEREAS, CALIFORNIA GOVERNMENT CODE SECTION 65864 NOW provides, in pertinent part, as follows:

“The Legislature finds and declares that:

(a) The lack of certainty in the approval process of development projects can result in a waste of resources, escalate the cost of housing and other developments to the consumer, and discourage investment in and commitment to comprehensive planning which would make maximum efficient utilization of resources at the least economic cost to the public.

(b) Assurance to the Applicant for a development project that upon approval of the project, the Applicant may proceed with the project in accordance with existing policies, rules and regulations, and subject to conditions of approval, will strengthen the public planning process, encourage private participation in comprehensive planning, and reduce the economic costs of development.”

WHEREAS, California Government Code Section 65865 provides, in pertinent part, as follows:

“Any city ... may enter into a Development Agreement with any person having a legal or equitable interest in real property for the development of such property as provided in this article ...”

WHEREAS, California Government Code Section 65865.2. provides, in part, as follows:

“A Development Agreement shall specify the duration of the Agreement, the permitted uses of the property, the density of intensity of use, the maximum height and size of proposed buildings, and provisions for reservation or dedication of land for public purposes. The Development Agreement may include conditions, terms, restrictions, and requirements for subsequent discretionary actions, provided that such conditions, terms, restrictions, and requirements for discretionary actions shall not prevent development of the land for the uses and to the density of intensity of development set forth in this Agreement ...”

WHEREAS, on April 4, 1995, the City Council of the City of Ontario adopted Resolution No. 95-22 establishing procedures and requirements whereby the City of Ontario may consider Development Agreements; and

WHEREAS, on September 10, 2002, the City Council of the City of Ontario adopted Resolution No. 2002-100 which revised the procedures and requirements whereby the City of Ontario may consider Development Agreements; and

WHEREAS, attached to this Ordinance marked Attachment “A” and incorporated herein by this reference, is the proposed Development Agreement (File No. PDA19-002) between the City of Ontario and SLV LC Center, LLC; HCW LC Center, LLC; Strack Farms Land, LLC; RHV Edison Avenue, LLC; MV Edison Avenue, LLC; and EPC Holdings 938, LLC, to establish the terms and conditions for the development of Tentative Tract Map 20157 (File No. PMTT18-002) located at the southeast corner of Mill Creek Avenue and Old Edison Road and as legally described in the attached Development Agreement. Hereinafter in this Ordinance, the Development Agreement is referred to as the “Development Agreement”; and

WHEREAS, on December 18, 2006, the Planning Commission of the City of Ontario conducted a duly noticed public hearing and issued Resolution No. PC06-170 recommending City Council certification of the Esperanza Specific Plan EIR (SCH#2002061047) and issued Resolution No. PC06-171 recommending to City Council approval of the Esperanza Specific Plan (File No. PSP05-002); and

WHEREAS, on February 6, 2007, the City Council of the City of Ontario conducted a duly noticed public hearing and adopted Resolution No. 2007-008 certifying the Esperanza Specific Plan EIR (SCH# 2002061047), and issued Ordinance 2852 approving the Esperanza Specific Plan (File No. PSP05-002); and

WHEREAS, a Tentative Tract Map 20157 (File No. PMTT18-002) to subdivide 81.35 acres of land into six (6) numbered lots and five (5) lettered lots, has been submitted in conjunction with the subject Development Agreement application; and

WHEREAS, the Application is a project pursuant to the California Environmental Quality Act (Public Resources Code Section 21000 et seq.) (“CEQA”), and an initial study has been prepared to determine possible environmental impacts; and

WHEREAS, the environmental impacts of this project were previously reviewed in conjunction with the Esperanza Specific Plan EIR (SCH# 2002061047) certified by the City Council on February 6, 2007. This application is consistent with the previously adopted EIR and introduces no new significant environmental impacts. The City's "Guidelines for the Implementation of the California Environmental Quality Act (CEQA)" provide for the use of a single environmental assessment in situations where the impacts of subsequent projects are adequately analyzed. All previously adopted mitigation measures shall be a condition of project approval and are incorporated herein by reference; and

WHEREAS, Ontario Development Code Table 2.02-1 (Review Matrix) grants the City Council the responsibility and authority to review and act on the subject Application; and

WHEREAS, the Project is located within the Airport Influence Area of Ontario International Airport (ONT), which encompasses lands within parts of San Bernardino, Riverside, and Los Angeles Counties, and is subject to, and must be consistent with, the policies and criteria set forth in the ONT Airport Land Use Compatibility Plan (ALUCP), which applies only to jurisdictions within San Bernardino County, and addresses the noise, safety, airspace protection, and overflight impacts of current and future airport activity; and

WHEREAS, City of Ontario Development Code Division 2.03 (Public Hearings) prescribes the manner in which public notification shall be provided and hearing procedures to be followed, and all such notifications and procedures have been completed;

WHEREAS, on August 27, 2019, the Planning Commission of the City of Ontario conducted a hearing to consider the Project, and concluded said hearing on that date, voting 6-0 to issue Resolution No. PC19-068 recommending the City Council approve the Application; and

WHEREAS, on September 17, 2019, the City Council of the City of Ontario conducted a hearing to consider the Project and concluded said hearing on that date; and

WHEREAS, all legal prerequisites to the adoption of this Resolution have occurred.

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED, AND ORDAINED by the City Council of the City of Ontario, as follows:

**SECTION 1. Environmental Determination and Findings.** As the decision-making body for the Project, the City Council has reviewed and considered the information contained in the previous Certified EIR and supporting documentation. Based upon the facts and information contained in the previous Certified EIR and supporting documentation, the City Council finds as follows:

(1) The environmental impacts of this project were previously reviewed in conjunction with File No. PSP05-002, the Esperanza Specific Plan for which a Certified EIR was adopted by the City Council on February 6, 2007.

(2) The previous Certified EIR contains a complete and accurate reporting of the environmental impacts associated with the Project; and

(3) The previous Certified EIR was completed in compliance with CEQA and the Guidelines promulgated thereunder; and

(4) The previous Certified EIR reflects the independent judgment of the City Council; and

(5) The proposed project will introduce no new significant environmental impacts beyond those previously analyzed in the previous Certified EIR, and all mitigation measures previously adopted with the Certified EIR, are incorporated herein by this reference.

**SECTION 2. Subsequent or Supplemental Environmental Review Not Required.** Based on the information presented to the City Council, and the specific findings set forth in Section 1, above, the City Council finds that the preparation of a subsequent or supplemental Certified EIR is not required for the Project, as the Project:

(1) Does not constitute substantial changes to the Certified EIR that will require major revisions to the Certified EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; and

(2) Does not constitute substantial changes with respect to the circumstances under which the Certified EIR was prepared, that will require major revisions to the Certified EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of the previously identified significant effects; and

(3) Does not contain new information of substantial importance that was not known and could not have been known with the exercise of reasonable diligence at the time the Certified EIR was certified/adopted, that shows any of the following:

(a) The project will have one or more significant effects not discussed in the Certified EIR; or

(b) Significant effects previously examined will be substantially more severe than shown in the Certified EIR; or

(c) Mitigation measures or alternatives previously found not to be feasible would in fact be feasible and would substantially reduce one or more significant effects of the Project, but the City declined to adopt such measures; or

(d) Mitigation measures or alternatives considerably different from those analyzed in the Certified EIR would substantially reduce one or more significant effects on the environment, but which the City declined to adopt.

**SECTION 3. *Housing Element Consistency.*** Pursuant to the requirements of California Government Code Chapter 3, Article 10.6, commencing with Section 65580, as the decision-making body for the Project, the City Council finds that based on the facts and information contained in the Application and supporting documentation, at the time of project implementation, the project is consistent with the Housing Element of the Policy Plan (General Plan) component of The Ontario Plan. The project is consistent with the Housing Element of the Policy Plan (General Plan) component of The Ontario Plan, as the project site is one of the properties in the Available Land Inventory contained in Table A-3 (Available Land by Planning Area) of the Housing Element Technical Report Appendix, and the proposed project is consistent with the number of dwelling units (432) and overall project density (12.91 du/ac) specified in the Available Land Inventory.

**SECTION 4. *Ontario International Airport Land Use Compatibility Plan (“ALUCP”) Compliance.*** The California State Aeronautics Act (Public Utilities Code Section 21670 et seq.) requires that an Airport Land Use Compatibility Plan be prepared for all public use airports in the State; and requires that local land use plans and individual development proposals must be consistent with the policies set forth in the adopted Airport Land Use Compatibility Plan. On April 19, 2011, the City Council of the City of Ontario approved and adopted the Ontario International Airport Land use Compatibility Plan (“ALUCP”), establishing the Airport Influence Area for Ontario International Airport (“ONT”), which encompasses lands within parts of San Bernardino, Riverside, and Los Angeles Counties, and limits future land uses and development within the Airport Influence Area, as they relate to noise, safety, airspace protection, and overflight impacts of current and future airport activity. As the decision-making body for the Project, the City Council has reviewed and considered the facts and information contained in the Application and supporting documentation against the ALUCP compatibility factors, including [1] Safety Criteria (ALUCP Table 2-2) and Safety Zones (ALUCP Map 2-2), [2] Noise Criteria (ALUCP Table 2-3) and Noise Impact Zones (ALUCP Map 2-3), [3] Airspace protection Zones (ALUCP Map 2-4), and [4] Overflight Notification Zones (ALUCP Map 2-5). As a result, the City Council, therefore, finds and determines that the Project, when implemented in conjunction with the conditions of approval, will be consistent with the policies and criteria set forth within the ALUCP.

**SECTION 5. *Concluding Facts and Reasons.*** Based upon the substantial evidence presented to the City Council during the above-referenced hearing, and upon the specific findings set forth in Section 1 through 4 above, the City Council hereby concludes as follows:

a. The Development Agreement applies to 81.35 acres of land bounded by Old Edison Road to the north, Eucalyptus Avenue to the south, Hamner Avenue to the east, and Mill Creek Avenue to the west, and is presently vacant and was previously used for agriculture and dairy uses; and

b. The property to the north is located within the Mixed Used zoning designation of the Rich-Haven Specific Plan and is currently vacant. The property to the south is within the Low-Density Residential zoning designation of the Esperanza Specific Plan and is currently developed with single-family residences. The property to the east is located within the City of Eastvale and is currently developed with commercial/industrial uses. The property to the west is within the Agricultural Overlay District and presently used for dairy and agriculture uses; and

c. The Development Agreement establishes parameters for the development of Planning Areas 1 through 4 (RD-4, RD-6, RD-7, and RD-8) of the Esperanza Specific Plan, for residential and public/private streets, landscape neighborhood edges and common open space purposes. The Development Agreement also grants SLV LC Center, LLC; HCW LC Center, LLC; Strack Farms Land, LLC; RHV Edison Avenue, LLC; MV Edison Avenue, LLC; and EPC Holdings 938, LLC, the right to develop, the ability to quantify the fees; and, establish the terms and conditions that apply to those projects. These terms and conditions are consistent with The Ontario Plan Policy Plan (General Plan), design guidelines and development standards for the Esperanza Specific Plan; and

d. The Development Agreement proposes to include 81.35 acres of land within Planning Areas 1 through 4 (RD-4, RD-6, RD-7, and RD-8) of the Esperanza Specific Plan; and

e. The Agreement grants SLV LC Center, LLC; HCW LC Center, LLC; Strack Farms Land, LLC; RHV Edison Avenue, LLC; MV Edison Avenue, LLC; and EPC Holdings 938, LLC, a vested right to develop Tentative Tract Map 20157, as long as they comply with the terms and conditions of the Esperanza Specific Plan and EIR. The Tentative Tract Map proposes to subdivide 81.35 acres of land into six (6) numbered lots and five (5) lettered lots for residential and public/private streets, landscape neighborhood edges, and common open space purposes; and

f. The Development Agreement has been prepared in conformance with the goals and policies of The Ontario Plan Policy Plan (General Plan); and

g. The Development Agreement does not conflict with the Land Use Policies of the Ontario Policy (General Plan) and will provide for development, within the district, in a manner consistent with the Policy Plan and with related development; and

h. This Development Agreement will not be materially injurious or detrimental to the adjacent properties and will not have a significant impact on the environment or the surrounding properties. The environmental impacts of this project were previously analyzed in the EIR (SCH# 2002061047) prepared for the Esperanza Specific Plan (File No. PSP05-002) and certified by the City Council on February 6, 2007. All adopted mitigation measures of the related EIR shall be a condition of project approval and are incorporated herein by reference.



**SECTION 6.** ***City Council Action.*** Based upon the findings and conclusions set forth in Sections 1 through 5, above, the City Council hereby APPROVES the herein described Development Agreement, attached hereto as "Attachment A," and incorporated herein by this reference.

**SECTION 7.** ***Indemnification.*** The Applicant shall agree to defend, indemnify and hold harmless, the City of Ontario or its agents, officers, and employees from any claim, action or proceeding against the City of Ontario or its agents, officers or employees to attack, set aside, void, or annul this approval. The City of Ontario shall promptly notify the applicant of any such claim, action, or proceeding, and the City of Ontario shall cooperate fully in the defense.

**SECTION 8.** ***Custodian of Records.*** The documents and materials that constitute the record of proceedings on which these findings have been based are located at the City of Ontario City Hall, 303 East "B" Street, Ontario, California 91764. The custodian for these records is the City Clerk of the City of Ontario.

**SECTION 9.** ***Severability.*** If any section, sentence, clause or phrase of this Ordinance or the application thereof to any entity, person or circumstance is held for any reason to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect other provisions or applications of this Ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are severable. The People of the City of Ontario hereby declare that they would have adopted this Ordinance and each section, sentence, clause or phrase thereof, irrespective of the fact that any one or more section, subsections, sentences, clauses or phrases be declared invalid or unconstitutional.

**SECTION 10.** ***Effective Date.*** This Ordinance shall become effective 30 days following its adoption.

**SECTION 11.** ***Publication and Posting.*** The Mayor shall sign this Ordinance and the City Clerk shall certify as to the adoption and shall cause a summary thereof to be published at least once, in a newspaper of general circulation in the City of Ontario, California within 15 days following the adoption. The City Clerk shall post a certified copy of this ordinance, including the vote for and against the same, in the Office of the City Clerk, in accordance with Government Code Section 36933.

PASSED, APPROVED, AND ADOPTED this 1<sup>st</sup> day of October 2019.

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PAUL S. LEON, MAYOR

ATTEST:

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SHEILA MAUTZ, CITY CLERK

APPROVED AS TO FORM:

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COLE HUBER, LLP  
CITY ATTORNEY

STATE OF CALIFORNIA )  
COUNTY OF SAN BERNARDINO )  
CITY OF ONTARIO )

I, SHEILA MAUTZ, City Clerk of the City of Ontario, DO HEREBY CERTIFY that foregoing Ordinance No. 3143 was duly introduced at a regular meeting of the City Council of the City of Ontario held September 17, 2019 and adopted at the regular meeting held October 1, 2019 by the following roll call vote, to wit:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

(SEAL)

I hereby certify that the foregoing is the original of Ordinance No. 3143 duly passed and adopted by the Ontario City Council at their regular meeting held October 1, 2019 and that Summaries of the Ordinance were published on September 24, 2019 and October 8, 2019, in the Inland Valley Daily Bulletin newspaper.

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

(SEAL)

**ATTACHMENT A:**

**File No. PDA19-002**

**Development Agreement**

**By and Between**

**City of Ontario, a California municipal corporation,**

**and**

**SLV LC Center, LLC, a Florida limited liability company;  
HCW LC Center, LLC, a Florida limited liability company;  
Strack Farms Land, LLC, a Delaware limited liability company;  
RHV Edison Avenue, LLC, a Florida limited liability company;  
MV Edison Avenue, LLC, a Florida limited liability company; and  
EPC Holdings 938, LLC, a Washington limited liability company**

*(Document follows this page)*

**RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:**

CITY OF ONTARIO  
CITY CLERK / RECORDS MANAGEMENT  
303 EAST "B" STREET  
ONTARIO, CA 91764-4196

Exempt from Fees Per Gov. Code § 6301

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Space above this line for Recorder's Use Only

**File No. PDA19-002**

**DEVELOPMENT AGREEMENT**

**By and Between**

**City of Ontario, a California municipal corporation,**

**and**

**SLV LC Center, LLC, a Florida limited liability company;  
HCW LC Center, LLC, a Florida limited liability company;  
Strack Farms Land, LLC, a Delaware limited liability company;  
RHV Edison Avenue, LLC, a Florida limited liability company;  
MV Edison Avenue, LLC, a Florida limited liability company; and  
EPC Holdings 938, LLC, a Washington limited liability company**

\_\_\_\_\_, 2019

**San Bernardino County, California**

## DEVELOPMENT AGREEMENT FILE NO. PDA19-002

This Development Agreement (hereinafter "Agreement") is entered into effective as of the \_\_\_\_ day of \_\_\_\_\_, 2019 by and among the City of Ontario, a California municipal corporation (hereinafter "CITY"), and SLV LC Center, LLC, a Florida limited liability company, HCW LC Center, LLC, a Florida limited liability company, Strack Farms Land, LLC, a Delaware limited liability company, RHV Edison Avenue, LLC, a Florida limited liability company, MV Edison Avenue, LLC, a Florida limited liability company, and EPC Holdings 938 LLC, a Washington limited liability company, as tenants in common (hereinafter "OWNER");

### RECITALS

WHEREAS, CITY is authorized to enter into binding development agreements with persons having legal or equitable interests in real property for the development of such property, pursuant to Section 65864, et seq. of the Government Code; and

WHEREAS, OWNER has requested CITY to enter into a development agreement and proceedings have been taken in accordance with the rules and regulations of CITY; and

WHEREAS, by electing to enter into this Agreement, CITY shall bind future City Councils of CITY by the obligations specified herein and limit the future exercise of certain governmental and proprietary powers of CITY; and

WHEREAS, the terms and conditions of this Agreement have undergone extensive review by CITY and the City Council and have been found to be fair, just and reasonable; and

WHEREAS, the best interests of the citizens of the CITY and the public health, safety and welfare will be served by entering into this Agreement; and

WHEREAS, all of the procedures of the California Environmental Quality Act have been met with respect to the Project and the Agreement in that Esperanza Specific Plan (State Clearinghouse No. 2002061047 (the "FEIR") was certified by the City Council of the City of Ontario on January 16, 2007. The City Council found and determined that the FEIR was prepared in accordance with the requirements of the California Environmental Quality Act and adequately describes the impacts of the project described in the FEIR, which included consideration of this Agreement; and

WHEREAS, this Agreement and the Project are consistent with the CITY's Comprehensive General Plan and the Esperanza Specific Plan; and

WHEREAS, all actions taken, and approvals given by CITY have been duly taken or approved in accordance with all applicable legal requirements for notice, public hearings, findings, votes, and other procedural matters; and



WHEREAS, development of the Property in accordance with this Agreement will provide substantial benefits to CITY and will further important policies and goals of CITY; and

WHEREAS, this Agreement will eliminate uncertainty in planning and provide for the orderly development of the Property, ensure progressive installation of necessary improvements, provide for public services appropriate to the development of the Project, and generally serve the purposes for which development agreements under Sections 65864 et seq. of the Government Code are intended; and

WHEREAS, OWNER has incurred and will in the future incur substantial costs in excess of the generally applicable requirements in order to assure vesting of legal rights to develop the Property in accordance with this Agreement.

WHEREAS, the Property is located in an area of the City of Ontario that has been known as the "New Model Colony" area and the New Model Colony area has now been renamed as "Ontario Ranch."

### COVENANTS

NOW, THEREFORE, in consideration of the above recitals and of the mutual covenants hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

#### 1. DEFINITIONS AND EXHIBITS.

1.1 Definitions. The following terms when used in this Agreement shall be defined as follows:

1.1.1 "Agreement" means this Development Agreement.

1.1.2 "CITY" means the City of Ontario, California, a California municipal corporation.

1.1.3 "Construction Agreement" means that certain Agreement for the Financing and Construction of Phases I and II Infrastructure Improvements to Serve an Easterly Portion of the New Model Colony, entered into between the CITY and NMC Builders as of the 4th day of October, 2005, and all amendments thereto and "Construction Agreement Amendment" means that First Amended and Restated Agreement for the Financing and Construction of Limited Infrastructure Improvements to Serve and Easterly Portion of the New Model Colony entered into between the CITY and NMC Builders as of the 21<sup>st</sup> day of August 2012.

1.1.4 "Development" means the improvement of the Property for the purposes of completing the structures, improvements and facilities comprising the Project including, but not limited to: grading; the construction of public infrastructure and public facilities related to the Project whether located within or outside the Property; the construction of buildings and structures; and the installation of landscaping. "Development" does not

include the maintenance, repair, reconstruction or redevelopment of any building, structure, improvement or facility after the construction and completion thereof.

1.1.5 "Development Approvals" means all permits and other entitlements for use subject to approval or issuance by CITY in connection with development of the Property including, but not limited to:

- (a) specific plans and specific plan amendments;
- (b) tentative and final subdivision and parcel maps;
- (c) development plan review;
- (d) conditional use permits (including model home use permits), public use permits and plot plans;
- (e) zoning;
- (f) grading and building permits.

1.1.6 "Development Exaction" means any requirement of CITY in connection with or pursuant to any Land Use Regulation or Development Approval for the dedication of land, the construction of improvements or public facilities, or the payment of fees in order to lessen, offset, mitigate or compensate for the impacts of development on the environment or other public interests.

1.1.7 "Development Impact Fee" means a monetary exaction, other than a tax or special assessment, whether characterized as a fee or a tax and whether established for a broad class of projects by legislation of general applicability or imposed on a specific project on an ad hoc basis, that is charged by a local agency to the applicant in connection with approval of a development project for the purpose of defraying all or a portion of the cost of public facilities related to the development project, and, for purposes of this Agreement only, includes fees collected under development agreements adopted pursuant to Article 2.5 of the Government Code (commencing with Section 65864) of Chapter 4, For purposes of this Agreement only, "Development Impact Fee" shall not include processing fees and charges imposed by CITY to cover the estimated actual costs to CITY of processing applications for Development Approvals or for monitoring compliance with any Development Approvals granted or issued, including, without limitation, fees for zoning variances; zoning changes; use permits; building inspections; building permits; filing and processing applications and petitions filed with the local agency formation commission or conducting preliminary proceedings or proceedings under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Division 3 (commencing with Section 56000) of Title 5 of the Government Code; the processing of maps under the provisions of the Subdivision Map Act, Division 2 (commencing with Section 66410) of Title 7 of the Government Code; or planning services under the authority of Chapter 3 (commencing with Section 65100) of Division 1 of Title 7 of the Government Code, fees and charges as described in Sections 51287, 56383, 57004, 65104, 65456, 65863.7, 65909.5, 66013, 66014, and 66451.2 of the Government

Code, Sections 17951, 19132.3, and 19852 of the Health and Safety Code, Section 41901 of the Public Resources Code, and Section 21671.5 of the Public Utilities Code, as such codes may be amended or superseded, including by amendment or replacement.

1.1.8 “Development Plan” means the Existing Development Approvals and the Existing Land Use Regulations applicable to development of the Property.

1.1.9 “Effective Date” means the date that the ordinance approving this Agreement goes into effect.

1.1.10 “Existing Development Approvals” means all Development Approvals approved or issued prior to the Effective Date. Existing Development Approvals includes the Approvals incorporated herein as Exhibit “C” and all other Approvals which are a matter of public record on the Effective Date.

1.1.11 “Existing Land Use Regulations” means all Land Use Regulations in effect on the Effective Date. Existing Land Use Regulations includes the Regulations incorporated herein as Exhibit “D” and all other Land Use Regulations that are in effect and a matter of public record on the Effective Date.

1.1.12 “General Plan” means the General Plan adopted on January 27, 2010.

1.1.13 “Improvement” or “Improvements” means those public improvements required to support the development of the Project as described in the Tract Map conditions for Tract No. 20157 as further described in Exhibits “F-1” through “F-3” (the “Infrastructure Improvements Exhibits”).

1.1.14 “Land Use Regulations” means all ordinances, resolutions, codes, rules, regulations and official policies of CITY governing the development and use of land, including, without limitation, the permitted use of land, the density or intensity of use, subdivision requirements, timing and phasing of development, the maximum height and size of buildings, the provisions for reservation or dedication of land for public purposes, and the design, improvement and construction standards and specifications applicable to the development of the Property. “Land Use Regulations” does not include any CITY ordinance, resolution, code, rule, regulation or official policy, governing:

- (a) the conduct of businesses, professions, and occupations;
- (b) taxes and assessments;
- (c) the control and abatement of nuisances;
- (d) the granting of encroachment permits and the conveyance of similar rights and interests that provide for the use of or the entry upon public property;
- (e) the exercise of the power of eminent domain.

1.1.15 “Mortgagee” means a mortgagee of a mortgage, a beneficiary under a deed of trust or any other security-device lender, and their successors and assigns.

1.1.16 “Model Units” means a maximum of forty- four (44) model units, with a maximum of twenty-two (22) in each Phase, private common recreation facilities and sales facilities constructed by OWNER prior to the construction of any Production units and not offered for sale and occupancy for a period of time after the issuance of permits for Production Units for the respective Phase.

1.1.17 “OWNER” means the persons and entities listed as owner on page 1 of this Agreement and their permitted successors in interest to all or any part of the Property.

1.1.18 “Phase 1 Improvements” means the public infrastructure and improvements that shall be designed, or designed, constructed and completed by OWNER prior to, and as a condition precedent to, CITY’s issuance of the first building permit for Production Units and as shown in Exhibit F- Phase 1 Improvements.”

1.1.19 “Phase 1 Units” means approximately four-hundred thirty-two (432) units located within the portion of the Project designated in the Conceptual Phasing Plan (Exhibit E) as the Phase 1 Area for which the CITY issues building permits to OWNER and shall include up to twenty-two (22) Model Units and such units are served by the Phase 1 Improvements.

1.1.20 “Phase 2 Improvements” means the public infrastructure and improvements that shall be designed, or designed, constructed and completed by OWNER prior to, and as a condition precedent to, CITY’s issuance of the first building permit for Phase 2 Units and as shown in Exhibit F – Phase 2 Improvements.”

1.1.22 “Phase 2 Units” means approximately two-hundred ninety-six (296) units located within the portion of the Project designated in the Conceptual Phasing Plan (Exhibit E) as the Phase 2 Area for which the CITY issues building permits to OWNER and shall include up to twenty-two (22) Model Units and such units are served by the Phase 2 Improvements.

1.1.23 “Production Unit(s)” means all units constructed for sale and occupancy by OWNER and excludes the specified number of Model Units constructed by OWNER for promotion of sales.

1.1.24 “Project” means the development of the Property contemplated by the Development Plan, as such Plan may be further defined, enhanced or modified pursuant to the provisions of this Agreement.

1.1.25 “Property” means the real property described on Exhibit “A” and shown on Exhibit “B” to this Agreement.

1.1.26 “Reservations of Authority” means the rights and authority excepted from the assurances and rights provided to OWNER under this Agreement and reserved to CITY under Section 3.6 of this Agreement.

1.1.27 “Specific Plan” means that certain specific plan adopted by the City Council, and entitled, “Esperanza Specific Plan.”

1.1.28 “Storm Water Treatment Capacity Availability” means a designated portion of the total Storm Water Treatment Capacity Availability made available through the completion of construction of a Phase of regional storm water treatment facilities by the NMC Builders LLC as described in the Construction Agreement Amendment. The amount, in acres, of Storm Water Treatment Capacity Availability required for the issuance of a grading permit shall be based upon the factors and assumptions listed in the Construction Agreement Amendment.

1.1.29 “Subsequent Development Approvals” means all Development Approvals required subsequent to the Effective Date in connection with development of the Property.

1.1.30 “Subsequent Land Use Regulations” means any Land Use Regulations adopted and effective after the Effective Date of this Agreement.

1.1.31 “Water Availability Equivalent (WAE)” means a designated portion of the total Net MDD made available through the construction of each Phase described in the Water Phasing Plan of the Construction Agreement. The number of Water Availability Equivalents (of portions thereof) required for the issuance of each building permit shall be based upon water demand factors and assumptions listed in the Construction Agreement and Construction Agreement Amendment as “Water Availability Equivalents by Land Use” for each land use category.

1.2 Exhibits. The following documents are attached to, and by this reference made a part of, this Agreement:

Exhibit “A” — Legal Description of the Property.

Exhibit “B” — Map showing Property and its location.

Exhibit “C” — Existing Development Approvals.

Exhibit “D” — Existing Land Use Regulations.

Exhibit “E” — Phasing Plan

E-1 – Esperanza Specific Plan Land Use Map

Exhibit “F” — Infrastructure Improvements Exhibits

F-1 - Phase 1 Offsite Infrastructure Improvements

F-2 – Phase 1 Onsite Infrastructure Improvements

F-3 – Phase 2 Offsite Infrastructure Improvements

2. GENERAL PROVISIONS.

2.1 Binding Effect of Agreement. The Property is hereby made subject to this Agreement. Development of the Property is hereby authorized and shall be carried out only in accordance with the terms of this Agreement.

2.2 Ownership of Property. OWNER represents and covenants that it is the owner of the fee simple title to the Property or a portion thereof or has the right to acquire fee simple title to the Property or a portion thereof from the current owner(s) thereof. To the extent OWNER does not own fee simple title to the Property, OWNER shall obtain written consent from the current fee owner of the Property agreeing to the terms of this Agreement and the recordation thereof.

2.3 Term. The term of this Agreement shall commence on the Effective Date and shall continue for an initial term of ten (10) years thereafter unless this term is modified or extended pursuant to the provisions of this Agreement. The term of this Agreement may be extended for an additional five (5) years following expiration of the initial ten (10) year term, provided the following have occurred:

(a) OWNER provides at least 180 days written notice to CITY prior to expiration of the initial term; and

(b) In non-mixed use and residential use only projects, the OWNER shall have obtained, as applicable, building permits for at least seventy percent (70%) of the actual number of residential units permitted under this Agreement; and

(c) OWNER is not then in uncured default of this Agreement.

2.4 Assignment.

2.4.1 Right to Assign. OWNER shall have the right to sell, transfer or assign the Property in whole or in part (provided that no such partial transfer shall violate the Subdivision Map Act, Government Code Section 66410, et seq.), to any person, partnership, limited liability company, joint venture, firm or corporation at any time during the term of this Agreement; provided, however, that any such sale, transfer or assignment shall include the assignment and assumption of the rights, duties and obligations arising under or from this Agreement and be made in strict compliance with the following:

(a) No sale, transfer or assignment of any right or interest under this Agreement shall be made unless made together with the sale, transfer or assignment of all or a part of the Property.

(b) Concurrent with any such sale, transfer or assignment, or within fifteen (15) business days thereafter, OWNER shall notify CITY's City Manager, in writing,

of such sale, transfer or assignment and shall provide CITY with: (1) an executed agreement, in a form reasonably acceptable to CITY, by the purchaser, transferee or assignee and providing therein that the purchaser, transferee or assignee expressly and unconditionally assumes all the duties and obligations of OWNER under this Agreement with respect to the portion of the Property so sold, transferred or assigned; and (2) the payment of the applicable processing charge to cover the CITY's review and consideration of such sale, transfer or assignment.

(c) Any sale, transfer or assignment not made in strict compliance with the foregoing conditions shall constitute a default by OWNER under this Agreement. Notwithstanding the failure of any purchaser, transferee or assignee to execute the agreement required by Paragraph (b) of this Subsection 2.4.1, the burdens of this Agreement shall be binding upon such purchaser, transferee or assignee, but the benefits of this Agreement shall not inure to such purchaser, transferee or assignee until and unless such agreement is executed. The City Manager shall have the authority to review, consider and either approve, conditionally approve, or deny any proposed sale, transfer or assignment that is not made in compliance with this section 2.4.

2.4.2 Release of Transferring Owner. Notwithstanding any sale, transfer or assignment, a transferring OWNER shall continue to be obligated under this Agreement unless such transferring owner is given a release in writing by CITY, which release shall be provided by CITY upon the full satisfaction by such transferring owner of the following conditions:

(a) OWNER no longer has a legal or equitable interest in all or any part of the portion of the Property sold, transferred or assigned.

(b) OWNER is not then in default under this Agreement.

(c) OWNER has provided CITY with the notice and executed agreement required under Paragraph (b) of Subsection 2.4.1 above.

(d) The purchaser, transferee or assignee provides CITY with security equivalent to any security previously provided by OWNER to secure performance of its obligations hereunder.

2.4.3 Effect of Assignment and Release of Obligations. In the event of a sale, transfer or assignment pursuant to the provisions of Section 2.4.2 above:

(a) The assignee shall be liable for the performance of all obligations of OWNER with respect to transferred property but shall have no obligations with respect to the portions of the Property, if any, not transferred (the "Retained Property").

(b) The owner of the Retained Property shall be liable for the performance of all obligations of OWNER with respect to Retained Property but shall have no further obligations with respect to the transferred property.

(c) The assignee's exercise, use and enjoyment of the Property or portion thereof shall be subject to the terms of this Agreement to the same extent as if the assignee were the OWNER.

2.4.4 Subsequent Assignment. Any subsequent sale, transfer or assignment after an initial sale, transfer or assignment shall be made only in accordance with and subject to the terms and conditions of this Section 2.4.

2.4.5 Termination of Agreement with Respect to Individual Lots Upon Sale to Public and Completion of Construction. The provisions of Subsection 2.4.1 shall not apply to the sale or lease (for a period longer than one year) of any lot which has been finally subdivided and is individually (and not in "bulk") sold or leased to a member of the public or other ultimate user. Notwithstanding any other provisions of this Agreement, this Agreement shall terminate with respect to any lot and such lot shall be released and no longer be subject to this Agreement without the execution or recordation of any further document upon satisfaction of both of the following conditions:

(a) The lot has been finally subdivided and individually (and not in "bulk") sold or leased (for a period longer than one year) to a member of the public or other ultimate user; and,

(b) A certificate of occupancy has been issued for a building on the lot, and the fees set forth under Section 4 of this Agreement have been paid.

2.5 Amendment or Cancellation of Agreement. This Agreement may be amended or cancelled in whole or in part only in the manner provided for in Government Code Section 65868.1. Any amendment of this Agreement, which amendment has been requested by OWNER, shall be considered by the CITY only upon the payment of the applicable processing charge. This provision shall not limit any remedy of CITY or OWNER as provided by this Agreement. Either Party or successor in interest, may propose an amendment to or cancellation, in whole or in part, of this Agreement. Any amendment or cancellation shall be by mutual consent of the parties or their successors in interest except as provided otherwise in this Agreement or in Government Code Section 65865.1. For purposes of this section, the term "successor in interest" shall mean any person having a legal or equitable interest in the whole of the Property, or any portion thereof as to which such person wishes to amend or cancel this Agreement. The procedure for proposing and adopting an amendment to, or cancellation of, in whole or in part, this Agreement shall be the same as the procedure for adopting and entering into this Agreement in the first instance. Notwithstanding the foregoing sentence, if the CITY initiates the proposed amendment to, or cancellation of, in whole or in part, this Agreement, CITY shall first give notice to the OWNER of its intention to initiate such proceedings at least sixty (60) days in advance of the giving the public notice of intention to consider the amendment or cancellation.

2.5.1 Amendment to Reflect Consistency With Future Amendments to the Construction Agreement. To the extent any future amendment to the Construction Agreement provides for modifications to rights or obligations that differ from or alter the



same or similar rights or obligations contained in this Development Agreement, OWNER reserves the right to request an amendment to the Development Agreement to reflect any or all of such modifications.

2.6 Termination. This Agreement shall be deemed terminated and of no further effect upon the occurrence of any of the following events:

2.3. (a) Expiration of the stated term of this Agreement as set forth in Section

(b) Entry of a final judgment setting aside, voiding or annulling the adoption of the ordinance approving this Agreement.

(c) The adoption of a referendum measure overriding or repealing the ordinance approving this Agreement.

(d) Completion of the Project in accordance with the terms of this Agreement including issuance of all required occupancy permits and acceptance by CITY or applicable public agency of all required dedications.

Termination of this Agreement shall not constitute termination of any other land use entitlements approved for the Property. Upon the termination of this Agreement, no party shall have any further right or obligation hereunder except with respect to any obligation to have been performed prior to such termination or with respect to any default in the performance of the provisions of this Agreement which has occurred prior to such termination or with respect to any obligations which are specifically set forth as surviving this Agreement. Upon such termination, any public facilities and services mitigation fees paid pursuant to Section 4.2 of this Agreement by OWNER to CITY for residential units on which construction has not yet begun shall be refunded to OWNER by CITY.

2.7 Notices.

(a) As used in this Agreement, "notice" includes, but is not limited to, the communication of notice, request, demand, approval, statement, report, acceptance, consent, waiver, appointment or other communication required or permitted hereunder.

(b) All notices shall be in writing and shall be considered given either: (i) when delivered in person, including, without limitation, by courier, to the recipient named below; or (ii) on the date of delivery shown on the return receipt, after deposit in the United States mail in a sealed envelope as either registered or certified mail with return receipt requested, and postage and postal charges prepaid, and addressed to the recipient named below. All notices shall be addressed as follows:

If to CITY:

Scott Ochoa, City Manager  
City of Ontario  
303 East "B" Street  
Ontario, CA 91764

with a copy to:

Scott Huber, City Attorney  
Cole Huber, LLP  
2261 Lava Ridge Court  
Roseville, CA 91761

If to OWNER:

Richland Communities  
3161 Michelson Drive, Suite 425  
Irvine, CA 92612  
Attn: Mike Byer  
Email: mbyer@richlandcommunities.com  
Phone: (949) 383-4137  
Fax: (949) 261-7016

with a copy to:

Richland Legal Department  
3161 Michelson Drive, Suite 425  
Irvine, CA 92612  
Attn: John Troutman  
Email: jtroutman@richlandinvestments.com  
Phone: (949) 383-4131  
Fax: (949) 261-7013

(c) Either party may, by notice given at any time, require subsequent notices to be given to another person or entity, whether a party or an officer or representative of a party, or to a different address, or both. Notices given before actual receipt of notice of change shall not be invalidated by the change.

### 3. DEVELOPMENT OF THE PROPERTY.

3.1 Rights to Develop. Subject to the terms of this Agreement including the Reservations of Authority, OWNER shall have a vested right to develop the Property in accordance with, and to the extent of, the Development Plan. The Project shall remain subject to all Subsequent Development Approvals required to complete the Project as contemplated by the Development Plan. Except as otherwise provided in this Agreement,

the permitted uses of the Property, the density and intensity of use, the maximum height and size of proposed buildings, and provisions for reservation and dedication of land for public purposes shall be those set forth in the Development Plan.

3.2 Effect of Agreement on Land Use Regulations. Except as otherwise provided under the terms of this Agreement including the Reservations of Authority, the rules, regulations and official policies governing permitted uses of the Property, the density and intensity of use of the Property, the maximum height and size of proposed buildings, and the design, improvement and construction standards and specifications applicable to development of the Property shall be the Existing Land Use Regulations. In connection with any Subsequent Development Approval, CITY shall exercise discretion in accordance with the same manner as it exercises its discretion under its police powers, including the Reservations of Authority set forth herein; provided however, that such discretion shall not prevent development of the Property for the uses and to the density or intensity of development set forth in this Agreement.

3.3 Timing of Development. The parties acknowledge that OWNER cannot at this time predict when or the rate at which phases of the Property will be developed. Such decisions depend upon numerous factors which are not within the control of OWNER, such as market orientation and demand, interest rates, absorption, completion and other similar factors. Since the California Supreme Court held in Pardee Construction Co. v. City of Camarillo (1984) 37 Ca1. 3d 465, that the failure of the parties therein to provide for the timing of development resulted in a later adopted initiative restricting the timing of development to prevail over such parties' agreement, it is the parties' intent to cure that deficiency by acknowledging and providing that OWNER shall have the right to develop the Property in such order and at such rate and at such times as OWNER deems appropriate within the exercise of its subjective business judgment.

3.4 Requirement for Public Infrastructure Improvements. Development of the Property is contingent in part on the phasing of area-wide infrastructure improvements over which the OWNER has control. The issuance of building permits by CITY for Model Units and Production Units is, in general, contingent on OWNER's completion of needed infrastructure improvements and the availability of improvements and services to serve the Property.

3.4.1 Attached hereto as Exhibit "F" is a description of the infrastructure improvements needed for the development of the Property ("the Infrastructure Improvement Exhibit").

3.4.2 Subject to the prior submittal by OWNER and approval by CITY of a plan to provide sufficient public infrastructure for the construction of a maximum number of twenty-two (22) Model Units per Phase, private common recreation facilities and sales facilities. CITY may issue a maximum of twenty-two (22) building permits per Phase for Model Units in addition to private common recreation facilities and sales facilities. The plan to be submitted by OWNER for CITY approval shall describe the utilities and other infrastructure necessary to provide sufficient fire protection

and other public health and safety requirements for the Model Units and other facilities.

3.5 Changes and Amendments. The parties acknowledge that refinement and further development of the Project will require Subsequent Development Approvals and may demonstrate that changes are appropriate and mutually desirable in the Existing Development Approvals. In the event OWNER finds that a change in the Existing Development Approvals is necessary or appropriate, OWNER shall apply for a Subsequent Development Approval to effectuate such change and CITY shall process and act on such application in accordance with the Existing Land Use Regulations, except as otherwise provided by this Agreement including the Reservations of Authority. If approved, any such change in the Existing Development Approvals shall be incorporated herein as an addendum to Exhibit "C", and may be further changed from time to time as provided in this Section. Unless otherwise required by law, as determined in CITY's reasonable discretion, a change to the Existing Development Approvals shall be deemed "minor" and not require an amendment to this Agreement provided such change does not:

- (a) Alter the permitted uses of the Property as a whole; or,
  - (b) Increase the density or intensity of use of the Property as a whole;
- or,
- (c) Increase the maximum height and size of permitted buildings; or,
  - (d) Delete a requirement for the reservation or dedication of land for public purposes within the Property as a whole; or,
  - (e) Constitute a project requiring a subsequent or supplemental environmental impact report pursuant to Section 21166 of the Public Resources Code.

### 3.6 Reservations of Authority.

3.6.1 Limitations, Reservations and Exceptions. Notwithstanding any other provision of this Agreement, the CITY shall not be prevented from applying new rules, regulations and policies upon the OWNER, nor shall a development agreement prevent the CITY from denying or conditionally approving any subsequent development project application on the basis of such new rules, regulations and policies where the new rules, regulations and policies consist of the following:

- (a) Processing fees by CITY to cover costs of processing applications for development approvals or for monitoring compliance with any development approvals;
- (b) Procedural regulations relating to hearing bodies, petitions, applications, notices, findings, records and any other matter of procedure;

- (c) Regulations, policies and rules governing engineering and construction standards and specifications applicable to public and private improvements, including all uniform codes adopted by the CITY and any local amendments to those codes adopted by the CITY; provided however that, OWNER shall have a vested right to develop the Property in accordance with, and to the extent of, the standards and specifications that are expressly identified in the Specific Plan;
- (d) Regulations that may conflict with this Agreement and the Development Plan but that are reasonably necessary to protect the residents of the project and/or of the immediate community from a condition perilous to their health or safety;
- (e) Regulations that do not conflict with those rules, regulations and policies set forth in this Agreement or the Development Plan;
- (f) Regulations that may conflict but to which the OWNER consents.

3.6.2 Subsequent Development Approvals. This Agreement shall not prevent CITY, in acting on Subsequent Development Approvals, from applying Subsequent Land Use Regulations that do not conflict with the Development Plan, nor shall this Agreement prevent CITY from denying or conditionally approving any Subsequent Development Approval on the basis of the Existing Land Use Regulations or any Subsequent Land Use Regulation not in conflict with the Development Plan.

3.6.3 Modification or Suspension by State or Federal Law. In the event that State or Federal laws or regulations, enacted after the Effective Date of this Agreement, prevent or preclude compliance with one or more of the provisions of this Agreement, such provisions of this Agreement shall be modified or suspended as may be necessary to comply with such State or Federal laws or regulations, provided, however, that this Agreement shall remain in full force and effect to the extent it is not inconsistent with such laws or regulations and to the extent such laws or regulations do not render such remaining provisions impractical to enforce. In the event OWNER alleges that such State or Federal laws or regulations preclude or prevent compliance with one or more provisions of this Agreement, and the CITY does not agree, the OWNER may, at its sole cost and expense, seek declaratory relief (or other similar non-monetary remedies); provided however, that nothing contained in this Section 3.6.3 shall impose on CITY any monetary liability for contesting such declaratory relief (or other similar non-monetary relief).

3.6.4 Intent. The parties acknowledge and agree that CITY is restricted in its authority to limit its police power by contract and that the foregoing limitations, reservations and exceptions are intended to reserve to CITY all of its police power which cannot be so limited. This Agreement shall be construed, contrary to its

stated terms if necessary, to reserve to CITY all such power and authority which cannot be restricted by contract.

3.7 Public Works; Utilities. If OWNER is required by this Agreement to construct any public works facilities which will be dedicated to CITY or any other public agency upon completion, and if required by applicable laws to do so, OWNER shall perform such work in the same manner and subject to the same requirements as would be applicable to CITY or such other public agency should it have undertaken such construction. As a condition of development approval, OWNER shall connect the Project to all utilities necessary to provide adequate water, recycled water, sewer, gas, electric, and other utility service to the Project. As a further condition of development approval, OWNER shall contract with the CITY for CITY-owned or operated utilities for this purpose, for such price and on such terms as may be available to similarly situated customers in the CITY.

3.7.1 OWNER agrees that development of the Project shall require the construction of master planned storm drain improvements in Mill Creek Avenue from Ontario Ranch Road to the point of connection in Bellegrave Avenue, and in Eucalyptus Avenue from Mill Creek Avenue to Hamner Avenue (Phase 1), and in Hamner Avenue from the northeast Property line to the southeast Property line, as described in Exhibits F-1 through F-3. OWNER shall be responsible for the design, construction, and completion of the required master planned storm drain improvements as shown in Exhibits F-1 through F-3. OWNER agrees that no building permits shall be issued by CITY for Phase 1 Production Units prior to, and as a condition precedent to the completion of the storm drain improvements from Bellegrave Avenue to Old Edison Avenue, as described in Exhibit F-1. OWNER agrees that the remaining Phase 1 storm drain improvements from Old Edison Avenue to Ontario Ranch Road, as shown in Exhibit F-1, shall be constructed and completed prior to, and as a condition precedent to CITY issuance of the 101<sup>st</sup> Production Unit building permit for Phase 1 Units. OWNER also agrees that no Production Unit building permits shall be issued by the CITY for the Phase 2 Units prior to, and as a condition precedent to, the completion of the storm drain improvements as described in Exhibit F-3.

3.7.2 OWNER agrees that development of the Project shall require the construction of Master Planned street improvements on Mill Creek Avenue and Hamner Avenue, including signalization as described in Exhibits F-1 through Exhibit F-3.

3.7.2.1 Street Improvements Phasing. OWNER shall design, construct and complete Street Improvements as described in Exhibits F-1 through F-3. The Street Improvements as shown on Exhibits F-1 and F-2 shall be completed prior to, and as a condition precedent to OWNER requesting the issuance of the first Production Permit for the Phase 1 Units. The Street Improvements as shown on Exhibits F-3 shall be completed prior to, and as a condition precedent to OWNER requesting the issuance of the first Production Permit for the Phase 2 Units. OWNER shall be required to

design, construct, and complete the Mill Creek Avenue street improvements which shall consist of full circulation lanes and median between the southerly Property line to Bellegrave Avenue, plus full improvements along Project frontage from the southerly Property line to Old Edison Avenue, and in Eucalyptus Avenue from Mill Creek Avenue to Hamner Avenue, as shown in Exhibit F-1, prior to and as a condition precedent to OWNER requesting the first Production Unit building permit for Phase 1 Units. OWNER shall complete the construction of the remaining Mill Creek Street Improvements, which shall consist of full circulation lanes and median improvements from Old Edison Avenue to Ontario Ranch Road as shown in Exhibit F-1, prior to and as a condition precedent to OWNER requesting issuance of the 101<sup>st</sup> Production Unit building permit for Phase 1 Units. OWNER shall also be required to design, construct, and complete the Hamner Avenue street improvements, as shown on Exhibit F-3, prior to and as a condition precedent to OWNER requesting the first Production Unit building permit for Phase 2 Units.

3.7.3 OWNER agrees that development of the Property shall require the extension of permanent master planned water and recycled water utility infrastructure for each Phase as described in Exhibits F-1 consisting generally of the construction of the extension of permanent master planned water and recycled water utility improvements to serve the respective Phase of the Property. OWNER agrees that no building permits shall be issued by CITY for Phase 1 Units prior to, and as a condition precedent to the completion of the water and recycled water Improvements in Mill Creek Avenue, from Bellegrave Avenue to Old Edison Avenue, and in Eucalyptus Avenue from Archibald Avenue to Hamner Avenue. OWNER shall also be required to complete the designs and construction of the remaining water and recycled water improvements from Old Edison Avenue to Ontario Ranch Road, as shown in Exhibit F-1, prior to and as a condition precedent, to OWNER requesting the 101<sup>st</sup> Production Unit building permit for a Phase 1 Units. OWNER also agrees that no building permits shall be issued by the CITY for the Phase 2 Units prior to, and as a condition precedent to the completion of the water and recycled water Improvements in Hamner Avenue from Ontario Ranch Road to Eucalyptus Avenue, as described in Exhibit F-3. OWNER also agrees that recycled water shall be available and utilized by OWNER for all construction-related water uses including prior to, and during any grading of the Property.

3.7.4 OWNER agrees that NMC Builders shall be responsible for funding a portion of the design and construction of an additional extension of master planned recycled water infrastructure in Haven Avenues to be constructed by CITY. These master planned recycled water Improvements shall also serve the Project. OWNER shall deposit, with NMC Builders an amount equal to the OWNER's capital contribution for the design and construction of the remaining NMC Builders portion of the recycled water improvements in Haven Avenues known as the "remainder of the Phase 2 Recycled Water Improvements" within thirty (30) days after CITY requests funds from NMC Builders for the remainder of the project. If

OWNER has not deposited such amount, with NMC Builders within thirty (30) days after CITY requests such funds from NMC Builders, then CITY shall be entitled to withhold issuance of any further permits (whether discretionary or ministerial) for the Project unless and until OWNER deposits the amount of OWNER's capital contribution with NMC Builders for the remainder of the funding requested by CITY from NMC Builders for the construction of the remaining NMC Builders portion of the Phase 2 Recycled Water System Improvements.

3.7.5 OWNER shall be required to design, construct, and complete construction of the Mill Creek Avenue sewer improvements, as shown in Exhibit F-1, in Bellegrave Avenue from Haven Avenue to Mill Creek Avenue, and in Mill Creek Avenue from Bellegrave Avenue to Old Edison Avenue, and in Eucalyptus Avenue from Mill Creek Avenue to Hamner Avenue, prior to and as a condition precedent to OWNER requesting the first Production Unit building permit for Phase 1 Units. OWNER shall also be required to design, construct, and complete construction of the remaining sewer improvements from Old Edison Avenue to Ontario Ranch Road, as shown in Exhibit F-1, prior to and as a condition precedent to OWNER requesting the 101<sup>st</sup> Production Unit building permit for Phase 1 Units. The Mill Creek Avenue sewer improvements shall consist of project frontage improvements and off-site improvements south of the Project to the point of connection existing at the time of construction south of the project boundary, as described in Exhibit F-1.

3.7.6 OWNER agrees that development of the Property shall require the extension of permanent master planned fiber optic communications infrastructure, at OWNER's sole cost and expense, as described in the attached Exhibits F- 1 through Exhibit F-3, consisting generally of the construction of the extension of fiber optic communications infrastructure to serve the respective Phase of the Property to the nearest point of connection. Owner agrees that no building permits shall be issued by CITY for Phase 1 Production Units prior to, and as a condition precedent to the completion of the fiber optic communications infrastructure as described in Exhibits F-1. OWNER also agrees that no Production building permits shall be issued by the CITY for the Phase 2 Units prior to, and as a condition precedent to, the completion of the fiber optic communications infrastructure as described in Exhibit F-3.

3.8 Acquisition of Offsite Provision of Real Property Interests. In any instance where OWNER is required by any Development Approval or Land Use Regulation and the Construction Agreement to construct any public improvement on land not owned by OWNER ("Offsite Improvements"), the CITY and OWNER shall cooperate in acquiring the necessary legal interest ("Offsite Property") in accordance with the procedures set forth in Section 2.4 of the Construction Agreement. This section 3.8 is not intended by the parties to impose upon the OWNER an enforceable duty to acquire land or construct any public improvements on land not owned by OWNER, except to the extent that the OWNER elects to proceed with the development of the Project, and then only in accordance with valid conditions imposed by the CITY upon the development of the Project under the Subdivision Map Act or other legal authority.



3.8.1 CITY Acquisition of Non-Construction Agreement Offsite Property. In the event OWNER is required to construct any public improvements on land not owned by OWNER, but such requirement is not based upon the Construction Agreement, Sections 3.8.1 and 3.8.2 shall control the acquisition of the necessary property interest(s) ("Non-Construction Agreement Offsite Property"). If the OWNER is unable to acquire such Non-Construction Agreement Offsite Property, and following the written request from the OWNER to CITY, CITY agrees to use reasonable and diligent good faith efforts to acquire the Non-Construction Agreement Offsite Property from the owner or owners of record by negotiation to the extent permitted by law and consistent with this Agreement. If CITY is unable to acquire the Non-Construction Agreement Offsite Property by negotiation within thirty (30) days after OWNER'S written request, CITY shall, initiate proceedings utilizing its power of eminent domain to acquire that Non-Construction Agreement Subject Property at a public hearing noticed and conducted in accordance with California Code of Civil Procedure Section 1245.235 for the purpose of considering the adoption of a resolution of necessity concerning the Non-Construction Agreement Offsite Property, subject to the conditions set forth in this Section 3.8. The CITY and OWNER acknowledge that the timelines set forth in this Section 3.8.1 represent the maximum time periods which CITY and OWNER reasonably believe will be necessary to complete the acquisition of any Non-Construction Agreement Offsite Property. CITY agrees to use reasonable good faith efforts to complete the actions described within lesser time periods, to the extent that it is reasonably able to do so, consistent with the legal constraints imposed upon CITY.

3.8.2 Owner's Option to Terminate Proceedings. CITY shall provide written notice to OWNER no later than fifteen (15) days prior to making an offer to the owner of the Non-Construction Agreement Offsite Property. At any time within that fifteen (15) day period, OWNER may, at its option, notify CITY that it wants CITY to cease all acquisition proceedings with respect to that Non-Construction Agreement Offsite Property, whereupon CITY shall cease such proceedings. CITY shall provide written notice to OWNER no later than fifteen (15) days prior to the date of the hearing on CITY'S intent to consider the adoption of a resolution of necessity as to any Non-Construction Agreement Offsite Property. At any time within that fifteen (15) day period, OWNER may, at its option, notify CITY that it wants CITY to cease condemnation proceedings, whereupon CITY shall cease such proceedings. If OWNER does not notify CITY to cease condemnation proceedings within said fifteen (15) day period, then the CITY may proceed to consider and act upon the Non-Construction Agreement Offsite Property resolution of necessity. If CITY adopts such resolution of necessity, then CITY shall diligently institute condemnation proceedings and file a complaint in condemnation and seek an order of immediate possession with respect to the Non-Construction Agreement Offsite Property.

3.9 Regulation by Other Public Agencies. It is acknowledged by the parties that other public agencies not within the control of CITY possess authority to regulate aspects of the development of the Property separately from or jointly with CITY and this

Agreement does not limit the authority of such other public agencies. CITY agrees to cooperate fully, at no cost to CITY, with OWNER in obtaining any required permits or compliance with the regulations of other public agencies provided such cooperation is not in conflict with any laws, regulations or policies of the CITY.

3.10 Tentative Tract Maps; Extension. With respect to applications by OWNER for tentative subdivision maps for portions of the Property, CITY agrees that OWNER may file and process tentative maps in accordance with Chapter 4.5 (commencing with Section 66498.1) of Division 2 of Title 7 of the California Government Code and the applicable provisions of CITY's subdivision ordinance, as the same may be amended from time to time. In accordance with the provisions of Section 66452.6 of the Government Code, each tentative subdivision map or tentative parcel map, heretofore or hereafter approved in connection with development of the Property, shall be deemed to have been granted an extension of time to and until the date that is five (5) years following the Effective Date of this Agreement.; The CITY's City Council may, in its discretion, extend any such map for an additional period of up to five (5) years beyond its original term, so long as the subdivider files a written request for an extension with the City prior to the expiration of the initial five (5) year term.

#### 4. PUBLIC BENEFITS.

4.1 Intent. The parties acknowledge and agree that development of the Property will result in substantial public needs that will not be fully met by the Development Plan and further acknowledge and agree that this Agreement confers substantial private benefits on OWNER that should be balanced by commensurate public benefits. Accordingly, the parties intend to provide consideration to the public to balance the private benefits conferred on OWNER by providing more fully for the satisfaction of the public needs resulting from the Project.

#### 4.2 Development Impact Fees.

4.2.1 Amount of Development Impact Fee. Development Impact Fees (DIF) shall be paid by OWNER. The Development Impact Fee amounts to be paid by OWNER shall be the amounts that are in effect at the time such amounts are due. Nothing contained in this Agreement shall affect the ability of the CITY to impose new Development Impact Fees or amend the amounts of existing Development Impact Fees. Additionally, nothing contained in this Agreement shall affect the ability of other public agencies that are not controlled by CITY to impose and amend, from time to time, Development Impact Fees established or imposed by such other public agencies, even though such Development Impact Fees may be collected by CITY.

4.2.2 Time of Payment. The Development Impact Fees required pursuant to Subsection 4.2.1 shall be paid to CITY prior to the issuance of building permit for each applicable residential or other unit, except for the Open Space and Habitat Acquisition Development Impact fee, which shall be paid by OWNER to CITY prior to the issuance of a grading permit. Deferral of the payment of Development

Impact Fees may be granted pursuant to a separate agreement approved by City pursuant to City policy.

4.2.3 Parkland and Quimby Act Fees. Pursuant to the General Plan (Ontario Plan) Goal PR1, Policy PR1-5 (achievement of a park standard of 5 acres of parkland per 1,000 residents) OWNER shall provide improved parks, developed in accordance with the City's park standards in an amount equal to two (2) acres per 1,000 of projected population without credit, reimbursement, offset or consideration from City. CITY and OWNER agree that Lots A through B within Tract 20157 of 4.13 net acres combined shall satisfy OWNER's additional park development requirement. OWNER shall also pay the full Development Impact Fee for the Parkland Acquisition and Development Fee category (Quimby Act fees) for the Project.

#### 4.3 Responsibility for Construction of Public Improvements.

4.3.1 Timely Construction of Public Infrastructure. The phasing of the infrastructure construction within the Property shall be as approved by the CITY. OWNER shall be responsible for the timely design, construction and completion of all public infrastructure required for each Phase of the Project as described in this Agreement and as shown on the attached Exhibits for each Phase of the Project. OWNER shall also be responsible for compliance with any and all other tract map conditions. Unless otherwise specified in a Subdivision Agreement and Tract Map conditions, all other required improvements and all other conditions or requirements of Tract Map 20157 shall be completed and operational prior to, and as a condition precedent to, CITY's granting of a building permit for Phase 1 Units. Additionally, unless otherwise specified in a Subdivision Agreement/Tract Map conditions, all other required improvements and all other conditions for Tract Map 20157 in the Phase 2 area shall be completed and operational prior to, and as a condition precedent to, OWNER requesting and CITY's granting of a building permit for Production Units within the Phase 2 area of the Property.

4.3.1.1 Subject to the provisions of Section 3.7 above, OWNER shall design, construct and complete all public infrastructure from Bellegrave Avenue to Old Edison Avenue, required for Phase 1 of the Project as shown on Exhibit F-1 prior to, and as a condition precedent to, CITY's issuance of the first building permit for Production Units for the Property. OWNER shall also, design, construct, and complete all remaining public infrastructure from Old Edison Avenue to Ontario Ranch Road, required for Phase 1, as shown on Exhibit F-1 prior to, and as a condition precedent to, CITY's issuance of the 101<sup>st</sup> building permit for Production Units for the Property.

4.3.1.2 OWNER shall design, construct and complete all public infrastructure for Phase 2 as shown in Exhibit F-3, prior to, and as a condition precedent to, CITY's issuance of any building permits for any Production Units in the portion of the Project designated as the Phase 2 area on the Conceptual Phasing Plan (Exhibit E). Unless otherwise

specified in a Subdivision Agreement and Tract Map conditions, all other required improvements and all other conditions or requirements Tract Map 20157 shall be completed and operational prior to, and as a condition precedent to, CITY's granting of a building permit for any Phase 2 Units.

4.3.1.3 OWNER shall also be responsible to pay their fair share contribution, equivalent to twenty-five percent (25%) of the CITY's estimated cost for the design and construction of two (2) non-DIF traffic signals at Clifton Avenue and Eucalyptus Avenue, and at Amherst Avenue and Eucalyptus Avenue. CITY shall provide OWNER with the estimated costs of the two (2) non-DIF traffic signals improvements and OWNER shall make such fair share contribution payment to CITY, prior to and as a condition precedent to, CITY's issuance of the first building permit for Production Units. If OWNER constructs Eucalyptus Avenue as a second point of access, the OWNER shall conduct a warrant analysis to determine the timing of the installation of the traffic signal at Clifton Avenue and Eucalyptus Avenue.

4.3.2 Construction of DIF Program Infrastructure (Construction Agreement). To the extent OWNER is required to construct and completes construction of public improvements that are included in CITY's Development Impact Fee Program and the Construction Agreement between CITY and NMC Builders LLC, CITY agrees that CITY shall issue DIF Credit in accordance with the provisions of the Construction Agreement and any amendments thereto. Use of DIF Credit issued to OWNER as a member of NMC Builders LLC or as a merchant builder to offset OWNER's DIF payment obligations shall also be subject to the provisions of the Construction Agreement and any amendments thereto.

4.3.3 Construction of DIF Program Infrastructure (Non-Construction Agreement). To the extent OWNER is required to construct and completes construction of public improvements that are included in CITY's Development Impact Fee Program and such public improvements are not included the Construction Agreement between CITY and NMC Builders LLC, CITY agrees that CITY shall issue DIF Credit and DIF Reimbursement in accordance with the provisions of a separate Fee Credit Agreement between CITY and OWNER. Limitation on the use of DIF Credit issued to OWNER to offset OWNER's DIF payment obligations shall also be subject to the provisions of a separate Fee Credit Agreement. OWNER may also be eligible to receive reimbursement from DIF collected by CITY and paid by other development that benefits from OWNER's construction of DIF Program Infrastructure. Any such DIF Reimbursement shall be subject to a Fee Credit Agreement between CITY and OWNER. CITY and OWNER agree that the Fee Credit Agreement between CITY and OWNER shall comply with CITY's adopted policies applicable to such agreements.

#### 4.4 Affordable Housing Requirement.

4.4.1 Affordable Housing- Number of Units. OWNER shall provide a minimum number of affordable housing units, equivalent to 10% of the OWNER's total approved residential units within the Project, that are affordable to very low, low and moderate income households. Such requirement for affordable housing shall be met through one, or a combination of one or more, of the options provided in the following Sections 4.4.2.1 through 4.4.2.3. For the purposes of this Section, any term not defined in this Agreement shall be as defined by California Community Redevelopment Law (California Health and Safety Code Section 33000 et seq.).

4.4.2 Affordability Spread. Of the total number of residential dwelling units specified in Section 4.4.1, to be constructed or rehabilitated pursuant to Sections 4.4.2.1 or 4.4.2.2 respectively, thirty percent (30%) shall be available to very low income, thirty percent (30%) shall be available to low income and forty percent (40%) shall be available to moderate income households. "**Households**" shall be as defined by California Health and Safety Code Section 50053.

4.4.2.1 New Construction. If OWNER elects to fully or partially satisfy the affordable housing requirement by the construction of new residential units, it shall construct and restrict the affordability of residential dwelling units within its Project or, at OWNER's option and with the approval of the City, within another project elsewhere within the City. The affordable units constructed shall be intermingled with other units as part of the Project, and shall be built to the same construction, design and aesthetic standards, as well as number of rooms, as other units constructed as part of that OWNER's Project. In addition, the percentage ratio of affordable units offered for sale versus those offered for rent shall equal the percentage ratio of other units offered for sale versus for rent within OWNER's Project. Such construction shall be completed no later than the date that is five (5) years following the issuance of the first building permit for OWNER's Project; provided however that to the extent OWNER has not constructed the required percentage of units, based on the number of building permits for non-restricted units, OWNER shall, prior to the issuance of such building permits, provide security (in the form and substance approved by the City Manager and City Attorney) to City in order to ensure the faithful completion of such required percentage of construction of affordable units. If OWNER elects the option of constructing new affordable units, a detailed Affordable Housing Agreement specifying terms for the allowable monthly housing costs or rents (as applicable) and maintenance and occupancy standards shall be prepared, executed and recorded against such units as a condition to the issuance of a building permit. The Affordable Housing Agreement shall hold a recorded priority position senior to any other non-statutory lien or encumbrance affecting the unit.

4.4.2.2 Rehabilitation. If OWNER elects to fully or partially satisfy the affordable housing requirement by the substantial rehabilitation of existing residential units in the City, it shall substantially rehabilitate and restrict the affordability of, the number of residential units specified in Section 4.4.1, provided that such units shall be provided elsewhere within the City. The rehabilitation work shall be substantial and of high quality and shall also address any deferred property maintenance issues on the property. “**Substantial rehabilitation**” shall mean rehabilitated multi-family rented dwelling units with three or more units and the value of the rehabilitation constitutes 25 percent of the after rehabilitation value of the dwelling, inclusive of land value pursuant to Health and Safety Code Section 33413(b)(2)(A)(iii-iv) as such section exists as of the Effective Date of this Agreement. If OWNER chooses the option of rehabilitation of existing housing units within the City, a detailed Affordable Housing Agreement specifying the terms for the allowable month housing costs or rents (as applicable) and maintenance and occupancy standards shall be prepared, executed and recorded against such units as a condition to the issuance of a building permit. Such rehabilitation shall be completed no later than the date that is five (5) years following the issuance of the first building permit for OWNER’s Project; provided however that to the extent OWNER has not rehabilitated the required percentage of units, based on the number of building permits, OWNER shall, prior to the issuance of such building permits, provide security (in the form and substance approved by the City Manager and City Attorney) to the City in order to ensure the faithful completion of such required percentage of rehabilitation.

4.4.2.3 In-Lieu Fee. If OWNER has not fully complied with the requirements of Section 4.4.2 by providing the minimum number of affordable units through the construction of new affordable units or by the substantial rehabilitation of existing units, shall pay an “**Affordability In-Lieu Fee**”. If OWNER has not provided any affordable residential units by construction or rehabilitation, the Affordability In-Lieu fee shall be equal to Two Dollars Sixty-One Cents (\$2.61) per square foot of residential development within OWNER’s Project or, if pre-paid as set forth below, Two Dollars Twenty-Eight Cents (\$2.28) per square foot of residential development within OWNER’s Project. If OWNER has partially complied with the requirements of Section 4.4.1 by construction or rehabilitation of less than the minimum number of units, then the Affordability In-lieu Fee shall be recalculated and reduced in consideration of the number and type of affordable units provided. The Affordability In-Lieu Fee shall be paid by OWNER to City no later than prior to the issuance of each building permit within OWNER’s Project based on the square footage of the residential unit for which such building permit is sought; provided however that OWNER may, at OWNER’s election, pre-pay such Affordability In-Lieu Fee by paying such Affordability In-Lieu Fee within thirty (30) days following the earliest discretionary approval by the City for OWNER’s Project, including, but not limited to, any general plan amendment, specific plan adoption, development

agreement, tentative map approval, variance, conditional use permit, or resolution of intention to form any public financing mechanism. The Two Dollars, Fifty-Three Cents (\$2.61) and the Two Dollars Twenty-One Cents (\$2.28) per square foot amounts shall automatically be increased annually, commencing on July 1, 2020, and automatically each July 1 thereafter. Such adjustment shall be based on the percentage increase (but no decrease) in the Consumer Price Index (Los Angeles-Anaheim-Riverside County), 1950-2001 (1982-84=100) over the preceding year. The pre-paid Affordability In-Lieu Fee shall be calculated based on the maximum floor area ratio (FAR) permitted within the General Plan and any applicable FAR contained within the applicable specific plan, whichever is greater, and the Maximum Development Density. For purposes of this Agreement, "**Maximum Development Density**" shall be determined by multiplying the OWNER's Project's density for residential development potential as set forth in the General Plan or the applicable Specific Plan, whichever is less, by the net acreage of land within OWNER's Project. All "Affordability In-Lieu Fees" collected by the City shall be used to promote the construction of affordable housing within the City.

4.4.2.4 Affordability Covenants. Prior to the issuance of the first building permit for any affordable unit, the City and OWNER shall enter into an Affordable Housing Agreement. Affordability shall be assured for a period of forty-five (45) years for for-sale units and fifty-five (55) years for rentals. For rental units, base rents shall be established by the City and rental adjustments required by the City shall be performed on an annual basis. In addition, the Affordable Housing Agreement shall impose maximum occupancy limits of 2 occupants per bedroom plus 1 additional occupant per dwelling unit, and a requirement for the owner or tenant to properly maintain each dwelling unit.

4.4.2.5 Transfer of Affordable Project. No transfer of title to any affordable housing project shall occur without the prior written consent of the City. In the event OWNER transfers title to any affordable housing project required to be constructed pursuant to this Agreement to a non-profit entity, or other entity, that receives an exemption from ad valorem real property taxes, the City shall be required to assure payment of an annual in lieu fee to the City on July 1 of each year equal to one-tenth of one percent (0.1%) of the assessed value of such project. The City may permit OWNER to satisfy this obligation by recorded covenants against the property and enforceable against said entity by the City. Any such covenants shall be approved by the Planning Director and the City Attorney.

#### 4.5 Schools Obligations.

##### 4.5.1 Written Evidence of Compliance with Schools Obligations.

OWNER shall, either through joint or individual agreements between OWNER and the applicable school district(s), shall satisfy its new school obligations. The new

school obligations for the Mountain View School District in the Ontario Ranch area have been projected to include the acquisition or dedication of school sites for, and construction of, up to eight (8) schools. Of these eight (8) schools, six (6) are to be elementary (K-5) grade schools and two (2) are to be middle grade schools. The new school obligations for the Chaffey Joint Union High School District in the Ontario Ranch area have been projected to include the dedication of a school site for, and construction of, an additional high school. The new school obligations for the applicable school district shall be met by any of the following or any combination thereof: (1) designating and dedicating school site(s) within the Property as set forth in the General Plan, and/or (2) paying school impact fees, (3) entering into a joint mitigation agreement or individual mitigation agreements, or (4) any combination of the foregoing. Written evidence of approval by the applicable school district that OWNER has met their school obligations may be required by the City as the condition to the issuance by the City of any entitlements for OWNER's Project. In the event OWNER is unable to provide such written evidence from the applicable school district(s), the City shall have the right to decline to honor any DIF Credit, Certificates of MDD Availability, Certificates of Storm Water Treatment Capacity Availability, or any combination thereof, presented by such OWNER, without liability to the City. To the extent that a joint mitigation agreement is approved by the applicable school district(s), and OWNER is a participant in good standing in such mitigation agreement, OWNER shall be deemed to have mitigated its new school obligations under this Section 4.4.1.

#### 4.6 Public Services Funding Fee.

4.6.1 Requirement for Payment of Public Services Funding Fee. In order to ensure that the adequate provision of public services, including without limitation, police, fire and other public safety services, are available to the residents of each Project in a timely manner, OWNER shall pay to CITY a "**Public Services Funding Fee.**" The Public Services Funding Fee shall apply to residential and non-residential uses as set forth below.

4.6.2 Public Services Funding Fee Amount. OWNER shall pay a Public Services Funding fee in the total amount of Two Thousand Forty-Eight dollars (\$2,048) per residential dwelling unit. The Public Services Funding Fee shall be paid in one (1) installment within one hundred eighty (180) calendar days after the effective date of the Development Agreement or in two (2) installments, at OWNER's option, as follows:

4.6.2.1 First Installment (Residential uses). The First Installment of the Public Services Funding Fee shall be One Thousand Twenty-Four Dollars (\$1,024) per residential dwelling unit. The First Installment shall be based upon the "**Maximum Development Density**" of the OWNER Project, as defined in Section 3.7.2.3 of the First Amended and Restated Construction Agreement. The First Installment shall be due and payable 30 days following the effective date of this Development Agreement.



If the First installment amount is not paid for all residential dwelling units within the Project (based on the Maximum Development Density, or the number of units described on "B Maps" if approved) by January 1, 2020, the amount of the First Installment shall be increased. Such increase shall be based on the percentage increase (but no decrease) in the Consumer Price Index (Los Angeles-Anaheim-Riverside County), 1950-2001 (1982-84=100) over the preceding year. Additionally, the amount shall be further increased automatically by the percentage increase in the Consumer Price Index (Los Angeles-Anaheim-Riverside) on each January 1 thereafter.

4.6.2.2 Second Installment (Residential Uses). The Second Installment of the Public Services Funding Fee shall be One Thousand Twenty-Four Dollars (\$1,024) per residential unit. The Second Installment shall be paid at the time of the issuance of each building permit for the Project. The amount of the Second Installment shall increase automatically by percentage increase (but no decrease) in the Consumer Price Index (Los Angeles-Anaheim-Riverside County), 1950-2001 (1982-84=100) over the preceding year on January 1<sup>st</sup> of each year, beginning on January 1, 2020. OWNER may exercise the option to pay the Second Installment amount for all residential units, a portion of the residential units, or for the remainder of the residential units within OWNER's Project on or before each December 31<sup>st</sup>, before the Second Installment amount is automatically increased.

4.6.2.3 Single Installment (Non-residential Uses). A single installment payment of the Public Services Funding Fee shall be required in the amount of Sixty-One Cents (\$0.61) per square foot of non-residential buildings. The single installment for non-residential uses shall be due and payable prior to the issuance of the building permit for a non-residential building. The amount of the Single Installment for non-residential uses shall automatically increase by percentage increase (but no decrease) in the Consumer Price Index (Los Angeles-Anaheim-Riverside County), 1950-2001 (1982-84=100) over the preceding year on January 1<sup>st</sup> of each year, beginning on January 1, 2020. OWNER may exercise the option to pay any single installment amounts for the remainder of the non-residential square footage within the Project on or before December 31<sup>st</sup>, before the Single Installment amount is automatically increased.

#### 4.7 Net MDD/Water Availability Equivalents.

4.7.1 Effectiveness of the Agreement. Notwithstanding anything else set forth in this Agreement, CITY and OWNER each acknowledge, confirm, and agree, that (i) the City approval of this Agreement and (ii) the effectiveness of this Agreement, in each case, is conditioned upon OWNER's admission to NMC Builders LLC as a "Member" thereof pursuant to the terms and conditions of the operating agreement of NMC Builders. OWNER and CITY agree that if OWNER is not already a Member

of NMC Builders LLC, OWNER shall become a Member of NMC Builders LLC within 30 days of the effective date of this Agreement.

4.7.2 Assigned Net MDD/Water Availability Equivalents. OWNER acknowledges that the City has agreed with NMC Builders LLC to reserve exclusively for Members of NMC Builders, including OWNER, Net MDD made available through the construction of water system improvements funded by NMC Builders LLC. NMC Builders has assigned to OWNER its allocable share of the Net MDD issued by City. The provisions of the Construction Agreement Amendment require that the City shall not approve a final tract map or issue building permits or certificates of occupancy for the area of development within Ontario Ranch served by the water system improvements funded by NMC Builders LLC, except to the bearer of an Assignment of Net MDD Water Availability.

4.7.3 Use of Assigned Net MDD Water Availability. OWNER shall provide evidence of sufficient Net MDD Water Availability Equivalents (or portions thereof) prior to and as a condition precedent to, the City's approval of any and all tract maps for the Property. The amount of Net MDD Water Availability Equivalents required for City's approval of a tract map shall be based upon water demand factors and assumptions listed in Exhibit C-2R of the Construction Agreement Amendment as "Water Demand Equivalents by Land Use" for each land use category.

4.7.4 Requirement for other Water System Improvements. A Certificate of Net MDD Availability is evidence only of available water capacity and does not satisfy any other conditions applicable to an OWNER's Project, including those relating to design and construction of master-planned potable water and recycled water transmission and distribution system for the respective pressure zone and other public infrastructure requirements.

#### 4.8 Storm Water Capacity Availability.

4.8.1 Requirement for Storm Water Treatment Capacity Availability. OWNER shall provide evidence of sufficient Storm Water Treatment Capacity Availability as reserved in a Certificate of Storm Water Treatment Capacity Availability the same manner and subject to the same limitations as provided for the assignment of Certificates of Net MDD Availability in Section 4.7 of this Agreement.

4.8.2 Use of Storm Water Treatment Capacity Availability. The amount of Storm Water Treatment Capacity Availability required for the issuance of a grading permit to OWNER shall be based upon the Net Residential Acreage of the area to be graded regardless of the corresponding use.

4.8.3 Requirement for other Storm Water Improvements. The Certificate of Storm Water Treatment Capacity Availability is evidence only of available storm water treatment capacity and does not satisfy any other conditions applicable to a particular development project, including those relating to on-site water treatment,

water quality, connection to the storm water collection system, or other public infrastructure requirements.

4.9 Maintenance of Open Space. OWNER shall provide for the ongoing maintenance of all park, common areas and open space areas within the Project as more particularly set forth in the Specific Plan, through a homeowners' association as approved by the CITY. Covenants, conditions and restrictions establishing any homeowners' association shall be approved by the Planning Director and City Attorney.

#### 4.10 Compliance with Public Benefits Requirements.

4.10.1 Failure to Provide Public Benefits. In the event OWNER fails or refuses to comply with any condition referenced in Section 4.1 through 4.10, or challenges (whether administratively or through legal proceedings) the imposition of such conditions, OWNER shall be deemed in default of this Agreement pursuant to Section 8.4 hereof, thereby entitling the City to any and all remedies available to it, including, without limitation, the right of the City to withhold OWNER's Project-related building permits, certificates of occupancy, or discretionary approvals, without liability.

### 5. FINANCING OF PUBLIC IMPROVEMENTS.

5.1 Financing Mechanism(s). In accordance with the Memorandum of Agreement between the CITY and NMC Builders, CITY will cooperate with OWNER in the formation of a CFD, or CFDs, to include all of the Project, to provide a financing mechanism to reimburse the OWNER for funds paid to NMC Builders LLC for OWNER's share of the costs of public infrastructure pursuant to the Construction Agreement and to acquire other public facilities constructed by OWNER subject to the provisions of the Memorandum of Agreement between CITY and NMC Builders LLC. Notwithstanding such reimbursements and acquisitions, OWNER shall remain entitled to DIF Credits as provided for in Article 3 of the Construction Agreement and/or as provided for in a separate Fee Credit Agreement between CITY and OWNER. OWNER agrees that, prior to the recordation of any Tract Map for the Property, the Property shall be included in a CFD to finance City services through annual special taxes that shall initially be \$1,687.00 per Single Family Detached Dwelling Unit, \$1,462.00 per Multiple-Family Dwelling Unit, \$1,226.00 per Gated Apartment Community Dwelling Unit, and \$.31 per square foot for Non-Residential buildings for the CITY's fiscal year 2019-20. These amounts shall be subject to an automatic increase at a rate not to exceed four (4%) percent per year. Depending on the fiscal year that the CFD is formed and the CFD tax is levied, the annual special taxes may be higher. CITY shall be the sole and exclusive lead agency in the formation of any CFD, assessment district or other public financing mechanism within the Property; provided however, that the proceeds of any such CFD, assessment district, or financing mechanism may be used, subject to restrictions that may be imposed by applicable law, for the purposes of acquiring, constructing or maintaining public facilities to be owned or operated by other public agencies, including, without limitation those facilities owned or operated by a school district. In addition to the rights of the CITY pursuant to section 5.2 hereof, CITY shall have the right, but not the obligation, to

condition the formation of any CFD, assessment district or other public financing mechanism within the Property on the OWNER mitigating all Project-related impacts to the applicable school district(s) as required by such school district(s). Written evidence by such school district(s) may be required by the CITY as the condition to the formation of any CFD, assessment district or other public financing mechanism within the Property, or any steps preliminary thereto, including, without limitation, the adoption of any resolution of intention to form such CFD, assessment district or other public financing mechanism within the Property. It is not the intent of the parties hereto, by this provision, to prohibit or otherwise limit the City's ability to take any and all necessary steps requisite to the formation of the CFD to finance City services through annual special taxes as set forth in this Section 5.1. Formation of any CFD, assessment district or other public financing mechanism within the Property, shall be subject to CITY's ability to make all findings required by applicable law and complying with all applicable legal procedures and requirements including, without limitation, CITY's public financing district policies as such policies may be amended from time to time. Notwithstanding the foregoing, it is acknowledged and agreed by the parties that nothing contained in this Agreement shall be construed as requiring CITY or the City Council to form any such district or to issue and sell bonds.

## 6. REVIEW FOR COMPLIANCE.

### 6.1 Periodic and Special Reviews.

6.1.1 Time for and Initiation of Periodic Review. The CITY shall review this Agreement every twelve (12) months from the Effective Date in order to ascertain the good faith compliance by the OWNER with the terms of this Agreement. OWNER shall be entitled to initiate up to one additional Periodic Review each calendar year in order to demonstrate good faith compliance by the OWNER to any third party. The OWNER shall submit an Annual Monitoring Report to CITY, in a form acceptable to the City Manager, along with any applicable processing charge within ten (10) days after each anniversary date of the Effective Date of this Agreement. Within fifteen (15) days after the receipt of the Annual Monitoring Report, CITY shall review the Annual Monitoring Report. Prior to the expiration of the fifteen (15) day review period, CITY shall either issue a notice of continuing compliance or a notice of non-compliance and a notice of CITY's intent to conduct a Special Review pursuant to Sections 6.1.2 through 6.1.6. Issuance of a notice of continuing compliance may be issued by the City Manager or his designee.

6.1.2 Initiation of Special Review. A special review may be called either by agreement between the parties or by initiation in one or more of the following ways:

- (1) Recommendation of the Planning staff;
- (2) Affirmative vote of at least four (4) members of the Planning Commission; or

- (3) Affirmative vote of at least three (3) members of the City Council.

6.1.3 Notice of Special Review. The City Manager shall begin the special review proceeding by giving notice that the CITY intends to undertake a special review of this Agreement to the OWNER. Such notice shall be given at least ten (10) days in advance of the time at which the matter will be considered by the Planning Commission.

6.1.4 Public Hearing. The Planning Commission shall conduct a hearing at which the OWNER must demonstrate good faith compliance with the terms of this Agreement. The burden of proof on this issue is upon the OWNER.

6.1.5 Findings Upon Public Hearing. The Planning Commission shall determine upon the basis of substantial evidence whether or not the OWNER has, for the period under review, complied in good faith with the terms and conditions of this Agreement.

6.1.6 Procedure Upon Findings.

(a) If the Planning Commission finds and determines on the basis of substantial evidence that the OWNER has complied in good faith with the terms and conditions of this Agreement during the period under review, the review for that period is concluded.

(b) If the Planning Commission finds and determines on the basis of substantial evidence that the OWNER has not complied in good faith with the terms and conditions of this Agreement during the period under review, the Planning Commission may recommend to the City Council to modify or terminate this Agreement.

(c) The OWNER may appeal a determination pursuant to paragraph (b) to the City Council in accordance with the CITY's rule for consideration of appeals in zoning matters generally.

6.2 Proceedings Upon Modification or Termination. If, upon a finding under Section 6.1.6(b), the CITY determines to proceed with modification or termination of this Agreement, the CITY shall give notice to the property OWNER of its intention so to do. The notice shall contain:

- (a) The time and place of the hearing;
- (b) A statement as to whether or not the CITY proposes to terminate or to modify this Agreement; and

(c) Other information that the CITY considers necessary to inform the OWNER of the nature of the proceeding.

6.3 Hearing on Modification or Termination. At the time and place set for the hearing on modification or termination, the OWNER shall be given an opportunity to be heard. The OWNER shall be required to demonstrate good faith compliance with the terms and conditions of this Agreement. The burden of proof on this issue shall be on the OWNER. If the City Council finds, based upon substantial evidence in the administrative record, that the OWNER has not complied in good faith with the terms and conditions of the agreement, the City Council may terminate or modify this Agreement and impose those conditions to the action it takes as it considers necessary to protect the interests of the CITY. The decision of the City Council shall be final, subject only to judicial review pursuant to Section 1094.5 of the Code of Civil Procedure.

6.4 Certificate of Agreement Compliance. If, at the conclusion of a Periodic or Special Review, OWNER is found to be in compliance with this Agreement, CITY shall, upon written request by OWNER, issue a Certificate of Agreement Compliance ("Certificate") to OWNER stating that after the most recent Periodic or Special Review and based upon the information known or made known to the Planning Director and City Council that (1) this Agreement remains in effect and (2) OWNER is not in default. The Certificate shall be in recordable form, shall contain information necessary to communicate constructive record notice of the finding of compliance, shall state whether the Certificate is issued after a Periodic or Special Review and shall state the anticipated date of commencement of the next Periodic Review. OWNER may record the Certificate with the County Recorder. Whether or not the Certificate is relied upon by assignees or other transferees or OWNER, CITY shall not be bound by a Certificate if a default existed at the time of the Periodic or Special Review, but was concealed from or otherwise not known to the Planning Director or City Council.

7. [RESERVED]

8. DEFAULT AND REMEDIES.

8.1 Remedies in General. It is acknowledged by the parties that CITY would not have entered into this Agreement if it were to be liable in damages under this Agreement, or with respect to this Agreement or the application thereof.

In general, each of the parties hereto may pursue any remedy at law or equity available for the breach of any provision of this Agreement, except that CITY shall not be liable in damages to OWNER, or to any successor in interest of OWNER, or to any other person, and OWNER covenants not to sue for damages or claim any damages:

(a) For any breach of this Agreement or for any cause of action which arises out of this Agreement; or

(b) For the taking, impairment or restriction of any right or interest conveyed or provided under or pursuant to this Agreement; or

(c) Arising out of or connected with any dispute, controversy or issue regarding the application or interpretation or effect of the provisions of this Agreement.

8.2 Specific Performance. The parties acknowledge that money damages and remedies at law generally are inadequate and specific performance and other non-monetary relief are particularly appropriate remedies for the enforcement of this Agreement and should be available to all parties for the following reasons:

(a) Money damages are unavailable against CITY as provided in Section 8.1 above.

(b) Due to the size, nature and scope of the project, it may not be practical or possible to restore the Property to its natural condition once implementation of this Agreement has begun. After such implementation, OWNER may be foreclosed from other choices it may have had to utilize the Property or portions thereof. OWNER has invested significant time and resources and performed extensive planning and processing of the Project in agreeing to the terms of this Agreement and will be investing even more significant time and resources in implementing the Project in reliance upon the terms of this Agreement, and it is not possible to determine the sum of money which would adequately compensate OWNER for such efforts.

8.3 Release. Except for nondamage remedies, including the remedy of specific performance and judicial review as provided for in Section 6.5, OWNER, for itself, its successors and assignees, hereby releases the CITY, its officers, agents and employees from any and all claims, demands, actions, or suits of any kind or nature arising out of any liability, known or unknown, present or future, including, but not limited to, any claim or liability, based or asserted, pursuant to Article I, Section 19 of the California Constitution, the Fifth Amendment of the United States Constitution, or any other law or ordinance which seeks to impose any other liability or damage, whatsoever, upon the CITY because it entered into this Agreement or because of the terms of this Agreement.

8.4 Termination or Modification of Agreement for Default of OWNER. Subject to the provisions contained in Subsection 6.3 herein, CITY may terminate or modify this Agreement for any failure of OWNER to perform any material duty or obligation of OWNER under this Agreement, or to comply in good faith with the terms of this Agreement (hereinafter referred to as "default"); provided, however, CITY may terminate or modify this Agreement pursuant to this Section only after providing written notice to OWNER of default setting forth the nature of the default and the actions, if any, required by OWNER to cure such default and, where the default can be cured, OWNER has failed to take such actions and cure such default within 60 days after the effective date of such notice or, in the event that such default cannot be cured within such 60 day period but can be cured within a longer time, has failed to commence the actions necessary to cure such default within such 60 day period and to diligently proceed to complete such actions and cure such default.

8.5 Termination of Agreement for Default of CITY. OWNER may terminate this Agreement only in the event of a default by CITY in the performance of a material term of this Agreement and only after providing written notice to CITY of default setting forth the nature of the default and the actions, if any, required by CITY to cure such default and, where the default can be cured, CITY has failed to take such actions and cure such default within 60 days after the effective date of such notice or, in the event that such default cannot be cured within such 60 day period but can be cured within a longer time, has failed to commence the actions necessary to cure such default within such 60 day period and to diligently proceed to complete such actions and cure such default.

## 9. THIRD PARTY LITIGATION.

9.1 General Plan Litigation. CITY has determined that this Agreement is consistent with its Comprehensive General Plan, as such General Plan exists as of the Effective Date ("General Plan"), and that the General Plan meets all requirements of law. OWNER has reviewed the General Plan and concurs with CITY's determination. CITY shall have no liability in damages under this Agreement for any failure of CITY to perform under this Agreement or the inability of OWNER to develop the Property as contemplated by the Development Plan of this Agreement as the result of a judicial determination that on the Effective Date, or at any time thereafter, the General Plan, or portions thereof, are invalid or inadequate or not in compliance with law.

9.2 Third Party Litigation Concerning Agreement. OWNER shall defend, at its expense, including attorneys' fees, indemnify, and hold harmless CITY, its agents, officers and employees from any claim, action or proceeding against CITY, its agents, officers, or employees to attack, set aside, void, or annul the approval of this Agreement or the approval of any permit granted pursuant to this Agreement. CITY shall promptly notify OWNER of any such claim, action or proceeding, and CITY shall cooperate in the defense. If CITY fails to promptly notify OWNER of any such claim, action or proceeding, or if CITY fails to cooperate in the defense, OWNER shall not thereafter be responsible to defend, indemnify, or hold harmless CITY. CITY may in its discretion participate in the defense of any such claim, action or proceeding.

9.3 Indemnity. In addition to the provisions of 9.2 above, OWNER shall indemnify and hold CITY, its officers, agents, employees and independent contractors free and harmless from any liability whatsoever, based or asserted upon any act or omission of OWNER, its officers, agents, employees, subcontractors and independent contractors, for property damage, bodily injury, or death (OWNER's employees included) or any other element of damage of any kind or nature, relating to or in any way connected with or arising from the activities contemplated hereunder, including, but not limited to, the study, design, engineering, construction, completion, failure and conveyance of the public improvements, save and except claims for damages arising through the sole active negligence or sole willful misconduct of CITY. OWNER shall defend, at its expense, including attorneys' fees, CITY, its officers, agents, employees and independent contractors in any legal action based upon such alleged acts or omissions. CITY may in its discretion participate in the defense of any such legal action.



9.4 Environment Assurances. OWNER shall indemnify and hold CITY, its officers, agents, and employees free and harmless from any liability, based or asserted, upon any act or omission of OWNER, its officers, agents, employees, subcontractors, predecessors in interest, successors, assigns and independent contractors for any violation of any federal, state or local law, ordinance or regulation relating to industrial hygiene or to environmental conditions on, under or about the Property, including, but not limited to, soil and groundwater conditions, and OWNER shall defend, at its expense, including attorneys' fees, CITY, its officers, agents and employees in any action based or asserted upon any such alleged act or omission. CITY may in its discretion participate in the defense of any such action.

9.5 Reservation of Rights. With respect to Sections 9.2, 9.3 and 9.4 herein, CITY reserves the right to either (1) approve the attorney(s) which OWNER selects, hires or otherwise engages to defend CITY hereunder, which approval shall not be unreasonably withheld, or (2) conduct its own defense, provided, however, that OWNER shall reimburse CITY forthwith for any and all reasonable expenses incurred for such defense, including attorneys' fees, upon billing and accounting therefor.

9.6 Survival. The provisions of this Sections 9.1 through 9.6, inclusive, shall survive the termination of this Agreement.

#### 10. MORTGAGEE PROTECTION.

The parties hereto agree that this Agreement shall not prevent or limit OWNER, in any manner, at OWNER's sole discretion, from encumbering the Property or any portion thereof or any improvement thereon by any mortgage, deed of trust or other security device securing financing with respect to the Property. CITY acknowledges that the lenders providing such financing may require certain Agreement interpretations and modifications and agrees upon request, from time to time, to meet with OWNER and representatives of such lenders to negotiate in good faith any such request for interpretation or modification. CITY will not unreasonably withhold its consent to any such requested interpretation or modification provided such interpretation or modification is consistent with the intent and purposes of this Agreement. Any Mortgagee of the Property shall be entitled to the following rights and privileges:

(a) Neither entering into this Agreement nor a breach of this Agreement shall defeat, render invalid, diminish or impair the lien of any mortgage on the Property made in good faith and for value, unless otherwise required by law.

(b) The Mortgagee of any mortgage or deed of trust encumbering the Property, or any part thereof, which Mortgagee, has submitted a request in writing to the CITY in the manner specified herein for giving notices, shall be entitled to receive written notification from CITY of any default by OWNER in the performance of OWNER's obligations under this Agreement.

(c) If CITY timely receives a request from a Mortgagee requesting a copy of any notice of default given to OWNER under the terms of this Agreement, CITY shall provide

a copy of that notice to the Mortgagee within ten (10) days of sending the notice of default to OWNER. The Mortgagee shall have the right, but not the obligation, to cure the default during the remaining cure period allowed such party under this Agreement.

(d) Any Mortgagee who comes into possession of the Property, or any part thereof, pursuant to foreclosure of the mortgage or deed of trust, or deed in lieu of such foreclosure, shall take the Property, or part thereof, subject to the terms of this Agreement. Notwithstanding any other provision of this Agreement to the contrary, no Mortgagee shall have an obligation or duty under this Agreement to perform any of OWNER's obligations or other affirmative covenants of OWNER hereunder, or to guarantee such performance; provided, however, that to the extent that any covenant to be performed by OWNER is a condition precedent to the performance of a covenant by CITY, the performance thereof shall continue to be a condition precedent to CITY's performance hereunder, and further provided that any sale, transfer or assignment by any Mortgagee in possession shall be subject to the provisions of Section 2.4 of this Agreement.

## 11. MISCELLANEOUS PROVISIONS.

11.1 Recordation of Agreement. This Agreement and any amendment or cancellation thereof shall be recorded with the San Bernardino County Recorder by the City Clerk within the ten (10) days after the CITY executes this Agreement, as required by Section 65868.5 of the Government Code. If the parties to this Agreement or their successors in interest amend or cancel this Agreement as provided for herein and in Government Code Section 65868, or if the CITY terminates or modifies the agreement as provided for herein and in Government Code Section 65865.1 for failure of the applicant to comply in good faith with the terms or conditions of this Agreement, the City Clerk shall have notice of such action recorded with the San Bernardino County Recorder.

11.2 Entire Agreement. This Agreement sets forth and contains the entire understanding and agreement of the parties, and there are no oral or written representations, understandings or ancillary covenants, undertakings or agreements which are not contained or expressly referred to herein. No testimony or evidence of any such representations, understandings or covenants shall be admissible in any proceeding of any kind or nature to interpret or determine the terms or conditions of this Agreement.

11.3 Severability. If any term, provision, covenant or condition of this Agreement shall be determined invalid, void or unenforceable, the remainder of this Agreement shall not be affected thereby to the extent such remaining provisions are not rendered impractical to perform taking into consideration the purposes of this Agreement. Notwithstanding the foregoing, the provision of the Public Benefits set forth in Section 4 of this Agreement, including the payment of the fees set forth therein, are essential elements of this Agreement and CITY would not have entered into this Agreement but for such provisions, and therefore in the event such provisions are determined to be invalid, void or unenforceable, this entire Agreement shall be null and void and of no force and effect whatsoever.

11.4 Interpretation and Governing Law. This Agreement and any dispute arising hereunder shall be governed and interpreted in accordance with the laws of the State of California. This Agreement shall be construed as a whole according to its fair language and common meaning to achieve the objectives and purposes of the parties hereto, and the rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement, all parties having been represented by counsel in the negotiation and preparation hereof.

11.5 Section Headings. All section headings and subheadings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

11.6 Singular and Plural. As used herein, the singular of any word includes the plural.

11.7 Joint and Several Obligations. Subject to section 2.4, if at any time during the term of this Agreement the Property is owned, in whole or in part, by more than one owner, all obligations of such owners under this Agreement shall be joint and several, and the default of any such owner shall be the default of all such owners. Notwithstanding the foregoing, no owner of a single lot which has been finally subdivided and sold to such owner as a member of the general public or otherwise as an ultimate user shall have any obligation under this Agreement except as provided under Section 4 hereof.

11.8 Time of Essence. Time is of the essence in the performance of the provisions of this Agreement as to which time is an element.

11.9 Waiver. Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by the other party, or the failure by a party to exercise its rights upon the default of the other party, shall not constitute a waiver of such party's right to insist and demand strict compliance by the other party with the terms of this Agreement thereafter.

11.10 No Third Party Beneficiaries. This Agreement is made and entered into for the sole protection and benefit of the parties and their successors and assigns. No other person shall have any right of action based upon any provision of this Agreement.

11.11 Force Majeure. Neither party shall be deemed to be in default where failure or delay in performance of any of its obligations under this Agreement is caused by floods, earthquakes, other Acts of God, fires, wars, riots or similar hostilities, strikes and other labor difficulties beyond the party's control, (including the party's employment force), government regulations, court actions (such as restraining orders or injunctions), or other causes beyond the party's control. If any such events shall occur, the term of this Agreement and the time for performance by either party of any of its obligations hereunder may be extended by the written agreement of the parties for the period of time that such events prevented such performance, provided that the term of this Agreement shall not be extended under any circumstances for more than five (5) years.

11.12 Mutual Covenants. The covenants contained herein are mutual covenants and also constitute conditions to the concurrent or subsequent performance by the party benefited thereby of the covenants to be performed hereunder by such benefited party.

11.13 Successors in Interest. The burdens of this Agreement shall be binding upon, and the benefits of this Agreement shall inure to, all successors in interest to the parties to this Agreement. All provisions of this Agreement shall be enforceable as equitable servitudes and constitute covenants running with the land. Each covenant to do or refrain from doing some act hereunder with regard to development of the Property: (a) is for the benefit of and is a burden upon every portion of the Property; (b) runs with the Property and each portion thereof; and, (c) is binding upon each party and each successor in interest during ownership of the Property or any portion thereof.

11.14 Counterparts. This Agreement may be executed by the parties in counterparts, which counterparts shall be construed together and have the same effect as if all of the parties had executed the same instrument.

11.15 Jurisdiction and Venue. Any action at law or in equity arising under this Agreement or brought by a party hereto for the purpose of enforcing, construing or determining the validity of any provision of this Agreement shall be filed and tried in the Superior Court of the County of San Bernardino, State of California, and the parties hereto waive all provisions of law providing for the filing, removal or change of venue to any other court.

11.16 Project as a Private Undertaking. It is specifically understood and agreed by and between the parties hereto that the development of the Project is a private development, that neither party is acting as the agent of the other in any respect hereunder, and that each party is an independent contracting entity with respect to the terms, covenants and conditions contained in this Agreement. No partnership, joint venture or other association of any kind is formed by this Agreement. The only relationship between CITY and OWNER is that of a government entity regulating the development of private property and the owner of such property.

11.17 Further Actions and Instruments. Each of the parties shall cooperate with and provide reasonable assistance to the other to the extent contemplated hereunder in the performance of all obligations under this Agreement and the satisfaction of the conditions of this Agreement. Upon the request of either party at any time, the other party shall promptly execute, with acknowledgment or affidavit if reasonably required, and file or record such required instruments and writings and take any actions as may be reasonably necessary under the terms of this Agreement to carry out the intent and to fulfill the provisions of this Agreement or to evidence or consummate the transactions contemplated by this Agreement. The City Manager may delegate his powers and duties under this Agreement to an Assistant City Manager or other management level employee of the CITY.

11.18 Eminent Domain. No provision of this Agreement shall be construed to limit or restrict the exercise by CITY of its power of eminent domain.

11.19 Agent for Service of Process. In the event OWNER is not a resident of the State of California or it is an association, partnership or joint venture without a member, partner or joint venturer resident of the State of California, or it is a foreign corporation, then in any such event, OWNER shall file with the Planning Director, upon its execution of this Agreement, a designation of a natural person residing in the State of California, giving his or her name, residence and business addresses, as its agent for the purpose of service of process in any court action arising out of or based upon this Agreement, and the delivery to such agent of a copy of any process in any such action shall constitute valid service upon OWNER. If for any reason service of such process upon such agent is not feasible, then in such event OWNER may be personally served with such process out of this County and such service shall constitute valid service upon OWNER. OWNER is amenable to the process so served, submits to the jurisdiction of the Court so obtained and waives any and all objections and protests thereto. OWNER for itself, assigns and successors hereby waives the provisions of the Hague Convention (Convention on the Service Abroad of Judicial and Extra Judicial Documents in Civil or Commercial Matters, 20 U.S.T. 361, T.I.A.S. No. 6638).

11.20 Estoppel Certificate. Within thirty (30) business days following a written request by any of the parties, the other party shall execute and deliver to the requesting party a statement certifying that (i) either this Agreement is unmodified and in full force and effect or there have been specified (date and nature) modifications to the Agreement, but it remains in full force and effect as modified; and (ii) either there are no known current uncured defaults under this Agreement or that the responding party alleges that specified (date and nature) defaults exist. The statement shall also provide any other reasonable information requested. The failure to timely deliver this statement shall constitute a conclusive presumption that this Agreement is in full force and effect without modification except as may be represented by the requesting party and that there are no uncured defaults in the performance of the requesting party, except as may be represented by the requesting party. OWNER shall pay to CITY all costs incurred by CITY in connection with the issuance of estoppel certificates under this Section 11.20 prior to CITY's issuance of such certificates.

11.21 Authority to Execute. The person or persons executing this Agreement on behalf of OWNER warrants and represents that he or she/they have the authority to execute this Agreement on behalf of his or her/their corporation, partnership or business entity and warrants and represents that he or she/they has/have the authority to bind OWNER to the performance of its obligations hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year set forth below.

**[SIGNATURES CONTAINED ON FOLLOWING PAGE]**

**SIGNATURE PAGE  
TO DEVELOPMENT AGREEMENT**

**"OWNER"**

SLV LC Center, , LLC, a  
Florida limited liability company,

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

HCW LC Center, LLC, a  
Florida limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

Strack Farms Land, LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

RHV Edison Avenue, LLC,  
a Florida limited liability company,

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

MV Edison Avenue, LLC,  
a Florida limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

EPC Holdings 938 LLC,  
a Washington limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**"CITY"**

CITY OF ONTARIO

By: \_\_\_\_\_  
Scott Ochoa  
City Manager

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

ATTEST:

\_\_\_\_\_  
City Clerk, Ontario

APPROVED AS TO FORM:  
COLE HUBER, LLP

\_\_\_\_\_  
City Attorney

**ACKNOWLEDGEMENT**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA )  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 20\_\_\_\_, before me, \_\_\_\_\_  
*Date* *Insert Name and Title of the Officer*

personally appeared \_\_\_\_\_  
*Name(s) of Signer(s)*

who proved to me on the basis of satisfactory evidence to be the person 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, 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 \_\_\_\_\_  
*Signature of Notary Public*

*Place Notary Seal Above*



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COUNTY OF \_\_\_\_\_ )

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COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 20\_\_\_\_, before me, \_\_\_\_\_,  
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personally appeared \_\_\_\_\_  
*Name(s) of Signer(s)*

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COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 20\_\_\_\_, before me, \_\_\_\_\_  
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personally appeared \_\_\_\_\_  
*Name(s) of Signer(s)*

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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 \_\_\_\_\_  
*Signature of Notary Public*

*Place Notary Seal Above*

**EXHIBIT "A"**  
**TO DEVELOPMENT AGREEMENT**

**Legal Description of Property**

Real property in the City of Ontario, County of San Bernardino, State of California, described as follows:

PARCEL 1: (APN: PORTION OF 0218-252-08-0-000)

THE NORTHWEST ¼ OF THE SOUTHEAST ¼ OF SECTION 13, TOWNSHIP 2 SOUTH, RANGE 7 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE CITY OF ONTARIO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPT THE EASTERLY 390.07 FEET AS MEASURED ALONG THE NORTHERLY LINE. ALSO EXCEPT THE WESTERLY 30 FEET LYING WITHIN CLEVELAND AVENUE. ALSO EXCEPT THAT PORTION CONVEYED TO THE CITY OF ONTARIO, A MUNICIPAL CORPORATION BY DEED RECORDED APRIL 3, 2009 AS INSTRUMENT NO. 2009-0141620 OF OFFICIAL RECORDS.

PARCEL 2: (APN: PORTION OF 0218-252-08-0-000)

GOVERNMENT LOT NO. 2 OF SECTION 13, TOWNSHIP 2 SOUTH, RANGE 7 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE CITY OF ONTARIO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPT THE WESTERLY 30 FEET LYING WITHIN CLEVELAND AVENUE.

ALSO EXCEPT THE EASTERLY 390.07 FEET AS MEASURED ALONG THE NORTHERLY LINE OF SAID GOVERNMENT LOT NO. 2.

ALSO EXCEPT THAT PORTION CONVEYED TO THE CITY OF ONTARIO, A MUNICIPAL CORPORATION BY DEED RECORDED APRIL 3, 2009 AS INSTRUMENT NO. 2009-0141620 OF OFFICIAL RECORDS.

PARCEL 3: (APN: 0218-252-09-0-000)

ALL OF GOVERNMENT LOT NO. 3 OF SECTION 13, TOWNSHIP 2 SOUTH, RANGE 7 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF ONTARIO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPT THE EAST 30 FEET LYING WITHIN ADAMS AVENUE.

**EXHIBIT "A" CONTINUED  
TO DEVELOPMENT AGREEMENT**

**Legal Description of Property**

ALSO EXCEPT THE WESTERLY 390.57 FEET AS MEASURED ALONG THE NORTHERLY LINE OF SAID LOT NO. 3.

PARCEL 4: (APN: PORTION OF 0218-252-07-0-000)

THE EASTERLY 390.07 FEET, AS MEASURED ALONG THE NORTH LINE, OF THE NORTHWEST  $\frac{1}{4}$  OF THE SOUTHEAST  $\frac{1}{4}$  OF SECTION 13, TOWNSHIP 2 SOUTH, RANGE 7 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE CITY OF ONTARIO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO GOVERNMENT SURVEY, TOGETHER WITH THE EASTERLY 390.07 FEET, AS MEASURED ALONG THE NORTHERLY LINE, OF GOVERNMENT LOT NO. 2 OF SAID SECTION 13.

EXCEPT THE SOUTHERLY 45.00 FEET OF THE NORTHERLY 75.00 FEET OF THE EASTERLY 40.00 FEET OF SAID NORTHWEST  $\frac{1}{4}$  OF THE SOUTHEAST  $\frac{1}{4}$  OF SAID SECTION 13.

PARCEL 5: (APN: PORTION OF 0218-252-07-0-000)

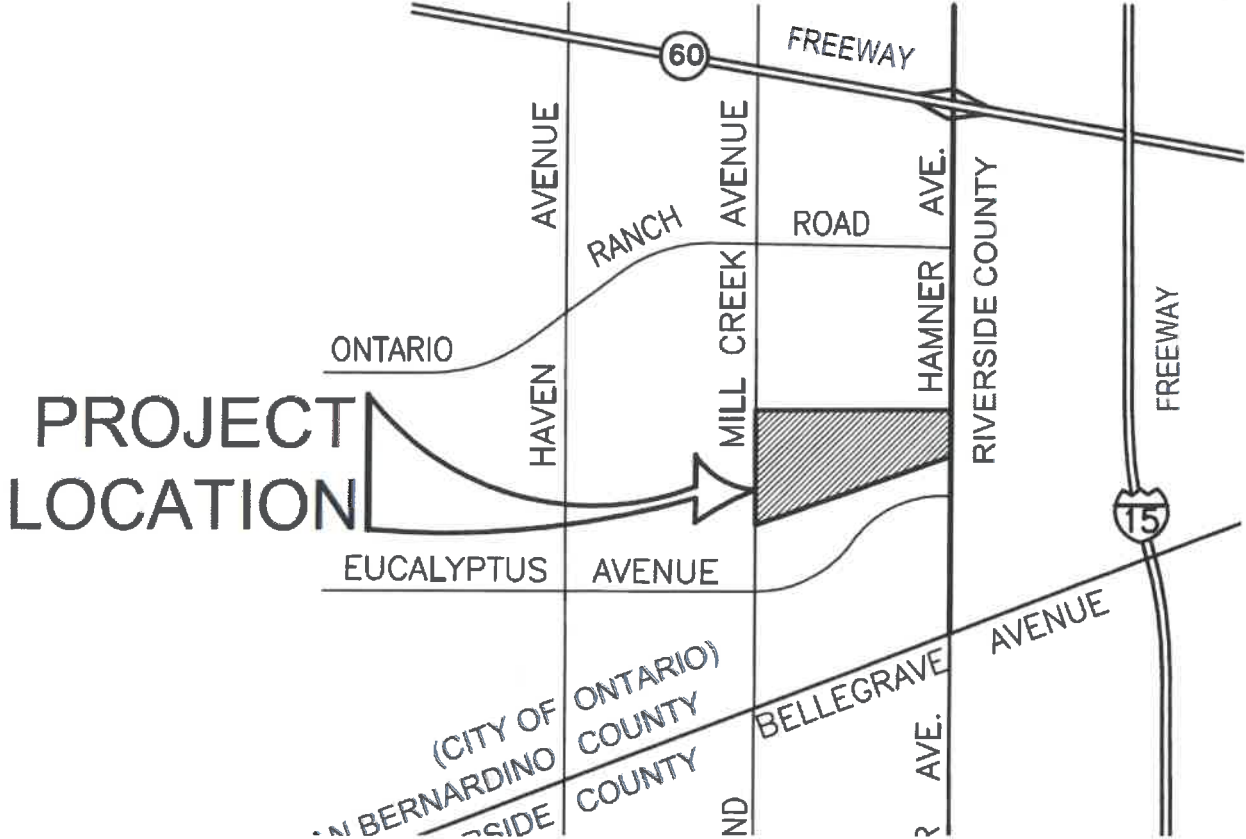
THE WESTERLY 390.57 FEET, AS MEASURED ALONG THE NORTHERLY LINE OF GOVERNMENT LOT NO. 3, SECTION 13, TOWNSHIP 2 SOUTH, RANGE 7 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE CITY OF ONTARIO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO GOVERNMENT SURVEY.

EXCEPT THE WESTERLY 10 FEET OF THE SOUTHERLY 45.00 FEET OF THE NORTHERLY 75 FEET OF SAID GOVERNMENT LOT NO. 3.



**EXHIBIT "B"**  
**TO DEVELOPMENT AGREEMENT**

**Map showing Property and its location**



**EXHIBIT "C"**  
**TO DEVELOPMENT AGREEMENT**

**Existing Development Approvals**

On December 18, 2006, the Planning Commission:

- a) Issued Resolution No. PC06-170 recommending City Council adopt and certify the Esperanza Environmental Impact Report (SCH#2002061047).
- b) Issued Resolution No. PC06-171 recommending City Council approval of the Esperanza Specific Plan (File No. PSP05-002).

On January 16, 2007, the City Council:

- a) Adopted and certified the Esperanza Environmental Impact Report (SCH#2002061047) and issued Resolution No. 2007-008.

On February 6, 2007, the City Council:

- a) Approved the Esperanza Specific Plan (File No. PSP05-002) and adopted Ordinance No. 2852.

On August 27, 2019, the Planning Commission:

- a) Issued Resolution No. PC19-064 for the approval of Tentative Tract Map 20157 (File No. PMTT18-002).
- b) Issued Resolution No. PC19-068 recommending City Council approval of the Development Agreement (File No. PDA19-002).

**EXHIBIT "D"**  
**TO DEVELOPMENT AGREEMENT**

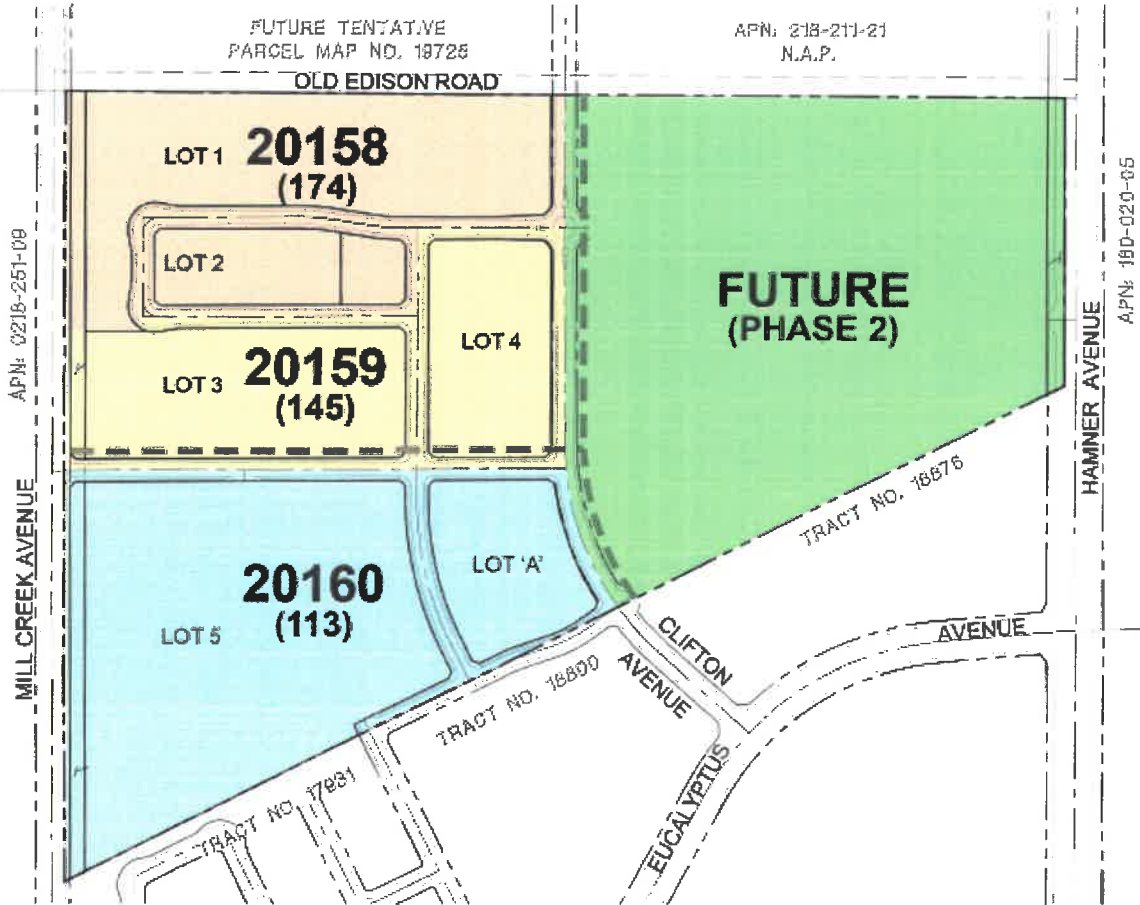
**Existing Land Use Regulations**

These documents are listed for reference only:

1. Esperanza Specific Plan EIR (SCH#2002061047), Resolution No. 2007-008
2. Esperanza Specific Plan (File No. PSP05-002), Ordinance No. 2852
3. City of Ontario Municipal Code
  - a. Six – Sanitation & Health
  - b. Seven – Public Works
  - c. Eight – Building Regulations
  - d. Nine – Development Code
  - e. Ten – Parks & Recreation

**EXHIBIT "E"**  
**TO DEVELOPMENT AGREEMENT**

**Phasing Plan**



# Exhibit "E-1" TO DEVELOPMENT AGREEMENT

## Esperanza Specific Plan Land Use Map

Section 4. LAND USE

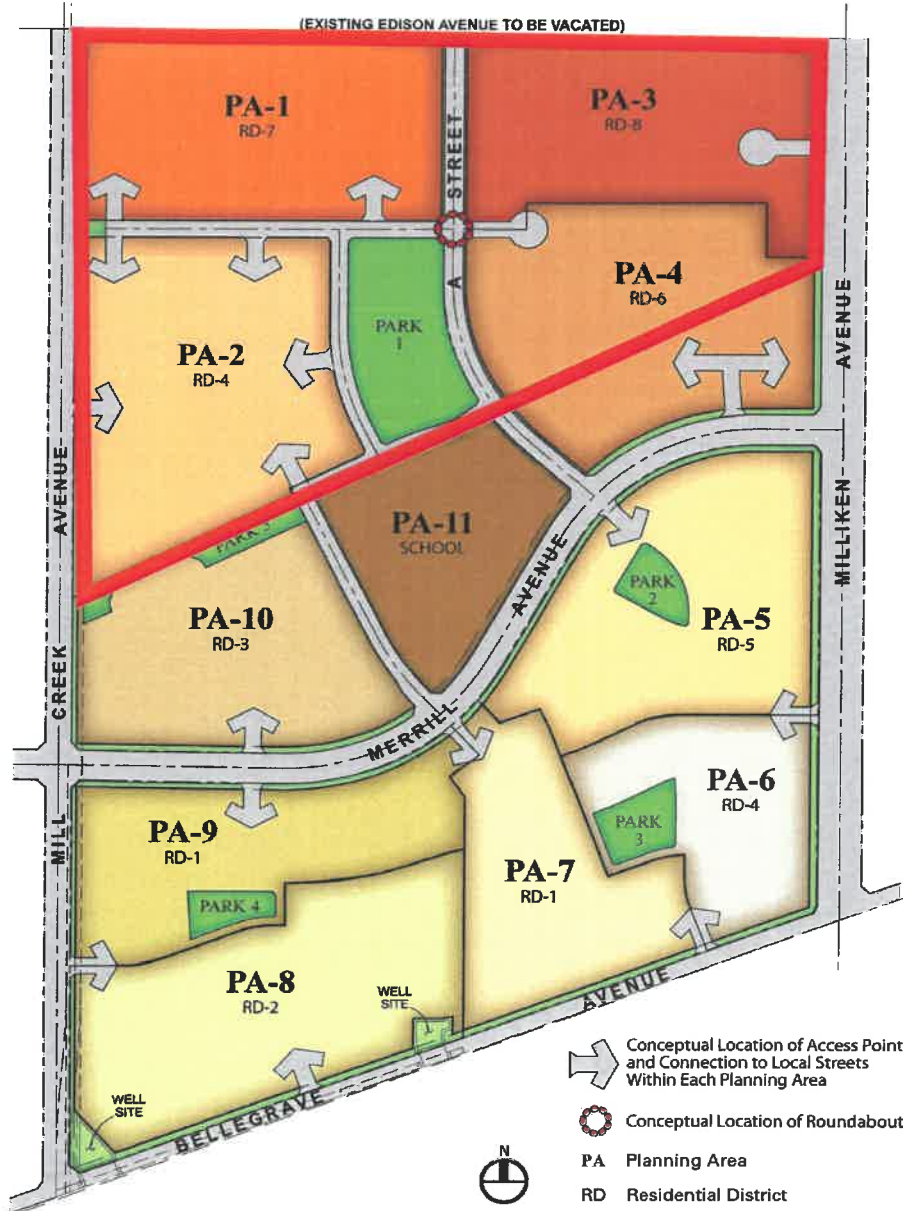
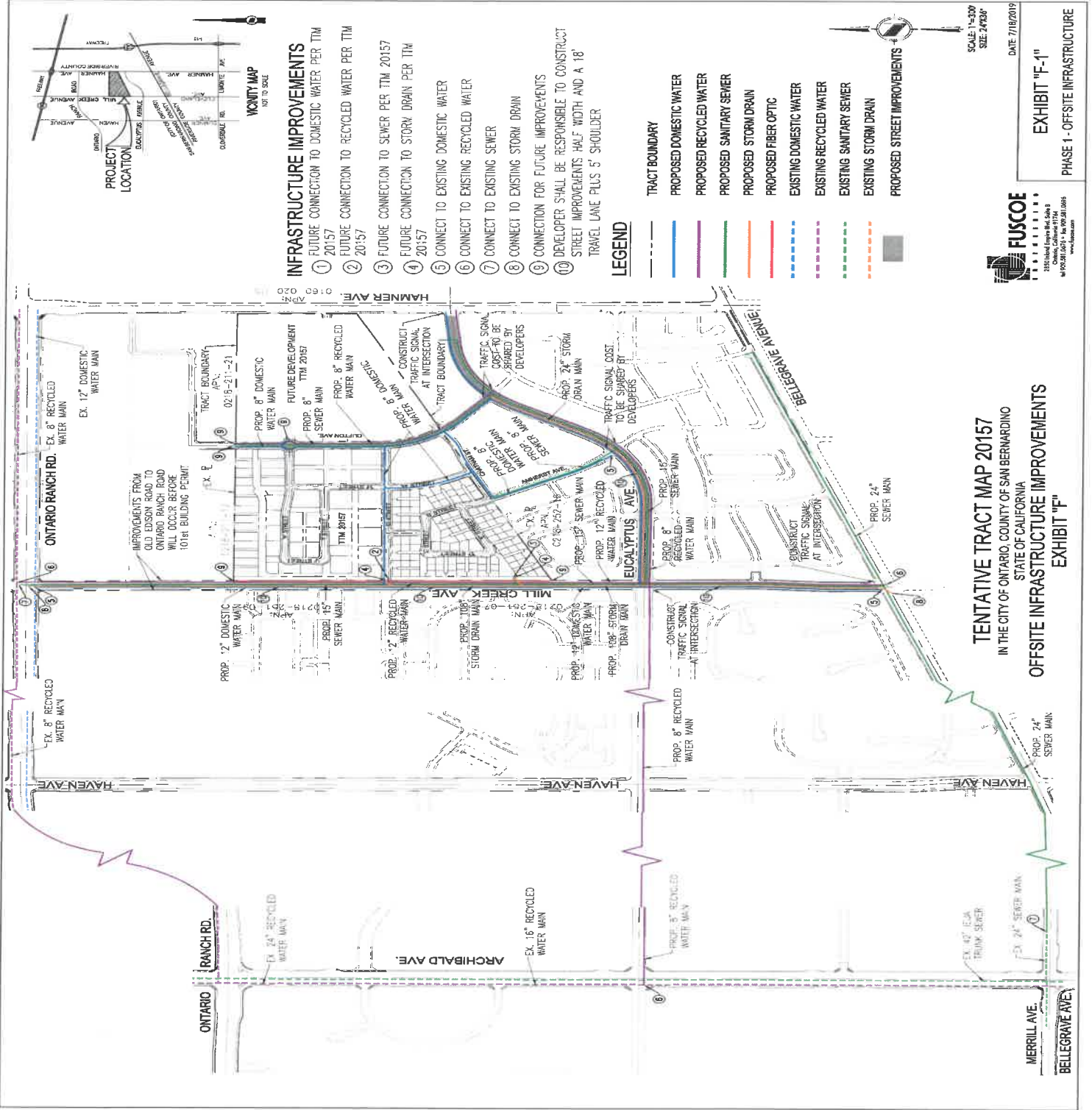


Exhibit 8  
Land Use Plan

# Exhibit "F-1" TO DEVELOPMENT AGREEMENT

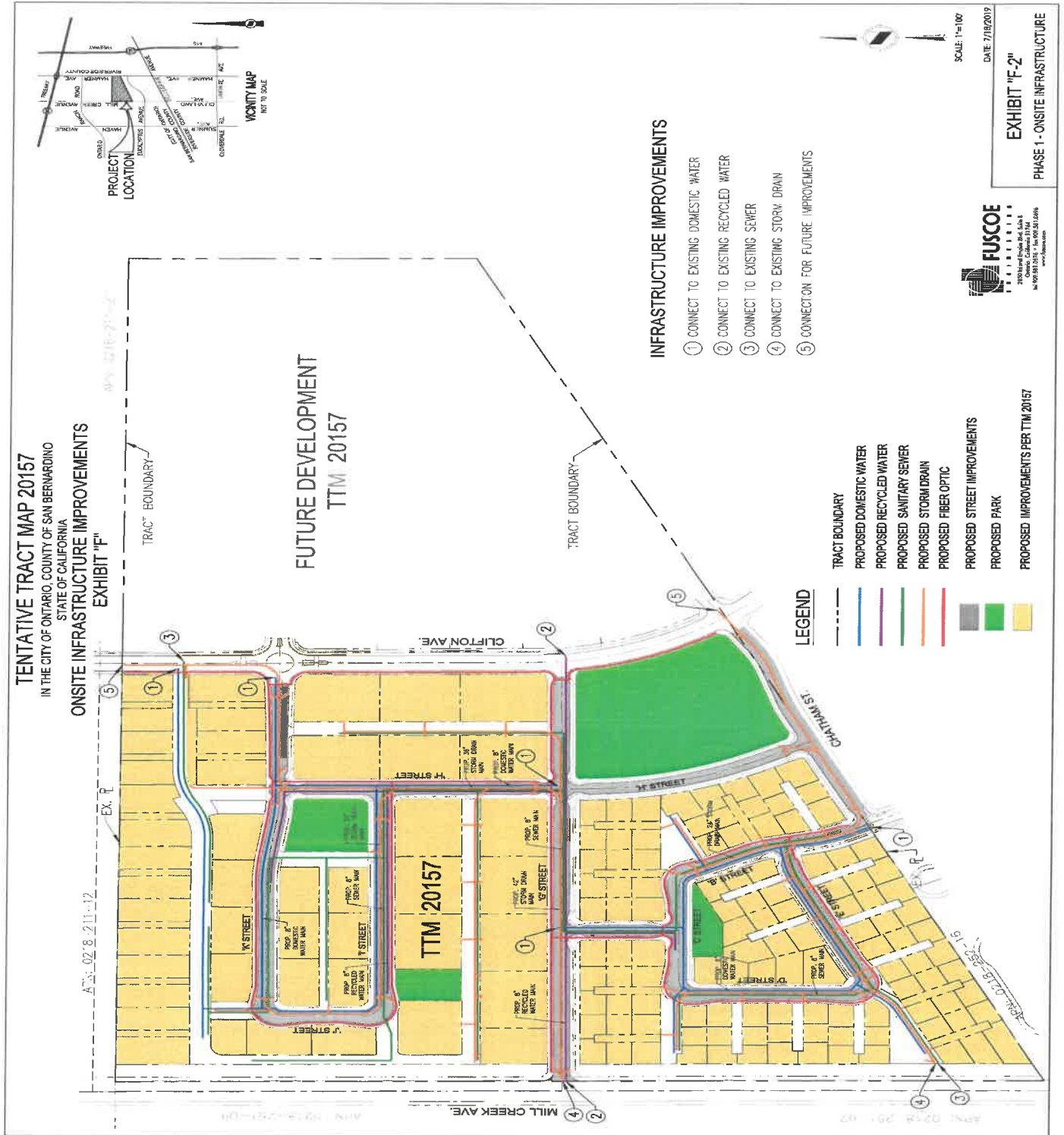
## Required Infrastructure Improvements





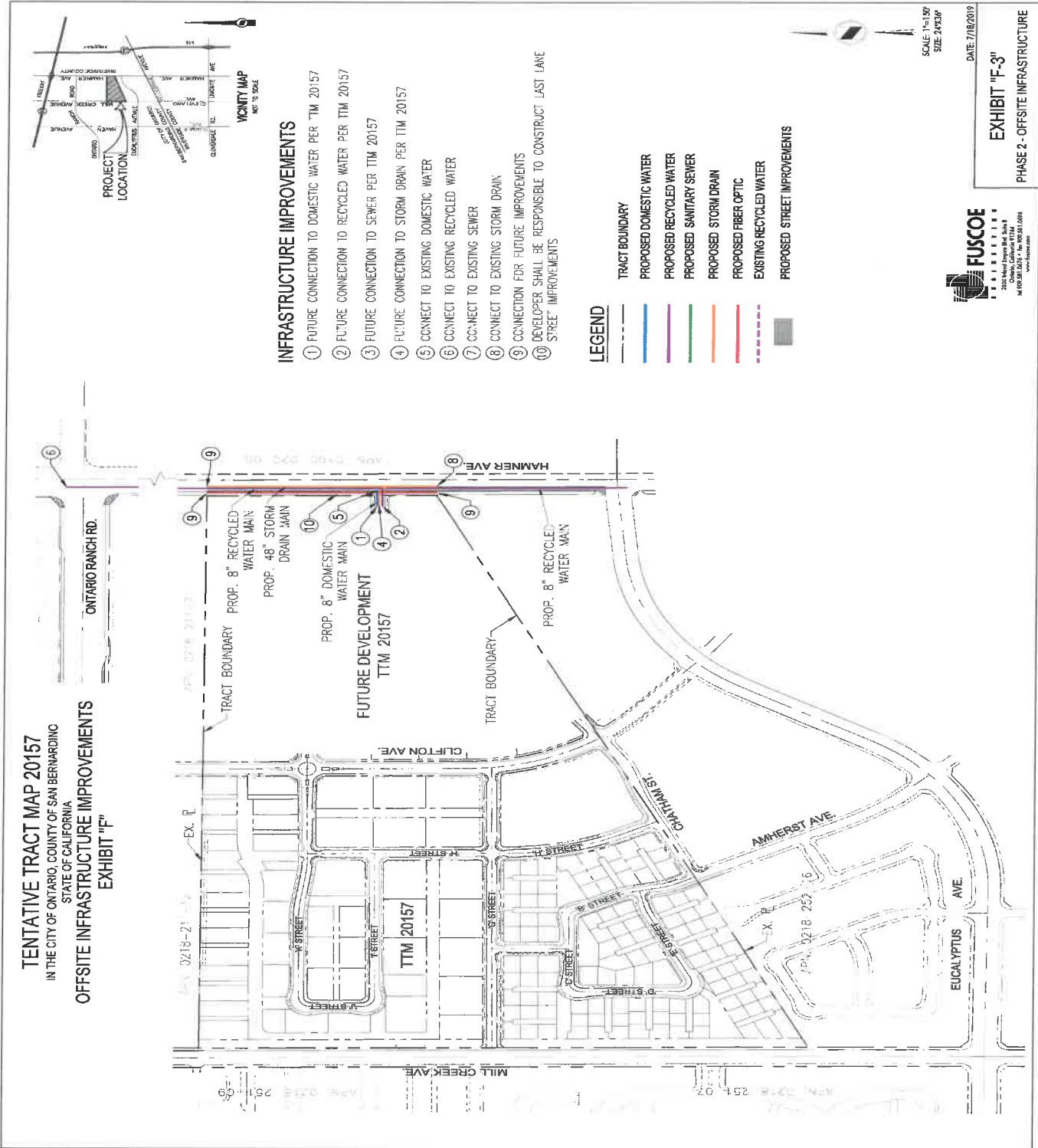
# Exhibit "F-2" TO DEVELOPMENT AGREEMENT

## Required Infrastructure Improvements



# Exhibit "F-3" TO DEVELOPMENT AGREEMENT

## Require Infrastructure Improvements





# CITY OF ONTARIO

Agenda Report  
October 1, 2019

SECTION:  
CONSENT CALENDAR

**SUBJECT: IMPROVEMENT AGREEMENT AND IMPROVEMENT SECURITY FOR FINAL TRACT MAP NO. 16486, LOCATED ON OLIVE STREET, APPROXIMATELY 655 FEET EAST OF BAKER AVENUE**

**RECOMMENDATION:** That the City Council approve and authorize the City Manager to execute an improvement agreement and improvement security for Final Tract Map No. 16486, located on Olive Street, approximately 655 feet east of Baker Avenue.

**COUNCIL GOALS:** Invest in the Growth and Evolution of the City's Economy  
Focus Resources in Ontario's Commercial and Residential Neighborhoods  
Invest in the City's Infrastructure (Water, Streets, Sewers, Parks, Storm Drains and Public Facilities)

**FISCAL IMPACT:** None. All public infrastructure improvements required for Final Tract Map No. 16486 will be constructed by the developer at its sole cost.

**BACKGROUND:** Final Tract Map No. 16486, consisting of twelve (12) residential lots on 9.32 acres, as shown on "Exhibit A", was submitted by the developer, G-Apex, Inc., and was approved by the City Council on February 1, 2005 and subsequently recorded on February 10, 2005. G-Apex had entered into an improvement agreement with the City and posted adequate improvement security. However, G-Apex never proceeded with the construction of any public improvements and has since transferred ownership of the property to X&W Investments, LLC (Mr. Ling Xu, Owner). X&W Investments, LLC is submitting the attached improvement agreement and security as a substitute for those previously submitted by G-Apex to ensure construction of the required improvements.

Improvements will include street widening on Olive Street, curb, gutter, sidewalk, parkway landscaping and irrigation, fire hydrants, sewer main, water laterals and street lights. Improvements in parkway landscaping will be consistent with current City approved drought measures.

**STAFF MEMBER PRESENTING:** Scott Murphy, AICP, Executive Director Development Agency

Prepared by: Miguel Sotomayor  
Department: Engineering

City Manager Approval: 

Submitted to Council/O.H.A. 10/01/2019

Approved: \_\_\_\_\_

Continued to: \_\_\_\_\_

Denied: \_\_\_\_\_

# EXHIBIT A



# CITY OF ONTARIO

Agenda Report  
October 1, 2019

SECTION:  
CONSENT CALENDAR


**SUBJECT: AUTHORIZE THE PURCHASE OF FLEET VEHICLES AND EQUIPMENT**

**RECOMMENDATION:** That the City Council take the following actions:

- (A) Authorize the cooperative purchase and delivery of one CNG Kenworth/Vactor combination sewer jetter in the amount of \$387,441 for the Utilities Department from Haaker Equipment Company of La Verne, California, consistent with the terms and conditions of the Sourcewell (formerly known as NJPA) Cooperative Contract 122017-FSC; and
- (B) Authorize the cooperative purchase and delivery of one Ford F650SD Aerial Service Truck in the amount of \$169,361 for the Municipal Services Department from Terex Utilities Inc. of Watertown, South Dakota, consistent with the terms and conditions of the Sourcewell (formerly known as NJPA) Cooperative Contract 012418-TER; and
- (C) Authorize the cooperative purchase and delivery of one CNG Three Axle Dump Truck in the amount of \$233,368 for the Parks and Maintenance Department from Los Angeles Freightliner of Whittier, California, consistent with the terms and conditions of the County of Orange order number PO-012-17010353; and
- (D) Authorize the cooperative purchase and delivery of eight trucks for a total amount of \$1,085,351 (one F750 Service Body Truck in the amount of \$226,349 and one F450 Traffic Control Truck in the amount of \$119,321 for the Utilities Department, and two F650 Stake Bed Trucks in the amount of \$265,834, one F350 Traffic Control Truck in the amount of \$121,245, two Ford F350 Sign Trucks in the amount of \$262,995, and one F350 Dump Truck in the amount of \$89,607 for the Parks and Maintenance Department) from PB Loader Corporation of Fresno, California, consistent with the terms and conditions of the Sourcewell (formerly known as NJPA) Cooperative Contract 052417-PBL.

**COUNCIL GOALS: Maintain the Current High Level of Public Safety  
Operate in a Businesslike Manner**

**STAFF MEMBER PRESENTING:** Tito Haes, Executive Director Public Works

Prepared by: Michael Johnson  
Department: Municipal Services  
City Manager Approval: 

Submitted to Council/O.H.A. 10/01/2019  
Approved: \_\_\_\_\_  
Continued to: \_\_\_\_\_  
Denied: \_\_\_\_\_

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**FISCAL IMPACT:** The Adopted Fiscal Year 2019-20 Operating Budget includes appropriations from the Equipment Services Fund in the amount of \$1,488,080 for ten replacement vehicles and \$387,441 from Sewer Operating Funds for the purchase of one additional vehicle listed above. Appropriations of \$1,875,521 are available to cover the cost of the vehicles recommended for purchase.

**BACKGROUND:** The vehicles recommended for replacement in this action have outlived their useful lives, and it is no longer cost-effective to maintain them. They are scheduled for replacement pursuant to ongoing efforts to reduce expenses, maximize useful life-expectancy, and extend replacement cycles of fleet equipment while ensuring safe and reliable operations. This procurement action will result in the replaced vehicles being available to surplus, with any auction sale proceeds retuning to the Equipment Services Fund. One vehicle in the Utilities Department will be added to expand the City's current fleet.

In general conformance with the provisions of Government Code Section 54201 through 54204, Ontario Municipal Code Section 2-6.11(b)(3), allows for the purchase of supplies and equipment through cooperative purchasing with another governmental agency. Cooperative purchasing allows the City to pool its procurement power with other public agencies to obtain pricing lower than otherwise might be possible.

- (A) Staff recommends the cooperative purchase and delivery of one CNG Kenworth/Vactor combination sewer jetter in the amount of \$387,441 for the Utilities Department from Haaker Equipment Company of La Verne, California, consistent with the terms and conditions of the Sourcewell (formerly known as NJPA) Cooperative Contract 122017-FSC; and
- (B) Staff recommends the cooperative purchase and delivery of one Ford F650SD aerial service truck in the amount of \$169,361 for the Municipal Services Department from Terex Utilities Inc. of Watertown, South Dakota, consistent with the terms and conditions of the Sourcewell (formerly known as NJPA) Cooperative Contract 012418-TER; and
- (C) Staff recommends the cooperative purchase and delivery of one CNG Three Axle Dump Truck in the amount of \$233,368 for the Parks and Maintenance Department from Los Angeles Freightliner of Whittier, California, consistent with the terms and conditions of the County of Orange order number PO-012-17010353; and
- (D) Staff recommends the cooperative purchase and delivery of eight trucks for a total amount of \$1,085,351 (one F750 Service Body Truck in the amount of \$226,349 and one F450 Traffic Control Truck in the amount of \$119,321 for the Utilities Department; and two F650 Stake Bed Trucks in the amount of \$265,834, one F350 Traffic Control Truck in the amount of \$121,245, two Ford F350 Sign Trucks in the amount of \$262,995, and one F350 Dump Truck in the amount of \$89,607 for the Parks and Maintenance Department) from PB Loader Corporation of Fresno, California, consistent with the terms and conditions of the Sourcewell (formerly known as NJPA) Cooperative Contract 052417-PBL.

# CITY OF ONTARIO

Agenda Report  
October 1, 2019

SECTION:  
CONSENT CALENDAR

**SUBJECT: A WRITTEN PETITION TO CREATE A COMMUNITY FACILITIES DISTRICT; A RESOLUTION OF INTENTION TO ESTABLISH CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 46 (AVENUE 176 FACILITIES) AND TO AUTHORIZE THE LEVY OF SPECIAL TAXES; AND A RESOLUTION TO INCUR BONDED INDEBTEDNESS**

**RECOMMENDATION:** That the City Council consider and:

- (A) Accept a written petition (on file with the Records Management Department) from Lennar Homes of California, Inc. a California corporation, to create a Community Facilities District, and to waive certain procedural matters under the Mello-Roos Community Facilities Act of 1982;
- (B) Adopt a Resolution of Intention to establish City of Ontario Community Facilities District No. 46 (Avenue 176 Facilities) (the "CFD") and authorize the associated levy of special taxes therein; and set a public hearing for the formation of the CFD as part of the regularly scheduled City Council meeting on Tuesday, November 5, 2019; and
- (C) Adopt a Resolution to Incur Bonded Indebtedness of proposed Community Facilities District No. 46 (Avenue 176 Facilities).

**COUNCIL GOALS: Operate in a Businesslike Manner**


**Focus Resources in Ontario's Commercial and Residential Neighborhoods**

**Invest in the City's Infrastructure (Water, Streets, Sewers, Parks, Storm Drains and Public Facilities)**

**Ensure the Development of a Well Planned, Balanced, and Self-Sustaining Community in Ontario Ranch**

**FISCAL IMPACT:** The use of Mello-Roos financing for facilities in the residential development of the proposed CFD for the Avenue 176 project is estimated to generate approximately \$7.3 million,

**STAFF MEMBER PRESENTING:** Armen Harkalyan, Executive Director of Finance

Prepared by: Bob Chandler  
Department: General Services  
City Manager Approval: 

Submitted to Council/O.H.A. 10/01/2019  
Approved: \_\_\_\_\_  
Continued to: \_\_\_\_\_  
Denied: \_\_\_\_\_

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which will be used to help fund a portion of the public infrastructure improvements that will serve the project. Since Mello-Roos bonds are not a direct obligation of the City, and are paid from special taxes levied on each taxable parcel in the district, there is no General Fund impact from the issuance of Mello-Roos bonds. There is no fiscal impact at this time; however, there will be proposed levies in future years that will require City Council approval.

**BACKGROUND:** The Mello-Roos Community Facilities Act of 1982 provides local government, with the consent from a majority of the property owners, the authority to establish community facilities districts for the purpose of levying special taxes to fund governmental services and to finance various kinds of public infrastructure facilities. Under the Mello-Roos Act, the initial steps in the formation of a community facilities district to finance public improvements are adopting resolutions declaring the intention to establish a community facilities district, authorizing the levy of special taxes, and to issue bonds.

In the First Amended and Restated Agreement for the Financing and Construction of Limited Infrastructure Improvements to Serve an Easterly Portion of the New Model Colony (“First Amended and Restated Construction Agreement”) between the City and NMC Builders, LLC, the City agreed to cooperate with the members of NMC Builders, LLC in the formation of community facilities districts. Lennar Homes of California, Inc. a member of NMC Builders, has provided a written a petition to the City requesting formation of a community facilities district for the Avenue 176 project in Ontario Ranch. The Avenue 176 project addresses the development of approximately 38 gross acres located generally east of Archibald Avenue, generally west of Turner Avenue, south of La Avenida Drive, and north of Ontario Ranch Road. At build out, the development is projected to include 176 detached units.

Included, as part of the resolution of intention for the proposed district, is the proposed Rate and Method of Apportionment of Special Tax for City of Ontario Community Facilities District No. 46 (Avenue 176 Facilities). The terms of the Rate Method of Apportionment of Special Tax are consistent with the City Council’s adopted Mello-Roos Local Goals and Policies in all aspects.

Under the proposed Rate and Method of Apportionment, **the portion of the maximum annual special tax rates which will be used to fund debt service payments on the bonds is fixed and will not increase over time.** The amount of bonds authorized (\$24 million) under the resolution is set intentionally higher than the current proposed bond amount (approximately \$7.3 million) in order to allow future City Councils the option, without increasing the amount of the annual special taxes, to issue additional bonds to replace and/or construct new public infrastructure improvements in the future, or to fund City services. The term and structure of the Rate and Method of Apportionment of Special Tax for the Avenue 176 project are consistent with those of the previously adopted Rates and Methods of Apportionment for Ontario Ranch community facilities districts. This will ensure that the special tax rates levied on all residential property owners in community facilities districts in Ontario Ranch are developed in a consistent and equivalent manner. In addition, under the provisions of the Mello-Roos Act, to ensure that home buyers are making an informed decision, all residential builders in Ontario Ranch community facilities districts will be required to disclose the maximum annual special tax amounts to each homeowner before they enter into a sales contract.

City staff members have discussed the proposed Rate and Method of Apportionment of Special Tax with the landowner. As proposed, the resolution of intention to establish the district and to levy special taxes will set the public hearing date on the formation of the community facilities district for the regularly scheduled City Council meeting on Tuesday, November 5, 2019 to consider the matter.

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, OF INTENTION TO ESTABLISH A COMMUNITY FACILITIES DISTRICT, PROPOSED TO BE NAMED CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 46 (AVENUE 176 FACILITIES), AND TO AUTHORIZE THE LEVY OF SPECIAL TAXES.

WHEREAS, Section 53318 of the Mello-Roos Community Facilities Act of 1982 (the "Act") provides that proceedings for the establishment of a Community Facilities District shall be instituted by a legislative body of a local agency when a petition requesting the institution of the proceedings signed by the owners of not less than 10% of the area of land proposed to be included in the community facilities district and not proposed to be exempt from the special tax, describing the boundaries of the territory that is proposed for inclusion in the community facilities district and specifying the types of facilities and services to be financed by the community facilities district is filed with the clerk of the legislative body; and

WHEREAS, Section 53318 of the Act further provides that such a petition is not required to be acted upon until the payment of a fee in an amount that the legislative body determines, within 45 days of receiving such petition, is sufficient to compensate the legislative body for all costs incurred in conducting proceedings to create a community facilities district pursuant to the Act; and

WHEREAS, the City Council (the "City Council") of the City of Ontario (the "City") has received a written petition (the "Petition") from Lennar Homes of California, Inc., a California corporation (the "Landowner") requesting the institution of proceedings for the establishment of a community facilities district (the "Community Facilities District"), describing the boundaries of the territory that is proposed for inclusion in the Community Facilities District and specifying the types of facilities and services to be financed by the Community Facilities District; and

WHEREAS, the Landowner has represented and warranted to the City Council that the Landowner is the owner of 100% of the area of land proposed to be included within the Community Facilities District and not proposed to be exempt from the special tax; and

WHEREAS, Section 53314.9 of the Act provides that, at any time either before or after the formation of a community facilities district, the legislative body may accept advances of funds from any source, including, but not limited to, private persons or private entities and may provide, by resolution, for the use of those funds for any authorized purpose, including, but not limited to, paying any cost incurred by the local agency in creating a community facilities district; and

WHEREAS, Section 53314.9 of the Act further provides that the legislative body may enter into an agreement, by resolution, with the person or entity advancing the funds, to repay all or a portion of the funds advanced, as determined by the legislative

body, with or without interest, under all the following conditions: (a) the proposal to repay the funds is included in both the resolution of intention to establish a community facilities district adopted pursuant to Section 53321 of the Act and in the resolution of formation to establish a community facilities district pursuant to Section 53325.1 of the Act, (b) any proposed special tax is approved by the qualified electors of the community facilities district pursuant to the Act, and (c) any agreement shall specify that if the qualified electors of the community facilities district do not approve the proposed special tax, the local agency shall return any funds which have not been committed for any authorized purpose by the time of the election to the person or entity advancing the funds; and

WHEREAS, the City and the Landowner have entered into a Deposit and Reimbursement Agreement, dated as of October 1, 2019 (the "Deposit Agreement"), relating to the Community Facilities District, that provides for the advancement of funds by the Landowner to be used to pay costs incurred in connection with the establishment of the Community Facilities District and the issuance of special tax bonds thereby, and provides for the reimbursement to the Landowner of such funds advanced, without interest, from the proceeds of any such bonds issued by the Community Facilities District; and

WHEREAS, the City desires to include in this Resolution, in accordance with Section 53314.9 of the Act, the proposal to repay funds pursuant to the Deposit Agreement;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Ontario as follows:

SECTION 1. The foregoing recitals are true and correct, and the City Council so finds and determines.

SECTION 2. The City Council hereby finds that the Petition is signed by the owner of the requisite amount of land proposed to be included in the Community Facilities District.

SECTION 3. The City Council proposes to establish a community facilities district under the terms of the Act. The boundaries of the territory proposed for inclusion in the Community Facilities District are described in the map showing the proposed Community Facilities District (the "Boundary Map") on file with the City Clerk of the City (the "City Clerk"), which boundaries are hereby preliminarily approved and to which map reference is hereby made for further particulars. The City Clerk is hereby directed to sign the original Boundary Map and record, or cause to be recorded, the Boundary Map with all proper endorsements thereon in the office of the San Bernardino County Recorder within 15 days of the date of adoption of this Resolution, all as required by Section 3111 of the California Streets and Highways Code.

SECTION 4. The name proposed for the Community Facilities District is "City of Ontario Community Facilities District No. 46 (Avenue 176 Facilities)".



SECTION 5. The public facilities (the “Facilities”) proposed to be financed by the Community Facilities District pursuant to the Act are described under the caption “Facilities” on Exhibit A hereto, which is by this reference incorporated herein. Those Facilities proposed to be purchased as completed public facilities are described under the caption “Facilities to be Purchased” on Exhibit A hereto. The services (the “Services”) proposed to be financed by the Community Facilities District pursuant to the Act are described under the caption “Services” on Exhibit A hereto. The incidental expenses proposed to be incurred are identified under the caption “Incidental Expenses” on Exhibit A hereto. All or any portion of the Facilities may be financed through a financing plan, including, but not limited to, a lease, lease-purchase or installment-purchase arrangement.

SECTION 6. Except where funds are otherwise available, a special tax sufficient to pay for all Facilities and Services, secured by recordation of a continuing lien against all nonexempt real property in the Community Facilities District, will be annually levied within the Community Facilities District. The rate and method of apportionment of the special tax (the “Rate and Method”), in sufficient detail to allow each landowner within the proposed Community Facilities District to estimate the maximum amount that he or she will have to pay, is described in Exhibit B attached hereto, which is by this reference incorporated herein. The conditions under which the obligation to pay the special tax to pay for Facilities may be prepaid and permanently satisfied are specified in the Rate and Method. The special tax will be collected in the same manner as ordinary *ad valorem* property taxes or in such other manner as the City Council shall determine, including direct billing of the affected property owners.

SECTION 7. The special tax may only finance the Services to the extent that they are in addition to those provided in the territory of the Community Facilities District before the Community Facilities District is created. The Services may not supplant services already available within that territory when the Community Facilities District is created.

SECTION 8. The tax year after which no further special tax to pay for Facilities will be levied against any parcel used for private residential purposes is specified in the Rate and Method. Under no circumstances shall the special tax to pay for Facilities 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 Community Facilities District by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. For purposes of this paragraph, a parcel shall be considered “used for private residential purposes” not later than the date on which an occupancy permit for private residential use is issued.

SECTION 9. Pursuant to Section 53344.1 of the Act, the City Council hereby reserves to itself the right and authority to allow any interested owner of property within the Community Facilities District, subject to the provisions of said Section 53344.1 and to those conditions as it may impose, and any applicable prepayment penalties as prescribed in the bond indenture or comparable instrument or document, to tender to the Community Facilities District treasurer in full payment or part payment of any

installment of the special taxes or the interest or penalties thereon which may be due or delinquent, but for which a bill has been received, any bond or other obligation secured thereby, the bond or other obligation to be taken at par and credit to be given for the accrued interest shown thereby computed to the date of tender.

SECTION 10. The City Council hereby fixes Tuesday, November 19, 2019, at 6:30 p.m., or as soon thereafter as the City Council may reach the matter, at 303 East B Street, Ontario, California, as the time and place when and where the City Council will conduct a public hearing on the establishment of the Community Facilities District.

SECTION 11. The City Clerk is hereby directed to publish, or cause to be published, a notice of said public hearing one time in a newspaper of general circulation published in the area of the proposed Community Facilities District. The publication of said notice shall be completed at least seven days prior to the date herein fixed for said hearing. Said notice shall contain the information prescribed by Section 53322 of the Act.

SECTION 12. The levy of said proposed special tax shall be subject to the approval of the qualified electors of the Community Facilities District at a special election. The proposed voting procedure shall be by mailed or hand-delivered ballot among the landowners in the Community Facilities District, with each owner having one vote for each acre or portion of an acre such owner owns in the Community Facilities District.

SECTION 13. Each officer of the City who is or will be responsible for providing one or more of the proposed types of Facilities or Services is hereby directed to study, or cause to be studied, the proposed Community Facilities District and, at or before said public hearing, file a report with the City Council containing a brief description of the Facilities and Services by type which will in his or her opinion be required to adequately meet the needs of the Community Facilities District, and his or her estimate of the cost of providing the Facilities and Services. Such officers are hereby also directed to estimate the fair and reasonable cost of the Facilities proposed to be purchased as completed public facilities and of the incidental expenses proposed to be paid. Such report shall be made a part of the record of said public hearing.

SECTION 14. The Landowner has heretofore advanced certain funds, and may advance additional funds, which have been or may be used to pay costs incurred in connection with the establishment of the Community Facilities District and the issuance of special tax bonds thereby. The City Council proposes to repay all or a portion of such funds expended for such purpose, solely from the proceeds of such bonds, pursuant to the Deposit Agreement. The Deposit Agreement is hereby incorporated herein as though set forth in full herein.

SECTION 15. The officers, employees and agents of the City are hereby authorized and directed to take all actions and do all things which they, or any of them, may deem necessary or desirable to accomplish the purposes of this Resolution and not inconsistent with the provisions hereof.

SECTION 16. This Resolution shall take effect immediately upon its adoption.

The City Clerk of the City of Ontario shall certify as to the adoption of this Resolution.

\_\_\_\_\_  
PAUL S. LEON, MAYOR

ATTEST:

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

APPROVED AS TO FORM:

\_\_\_\_\_  
COLE HUBER, LLP  
CITY ATTORNEY

STATE OF CALIFORNIA            )  
COUNTY OF SAN BERNARDINO    )  
CITY OF ONTARIO                )

I, SHEILA MAUTZ, City Clerk of the City of Ontario, DO HEREBY CERTIFY that foregoing Resolution No. 2019-    was duly passed and adopted by the City Council of the City of Ontario at their regular meeting held October 1, 2019 by the following roll call vote, to wit:

AYES:            COUNCIL MEMBERS:

NOES:           COUNCIL MEMBERS:

ABSENT:         COUNCIL MEMBERS:

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

(SEAL)

The foregoing is the original of Resolution No. 2019-    duly passed and adopted by the Ontario City Council at their regular meeting held October 1, 2019.

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

(SEAL)

## EXHIBIT A

### FACILITIES AND INCIDENTAL EXPENSES

#### Facilities

The types of facilities to be financed by the Community Facilities District are street and bridge improvements, including grading, paving, curbs and gutters, sidewalks, street signalization and signage, street lights and parkway and landscaping related thereto, domestic and recycled water distribution facilities, sewer collection facilities, solid waste facilities, storm drainage facilities, park and recreation facilities and equipment, aquatic facilities and equipment, fire facilities and equipment, police facilities and equipment, library facilities and equipment, fiber optic telecommunication system facilities, general governmental office, administrative and meeting facilities, and land, rights-of-way and easements necessary for any of such facilities.

#### Facilities to be Purchased

The types of facilities to be purchased as completed facilities are street and bridge improvements, including grading, paving, curbs and gutters, sidewalks, street signalization and signage, street lights and parkway and landscaping related thereto, domestic and recycled water distribution facilities, sewer collection facilities, solid waste facilities, storm drainage facilities, park and recreation facilities and equipment, aquatic facilities and equipment, fire facilities and equipment, police facilities and equipment, library facilities and equipment, fiber optic telecommunication system facilities, general governmental office, administrative and meeting facilities, and land, rights-of-way and easements necessary for any of such facilities.

#### Services

The types of services to be financed by the Community Facilities District are police protection services, fire protection and suppression services, ambulance and paramedic services, maintenance and lighting of parks, parkways, streets, roads and open space, flood and storm protection services and maintenance and operation of any real property or other tangible property with an estimated useful life of five or more years that is owned by the City.

#### Incidental Expenses

The incidental expenses proposed to be incurred include the following:

- (a) the cost of planning and designing public facilities to be financed, including the cost of environmental evaluations of those facilities; and
- (b) the costs associated with the creation of the Community Facilities District, issuance of bonds, determination of the amount of taxes, collection of taxes, payment of taxes, or costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities District; and
- (c) any other expenses incidental to the construction, completion, and inspection of the authorized work.

EXHIBIT B

PROPOSED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

## EXHIBIT B

### CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT No. 46 (AVENUE 176 FACILITIES)

#### RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

---

A Special Tax shall be levied on all Assessor's Parcels in the City of Ontario Community Facilities District No. 46 (Avenue 176 Facilities) ("CFD No. 46") and collected each Fiscal Year, commencing in Fiscal Year 2020-21, in an amount determined by the City Council of the City of Ontario through the application of the Rate and Method of Apportionment, as described below. All of the real property in CFD No. 46, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

#### A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

**"Acre" or "Acreage"** 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 map.

**"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 California Government Code.

**"Administrative Expenses"** means the following actual or reasonably estimated costs directly related to the administration of CFD No. 46: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or CFD No. 46 or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City or CFD No. 46 of complying with arbitrage rebate requirements; the costs to the City or CFD No. 46 of complying with City, CFD No. 46, or obligated persons or major property owner disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City or CFD No. 46 related to the analysis and reduction, if any, of the Special Tax on Single Family Property in accordance with Section C.1 herein; the costs of the City or CFD No. 46 related to an appeal of the Special Tax; the costs associated with the release of funds from any escrow account; the City's administration fees and third party expenses; the costs of City staff time and reasonable overhead relating to CFD No. 46; and amounts estimated or advanced by the City or CFD No. 46 for any other administrative purposes of CFD No. 46, including attorney's fees

and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

**“Assessor’s Parcel”** means a lot or parcel shown in an Assessor’s Parcel Map with an assigned Assessor’s Parcel Number.

**“Assessor’s Parcel Map”** means an official map of the Assessor of the County designating parcels by Assessor’s Parcel Number.

**“Assessor’s Parcel Number”** means, with respect to an Assessor’s Parcel, that number assigned to such Assessor’s Parcel by the County for purposes of identification.

**“Assigned Special Tax”** means the Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C.1.a.2 below.

**“Backup Special Tax”** means the Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C.1.a.3 below.

**“Bonds”** means any bonds or other debt (as defined in Section 53317(d) of the Act) issued by CFD No. 46 under the Act and payable from Special Taxes.

**“Buildable Lot”** means an individual lot, within a Final Subdivision Map or an area expected by CFD No. 46 to become Final Mapped Property, such as the area within a Tentative Tract Map, for which a building permit may be issued without further subdivision of such lot.

**“CFD Administrator”** means an official of the City responsible for determining the Special Tax Requirement, providing for the levy and collection of the Special Taxes, and performing the other duties provided for herein.

**“CFD No. 46”** means City of Ontario Community Facilities District No. 46 (Avenue 176 Facilities).

**“City”** means the City of Ontario, California.

**“City Council”** means the City Council of the City, acting as the legislative body of CFD No. 46.

**“Contractual Impositions”** means (a) a voluntary contractual assessment established and levied on an Assessor’s Parcel pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (commencing with Section 5898.10 *et seq.*), as amended from time to time, (b) a special tax established and levied on an Assessor’s Parcel pursuant to Section 53328.1 of the California Government Code and related provisions of the Act, as amended from time to time, and (c) any other fee, charge, tax, or assessment established and levied on an individual Assessor’s Parcel pursuant to a contractual agreement or other voluntary consent by the owner thereof (e.g., property owner association assessments).



**“County”** means the County of San Bernardino.

**“Designated Buildable Lot”** means a Buildable Lot for which a building permit has not been issued by the City as of the date of calculation of the Backup Special Tax.

**“Developed Property”** means for each Fiscal Year, all Taxable Property, exclusive of Final Mapped Property, Taxable Property Owner Association Property, and Taxable Public Property, for which a building permit or other applicable permit for new construction was issued after January 1, 2019, and before May 1 of the prior Fiscal Year.

**“Expected Residential Lot Count”** means 176 Buildable Lots of Single Family Property or, as determined by the CFD Administrator, the number of Buildable Lots of Single Family Property based on the most recent Tentative Tract Map(s) or most recently recorded Final Subdivision Map(s) or modified Final Subdivision Map(s).

**“Facilities”** means the public facilities authorized to be financed, in whole or in part, by CFD No. 46.

**“Final Mapped Property”** means, for each Fiscal Year, all Taxable Property, exclusive of Developed Property, Taxable Property Owner Association Property, and Taxable Public Property, which as of January 1 of the previous Fiscal Year was located within a Final Subdivision Map. The term Final Mapped Property shall include any parcel map or Final Subdivision Map, or portion thereof, that creates individual lots for which a building permit may be issued, including Parcels that are designated as a remainder Parcel (i.e., one where the size, location, etc., precludes any further subdivision or taxable use).

**“Final Subdivision Map”** means a final tract map, parcel map, or lot line adjustment approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or a condominium plan recorded pursuant to California Civil Code 1352 that, in either case, creates individual lots for which building permits may be issued without further subdivision.

**“Fiscal Year”** means the period starting July 1 and ending on the following June 30.

**“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.

**“Land Use Class”** means any of the classes listed in Table 1 below.

**“Maximum Special Tax”** means, with respect to an Assessor’s Parcel of Taxable Property, the Maximum Special Tax determined in accordance with Section C.1 below that can be levied in any Fiscal Year on such Assessor’s Parcel of Taxable Property.

**“Minimum Sale Price”** means the minimum price at which Units of a given Land Use Class have sold or are expected to be sold in a normal marketing environment and shall not include prices for such Units that are sold at a discount to expected sales prices for the purpose of stimulating the initial sales activity with respect to such Land Use Class.

**“Non-Residential Property”** means all Assessor’s Parcels of Developed Property for which a building permit was issued by the City permitting the construction of one or more non-residential structures or facilities.

**“Other Residential Property”** means all Assessor’s Parcels of Developed Property for which a building permit was issued by the City for purposes of constructing Units, excluding Single Family Attached Property and Single Family Detached Property.

**“Outstanding Bonds”** means all Bonds which are outstanding under and in accordance with the provisions of the Indenture.

**“Price Point Consultant”** means any consultant or firm of such consultants selected by CFD No. 46 that (a) has substantial experience in performing price point studies for residential units within community facilities districts established under the Act or otherwise estimating or confirming pricing for residential units in such community facilities districts, (b) has recognized expertise in analyzing economic and real estate data that relates to the pricing of residential units in such community facilities districts, (c) is in fact independent and not under the control of CFD No. 46 or the City, (d) does not have any substantial interest, direct or indirect, with or in (i) CFD No. 46, (ii) the City, (iii) any owner of real property in CFD No. 46, or (iv) any real property in CFD No. 46, and (e) is not connected with CFD No. 46 or the City as an officer or employee thereof, but who may be regularly retained to make reports to CFD No. 46 or the City.

**“Price Point Study”** means a price point study or a letter updating a previous price point study prepared by the Price Point Consultant pursuant to Section C herein.

**“Property Owner Association Property”** means, for each Fiscal Year, any property within the boundaries of CFD No. 46 that was owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year.

**“Proportionately”** means (a) for Developed Property in the first step of Section D below, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Developed Property; however, for Developed Property in the fourth step of Section D below, Proportionately means that the amount of the increase above the Assigned Special Tax, if necessary, is equal for all Assessor’s Parcels of Developed Property, except that if the Backup Special Tax limits the increase on any Assessor’s Parcel(s), then the amount of the increase shall be equal for the remaining Assessor’s Parcels; (b) for Final Mapped Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Final Mapped Property; (c) for Undeveloped Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Undeveloped Property; (d) for Taxable Property Owner Association Property, that the ratio of the actual Special Tax

levy to the Maximum Special Tax is equal for all Assessor's Parcels of Taxable Property Owner Association Property; and (e) for Taxable Public Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Taxable Public Property.

**"Public Property"** means, for each Fiscal Year, property within the boundaries of CFD No. 46 that is (a) owned by, irrevocably offered to, or dedicated to the federal government, the State, the County, the City, or any local government or other public agency or (b) encumbered by an easement for purposes of public right-of-way that makes impractical its use for any purpose other than that set forth in such easement, provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

**"Rate and Method of Apportionment"** means this Rate and Method of Apportionment of Special Tax.

**"Residential Floor Area"** means all of the Square Footage of living area within the perimeter of a Unit, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Residential Floor Area shall be as set forth in the building permit(s) issued for such Assessor's Parcel, or as set forth in other official records maintained by the City's Building Department or other appropriate means selected by CFD No. 46. The actual Square Footage shall be rounded up to the next whole square foot. Once such determination has been made for an Assessor's Parcel, it shall remain fixed in all future Fiscal Years unless an appeal pursuant to Section F below is approved that results in a change in the actual Square Footage.

**"Services"** means the services authorized to be financed, in whole or in part, by CFD No. 46.

**"Single Family Attached Property"** means all Assessor's Parcels of Developed Property for which a building permit or use permit was issued for construction of a residential structure consisting of two or more Units that share common walls, have separate Assessor's Parcel Numbers assigned to them (except for a duplex unit, which may share an Assessor's Parcel with another duplex unit), and may be purchased by individual homebuyers (which shall still be the case even if the Units are purchased and subsequently offered for rent by the owner of the Unit), including such residential structures that meet the statutory definition of a condominium contained in Civil Code Section 1351.

**"Single Family Detached Property"** means all Assessor's Parcels of Developed Property for which a building permit was issued for construction of a Unit, on one legal lot, that does not share a common wall with another Unit.

**"Single Family Property"** means all Assessor's Parcels of Single Family Attached Property and Single Family Detached Property.

**“Special Tax”** means the special tax authorized by the qualified electors of CFD No. 46 to be levied within the boundaries of CFD No. 46.

**“Special Tax Requirement”** means for any Fiscal Year that amount required, after taking into account available amounts held in the funds and accounts established under the Indenture, for CFD No. 46 to: (i) pay debt service on all Outstanding Bonds which is due in the calendar year that commences in such Fiscal Year; (ii) pay periodic costs on the Bonds, including, but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; (iv) provide any amounts required to establish or replenish any reserve fund for the Bonds; (v) pay directly for acquisition or construction of Facilities, or the cost of Services, to the extent that the inclusion of such amounts does not increase the Special Tax levy on Final Mapped Property or Undeveloped Property; (vi) provide an amount equal to Special Tax delinquencies based on the historical delinquency rate for the Special Tax as determined by the CFD Administrator.

**“Square Footage”** or **“Sq. Ft.”** means the floor area square footage reflected on the original construction building permit, or as set forth in other official records maintained by the City’s Building Department or other appropriate means selected by CFD No. 46, issued for construction of Single Family Property, Other Residential Property, or Non-Residential Property, plus any square footage subsequently added to a building of Non-Residential Property after issuance of a building permit for expansion or renovation of such building.

**“State”** means the State of California.

**“Taxable Property”** means, for each Fiscal Year, all of the Assessor’s Parcels within the boundaries of CFD No. 46 that are not exempt from the Special Tax pursuant to law or Section E below.

**“Taxable Property Owner Association Property”** means, for each Fiscal Year, all Assessor’s Parcels of Property Owner Association Property that are not exempt from the Special Tax pursuant to Section E below.

**“Taxable Public Property”** means, for each Fiscal Year, all Assessor’s Parcels of Public Property that are not exempt from the Special Tax pursuant to law or Section E below.

**“Tentative Tract Map”** means a map: (i) showing a proposed subdivision of an Assessor’s Parcel(s) and the conditions pertaining thereto; (ii) that may or may not be based on a detailed survey; and (iii) that is not recorded by the County to create legal lots.

**“Total Tax Burden”** means, for a Unit within a Land Use Class, for the Fiscal Year in which Total Tax Burden is being calculated, the sum of (a) the Assigned Special Tax for such Land Use Class for such Fiscal Year, plus (b) the *ad valorem* property taxes, special assessments, special taxes for any overlapping community facilities districts, and any other governmental fees, charges (other than fees or charges for services such as sewer and trash), taxes, and assessments (which do not include Contractual Impositions) collected by the County on *ad valorem* tax bills and that the CFD

Administrator estimates would be levied or imposed on such Unit in such Fiscal Year if the residential dwelling unit thereon or therein had been completed and sold, and was subject to such fees, charges, taxes, and assessments in such Fiscal Year.

“**Trustee**” means the trustee or fiscal agent under the Indenture.

“**TTM 20012**” means Tentative Tract Map No. 20012, the area of which is located within CFD No. 46.

“**Undeveloped Property**” means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Final Mapped Property, Taxable Public Property, or Taxable Property Owner Association Property.

“**Unit**” means an individual single-family detached or attached home, townhome, condominium, apartment, or other residential dwelling unit, including each separate living area within a half-plex, duplex, triplex, fourplex, or other residential structure.

**B. ASSIGNMENT TO LAND USE CATEGORIES**

Each Fiscal Year, beginning with Fiscal Year 2020-21, all Taxable Property within CFD No. 46 shall be classified as Developed Property, Final Mapped Property, Taxable Public Property, Taxable Property Owner Association Property, or Undeveloped Property and shall be subject to Special Taxes in accordance with the Rate and Method of Apportionment as determined pursuant to Sections C and D below. Assessor’s Parcels of Single Family Property shall be assigned to Land Use Classes 1 through 9, as listed in Table 1 below based on the Residential Floor Area of the Units on such Assessor’s Parcels. Other Residential Property shall be assigned to Land Use Class 10, and Non-Residential Property shall be assigned to Land Use Class 11.

**C. MAXIMUM SPECIAL TAX**

**1. Special Tax**

At least 30 days prior to the issuance of Bonds, the Assigned Special Tax on Developed Property (set forth in Table 1 below) shall be analyzed in accordance with and subject to the conditions set forth in this Section C. At such time, CFD No. 46 shall select and engage a Price Point Consultant and the CFD Administrator shall request the Price Point Consultant to prepare a Price Point Study setting forth the Minimum Sale Price of Units within each Land Use Class. If based upon such Price Point Study the CFD Administrator calculates that the Total Tax Burden applicable to Units within one or more Land Use Classes of Single Family Property to be constructed within CFD No. 46 exceeds 1.95% of the Minimum Sale Price of such Units, the Assigned Special Tax shall be reduced to the extent necessary to cause the Total Tax Burden that shall apply to Units within such Land Use Class(es) not to exceed 1.95% of the Minimum Sale Price of such Units.

Each Assigned Special Tax reduction for a Land Use Class shall be calculated by the CFD Administrator separately, and it shall not be required that such reduction be proportionate among Land Use Classes. In connection with any reduction in the Assigned Special Tax, the Backup Special Tax shall also be reduced by the CFD Administrator based on the percentage reduction in Maximum Special Tax revenues within the Tentative Tract Map area(s) where the Assigned Special Tax reductions occurred. Upon determining the reductions, if any, in the Assigned Special Tax and Backup Special Tax required pursuant to this Section C, the CFD Administrator shall complete the Certificate of Modification of Special Tax substantially in the form attached hereto as Exhibit A (the "Certificate of Modification"), shall execute such completed Certificate of Modification, and shall deliver such executed Certificate of Modification to CFD No. 46. Upon receipt thereof, if in satisfactory form, CFD No. 46 shall execute such Certificate of Modification. The reduced Assigned Special Tax and Backup Special Tax specified in such Certificate of Modification shall become effective upon the execution of such Certificate of Modification by CFD No. 46.

The Special Tax reductions required pursuant to this section shall be reflected in an amended notice of Special Tax lien, which CFD No. 46 shall cause to be recorded with the County Recorder as soon as practicable after execution of the Certificate of Modification by CFD No. 46. The reductions in this section apply to Single Family Property, but not to Other Residential Property or Non-Residential Property.

*a. Developed Property*

1) *Maximum Special Tax*

The Maximum Special Tax that may be levied in any Fiscal Year for each Assessor's Parcel classified as Developed Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax. The Maximum Special Tax shall not increase in future years, other than as calculated pursuant to Section C.1.a.3 below.

2) *Assigned Special Tax*

The Assigned Special Tax that may be levied in any Fiscal Year for each Land Use Class is shown below in Table 1.

**TABLE 1**  
**ASSIGNED SPECIAL TAX – DEVELOPED PROPERTY**

Land Use Class	Description	Residential Floor Area (Square Footage)	Assigned Special Tax
1	Single Family Property	< 2,151	\$2,167 per Unit
2	Single Family Property	2,151 – 2,350	\$2,274 per Unit
3	Single Family Property	2,351 – 2,550	\$2,751 per Unit
4	Single Family Property	2,551 – 2,750	\$2,879 per Unit
5	Single Family Property	2,751 – 2,950	\$3,141 per Unit
6	Single Family Property	2,951 – 3,150	\$3,275 per Unit
7	Single Family Property	3,151 – 3,350	\$3,416 per Unit
8	Single Family Property	3,351 – 3,550	\$3,666 per Unit
9	Single Family Property	> 3,550	\$3,901 per Unit
10	Other Residential Property		\$26,735 per Acre
11	Non-Residential Property		\$26,735 per Acre

3) *Backup Special Tax*

The Backup Special Tax shall be \$3,099 per Unit for Single Family Property. However, if the Expected Residential Lot Count does not equal 176 for Single Family Property, and the City has not issued Bonds, then the Backup Special Tax for Designated Buildable Lots of Single Family Property shall be calculated according to the following formula:

$$\text{Backup Special Tax} = \$545,477 \div \text{Expected Residential Lot Count for Single Family Property}$$

If any portion of a Final Subdivision Map, or any area expected by CFD No. 46 to become Final Mapped Property, such as the area within TTM 20012 or any other Tentative Tract Map, changes any time after the City has issued Bonds, causing an adjustment to the number of Designated Buildable Lots, then the Backup Special Tax for all Designated Buildable Lots of Single Family Property subject to the change shall be calculated according to the following steps:

**Step 1:** Determine the total Backup Special Taxes that could have been collected from Designated Buildable Lots of Single Family Property prior to the Final Subdivision Map or expected Final Mapped Property change.

**Step 2:** Divide the amount determined in Step 1 by the number of Designated Buildable Lots of Single Family Property that exists after the Final Subdivision Map or expected Final Mapped Property change.

**Step 3:** Apply the amount determined in Step 2 as the Backup Special Tax per Unit for Single Family Property.

***The Backup Special Tax for an Assessor's Parcel shall not change once an Assessor's Parcel is classified as Developed Property or will be classified as Developed Property in the next Fiscal Year because a building permit has already been issued for the Assessor's Parcel.***

**b. *Final Mapped Property, Taxable Public Property, Taxable Property Owner Association Property, and Undeveloped Property***

The Maximum Special Tax for Final Mapped Property, Taxable Public Property, Taxable Property Owner Association Property, and Undeveloped Property shall be \$26,735 per Acre, and shall not be subject to increase or reduction and, therefore, shall remain the same in every Fiscal Year.

**2. Multiple Land Use Classes on an Assessor's Parcel**

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Maximum Special Tax levied on such Assessor's Parcel shall be the sum of the Maximum Special Tax for all Units of Single Family Property and Acres of Other Residential Property and Non-Residential Property (based on the pro rata share of Square Footage between Other Residential Property and Non-Residential Property, according to the applicable building permits, Final Subdivision Map, parcel map, condominium plan, or other recorded County map) located on that Assessor's Parcel.

**D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX**

Each Fiscal Year, beginning with Fiscal Year 2020-21, the CFD Administrator shall determine the Special Tax Requirement for such Fiscal Year. The Special Tax shall then be levied as follows:

***First:*** If needed to satisfy the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Assigned Special Tax;



**Second:** If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Final Mapped Property up to 100% of the Maximum Special Tax for Final Mapped Property;

**Third:** If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax for Undeveloped Property;

**Fourth:** If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel;

**Fifth:** If additional monies are needed to satisfy the Special Tax Requirement after the first four steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Property Owner Association Property up to the Maximum Special Tax for Taxable Property Owner Association Property; and

**Sixth:** If additional monies are needed to satisfy the Special Tax Requirement after the first five steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Public Property up to the Maximum Special Tax for Taxable Public Property.

Notwithstanding the above, under no circumstances shall the Special Tax levied in any Fiscal Year on any Assessor's Parcel of Single Family Property or Other Residential Property for which an occupancy permit for private residential use has been issued be increased as a result of delinquency or default by the owner or owners of any other Assessor's Parcel or Assessor's Parcels within CFD No. 46 by more than ten percent above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults.

#### **E. EXEMPTIONS**

No Special Tax shall be levied on up to 10.37 Acres of Public Property and up to 4.43 Acres of Property Owner Association Property. Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which property becomes Public Property or Property Owner Association Property.

Property Owner Association Property or Public Property that is not exempt from the Special Tax under this section shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of the fifth or sixth step, respectively, in Section D above, up to 100% of the applicable Maximum Special Tax for Taxable Property Owner Association Property and Taxable Public Property. No Special Tax shall be levied in any Fiscal Year on Assessor's Parcels that have fully prepaid the Special Tax obligation pursuant to the formula set forth in Section H.

**F. APPEALS**

Any property owner may file a written appeal of the Special Tax with CFD No. 46 claiming that the amount or application of the Special Tax is not correct. The appeal must be filed not later than one calendar year after having paid the Special Tax that is disputed, and the appellant must be current in all payments of Special Taxes. In addition, during the term of the appeal process, all Special Taxes levied must be paid on or before the payment date established when the levy was made.

The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination.

If the property owner disagrees with the CFD Administrator's decision relative to the appeal, the owner may then file a written appeal with the City Council whose subsequent decision shall be final and binding on all interested parties. If the decision of the CFD Administrator or subsequent decision by the City Council requires the Special Tax to be modified or changed in favor of the property owner, then the CFD Administrator shall determine if sufficient Special Tax revenue is available to make a cash refund. If a cash refund cannot be made, then an adjustment shall be made to credit future Special Tax levy(ies).

This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal action by such owner.

**G. MANNER OF COLLECTION**

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that the Special Taxes may be collected in such other manner as the City Council shall determine, including direct billing of affected property owners.

**H. PREPAYMENT OF SPECIAL TAX**

The following definitions apply to this Section H:

**“CFD Public Facilities”** means \$6,905,000 each Prepayment Period, or such lower number as determined by the City Council to be sufficient to fund the Facilities and Services to be provided by CFD No. 46.

**“Expenditures Fund”** means funds or accounts, regardless of their names, that are established to hold moneys that are available to acquire or construct Facilities and to fund Services.

**“Future Facilities Costs”** means the CFD Public Facilities minus (i) Facilities and Services costs previously paid from the Expenditures Fund during the Prepayment Period in which the prepayment is being made, (ii) moneys currently on deposit in the

Expenditures Fund from deposits made during the Prepayment Period in which the prepayment is being made, and (iii) moneys currently on deposit in an escrow fund that are expected to be available to finance Facilities costs. In no event shall the amount of Future Facilities Costs be less than zero.

“Prepayment Period” means one of three periods of time during which a Special Tax prepayment may be made.

“Prepayment Period 1” means July 1, 2020, through June 30, 2054.

“Prepayment Period 2” means July 1, 2054, through June 30, 2087.

“Prepayment Period 3” means July 1, 2087, through June 30, 2121.

**1. Prepayment in Full**

The obligation of an Assessor's Parcel to pay the Special Tax may be prepaid as described herein, provided that a prepayment may be made only for Assessor’s Parcels for which a building permit for new construction was issued after January 1, 2019, and 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 obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount for such Assessor's Parcel. The CFD Administrator may charge a fee for providing this service. Prepayment in any six month period must be made not less than 45 days prior to the next occurring date that notice of redemption of Bonds from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture.

The Special Tax Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

Bond Redemption Amount	
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
<u>less</u>	<u>Reserve Fund Credit</u>
Total	Prepayment Amount

As of the proposed date of prepayment, the Special Tax Prepayment Amount (defined below) shall be calculated by the CFD Administrator as follows:

**Paragraph No.**

1. Confirm that no Special Tax delinquencies apply to such Assessor’s Parcel, and determine the Prepayment Period for the proposed prepayment.

2. Compute the Assigned Special Tax and Backup Special Tax for the Assessor's Parcel to be prepaid based on the Developed Property Special Tax which is, or could be, charged in the current Fiscal Year. For Assessor's Parcels of Final Mapped Property (for which a building permit has been issued but which is not yet classified as Developed Property) to be prepaid, compute the Assigned Special Tax and Backup Special Tax 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. (a) Divide the Assigned Special Tax computed pursuant to Paragraph 2 by the total estimated Assigned Special Tax for CFD No. 46 based on the Developed Property Special Tax which could be charged in the current Fiscal Year on all expected development through buildout of CFD No. 46, excluding any Assessor's Parcels which have been prepaid, and  
  
(b) Divide the Backup Special Tax computed pursuant to Paragraph 2 by the estimated total Backup Special Tax at buildout of CFD No. 46, excluding any Assessor's Parcels which have been prepaid.
4. Multiply the larger quotient computed pursuant to Paragraph 3(a) or 3(b) 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 (e.g., the redemption price minus 100%), if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
6. Compute the Future Facilities Costs for the applicable Prepayment Period.
7. Multiply the larger quotient computed pursuant to Paragraph 3(a) or 3(b) by the amount determined pursuant to Paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities 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. Determine the Special Tax levied on the Assessor's Parcel in the current Fiscal Year which has not yet been paid.
10. Add the amounts computed pursuant to Paragraphs 8 and 9 to determine the "Defeasance Amount".
11. Verify the administrative fees and expenses of CFD No. 46, including the costs to compute the prepayment, the costs to invest the prepayment proceeds, the costs to redeem Bonds, and the costs to record any notices to evidence the prepayment and the redemption (the "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 on the prepayment date or the redemption date.
13. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to Paragraphs 4, 5, 7, 10, and 11, less the amount computed pursuant to Paragraph 12 (the "Prepayment Amount").
14. From the Prepayment Amount, the amounts computed pursuant to Paragraphs 4, 5, 10, and 12 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 Expenditures Fund. The amount computed pursuant to Paragraph 11 shall be retained by CFD No. 46.

The Special Tax Prepayment Amount may be sufficient to redeem 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 be used with the next prepayment of Bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined under Paragraph 9 (above), the CFD Administrator shall remove the current Fiscal Year's Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel that is prepaid during Prepayment Period 3, the CFD Administrator shall cause a suitable notice to be recorded in compliance with the Act to indicate that the Special Tax has been prepaid and that the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

With respect to the Special Tax for any Assessor's Parcel that is prepaid during Prepayment Period 1 or Prepayment Period 2, the obligation of such Assessor's Parcel to pay the Special Tax shall be tolled, or suspended, through the end of such Prepayment Period, but shall resume in the first Fiscal Year of the subsequent Prepayment Period. The CFD Administrator shall cause a suitable notice to be recorded in compliance with the Act to indicate that the Special Tax has been satisfied for the remainder of the applicable Prepayment Period but has not been permanently satisfied and the obligation to pay the Special Tax will resume in the first Fiscal Year of the Prepayment Period following the Prepayment Period in which the prepayment was made. Once the obligation of an Assessor's Parcel to pay the Special Tax resumes, the Special Tax for the then applicable Prepayment Period may be prepaid.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Tax that may be levied on Taxable Property within CFD No. 46 (after excluding 10.37 Acres of Public Property and 4.43 acres of Property Owner

Association Property) both prior to and after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding Bonds.

## **2. Prepayment in Part**

The Special Tax on an Assessor's Parcel for which a building permit for new construction was issued after January 1, 2019, may be partially prepaid. The amount of the prepayment shall be calculated as in Section H.1, except that a partial prepayment shall be calculated by the CFD Administrator according to the following formula:

$$PP = (PF - AE) \times \% + AE.$$

The terms above have the following meaning:

PP = the partial prepayment

PF = the Prepayment Amount (full prepayment) for the Special Tax calculated according to Section H.1

AE = the Administrative Fees and Expenses determined pursuant to paragraph 11 above

% = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax

The Special Tax partial prepayment amount must be sufficient to redeem at least a \$5,000 increment of Bonds.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of such owner's intent to partially prepay the Special Tax and the percentage by which the Special Tax shall be prepaid. 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 thirty (30) days of the request and may charge a fee for providing this service. With respect to any Assessor's Parcel that is partially prepaid, the CFD Administrator shall (i) distribute the remitted prepayment funds according to Section H.1, and (ii) indicate in the records of CFD No. 46 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 (100% - "%", as defined above) of the Maximum Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section D during the Prepayment Period in which the partial prepayment is made.

For partial prepayments made during Prepayment Period 1 or Prepayment Period 2, the full amount of the Special Tax shall resume in the first Fiscal Year of the Prepayment Period following the Prepayment Period in which the partial prepayment was made. Once the obligation of an Assessor's Parcel to pay the Special Tax resumes, the Special Tax for the then applicable Prepayment Period may be prepaid.

**I. TERM OF SPECIAL TAX**

The Fiscal Year after which no further Special Tax shall be levied or collected is Fiscal Year 2120-2121, except that the Special Tax that was lawfully levied in or before such Fiscal Year and that remains delinquent may be collected in subsequent years.

**EXHIBIT A**

**CERTIFICATE OF MODIFICATION OF SPECIAL TAX  
(PAGE 1 OF 2)**

**CFD No. 46 CERTIFICATE**

1. Pursuant to Section C.1 of the Rate and Method of Apportionment of Special Tax (the “Rate and Method”) for City of Ontario Community Facilities District No. 46 (Avenue 176 Facilities) (“CFD No. 46”), the Assigned Special Tax and the Backup Special Tax for Developed Property within CFD No. 46 has been modified.
  - a. The information in Table 1 relating to the Assigned Special Tax for Developed Property within CFD No. 46, as stated in Section C.1.a.2 of the Rate and Method, has been modified as follows:

**TABLE 1  
ASSIGNED SPECIAL TAX – DEVELOPED PROPERTY**

Land Use Class	Description	Residential Floor Area (Square Footage)	Assigned Special Tax
1	Single Family Property	< 2,151	[\$ ] per Unit
2	Single Family Property	2,151 – 2,350	[\$ ] per Unit
3	Single Family Property	2,351 – 2,550	[\$ ] per Unit
4	Single Family Property	2,551 – 2,750	[\$ ] per Unit
5	Single Family Property	2,751 – 2,950	[\$ ] per Unit
6	Single Family Property	2,951 – 3,150	[\$ ] per Unit
7	Single Family Property	3,151 – 3,350	[\$ ] per Unit
8	Single Family Property	3,351 – 3,550	[\$ ] per Unit
9	Single Family Property	> 3,550	[\$ ] per Unit
10	Other Residential Property		[\$ ] per Acre
11	Non-Residential Property		[\$ ] per Acre



**EXHIBIT A**

**CERTIFICATE OF MODIFICATION OF SPECIAL TAX  
(PAGE 2 OF 2)**

- b. The Backup Special Tax for Developed Property, as stated in Section C.1.a.3, shall be modified as follows:

The Backup Special Tax shall be \$[\_\_\_\_\_] per Unit for Single Family Property. However, if the Expected Residential Lot Count does not equal 176 for Single Family Property, and the City has not issued Bonds, then the Backup Special Tax for Designated Buildable Lots of Single Family Property shall be calculated according to the following formula:

$$\text{Backup Special Tax} = \$[\text{_____}] \div \text{Expected Residential Lot Count for Single Family Property}$$

2. The Special Tax for Developed Property may only be modified prior to the first issuance of CFD No. 46 Bonds.
3. Upon execution of this Certificate by CFD No. 46, CFD No. 46 shall cause an amended notice of Special Tax lien for CFD No. 46 to be recorded reflecting the modifications set forth herein.

Capitalized undefined terms used herein have the meanings ascribed thereto in the Rate and Method. The modifications set forth in this Certificate have been calculated by the CFD Administrator in accordance with the Rate and Method.

GOODWIN CONSULTING GROUP, INC.  
CFD ADMINISTRATOR

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

The undersigned acknowledges receipt of this Certificate and of the modification of the Assigned Special Tax and the Backup Special Tax for Developed Property as set forth in this Certificate.

CITY OF ONTARIO  
COMMUNITY FACILITIES DISTRICT NO. 46  
(AVENUE 176 FACILITIES)

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

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, TO INCUR BONDED INDEBTEDNESS OF THE PROPOSED CITY OF ONTARIO COMMUNITY FACILITIES DISTRICT NO. 46 (AVENUE 176 FACILITIES).

WHEREAS, the City Council (the "City Council") of the City of Ontario (the "City"), pursuant to the Mello-Roos Community Facilities Act of 1982 (the "Act"), has this date adopted its Resolution entitled "A Resolution of the City Council of the City of Ontario, California, of Intention to Establish a Community Facilities District, Proposed to be Named City of Ontario Community Facilities District No. 46 (Avenue 176 Facilities), and to Authorize the Levy of Special Taxes," stating its intention to establish City of Ontario Community Facilities District No. 46 (Avenue 176 Facilities) (the "Community Facilities District") for the purpose of financing certain public facilities (the "Facilities") and services, as further provided in said Resolution; and

WHEREAS, in order to finance the Facilities it is necessary to incur bonded indebtedness in the amount of up to \$24,000,000;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Ontario as follows:

SECTION 1. The foregoing recitals are true and correct, and the City Council so finds and determines.

SECTION 2. The City Council hereby declares that in order to finance the Facilities, it is necessary to incur bonded indebtedness.

SECTION 3. The purpose for which the proposed debt is to be incurred is to provide the funds necessary to pay the costs of the Facilities, including all costs and estimated costs incidental to, or connected with, the accomplishment of said purpose and of the financing thereof, as permitted by Section 53345.3 of the Act.

SECTION 4. The maximum amount of the proposed debt is \$24,000,000.

SECTION 5. The City Council hereby fixes Tuesday, November 19, 2019, at 6:30 p.m., or as soon thereafter as the City Council may reach the matter, at 303 East B Street, Ontario, California, as the time and place when and where the City Council will conduct a public hearing on the proposed debt authorization.

SECTION 6. The City Clerk is hereby directed to publish, or cause to be published, a notice of said public hearing one time in a newspaper of general circulation published in the area of the proposed Community Facilities District. The publication of said notice shall be completed at least seven days prior to the date herein fixed for said hearing. Said notice shall contain the information prescribed by Section 53346 of the Act.

SECTION 7. The officers, employees and agents of the City are hereby authorized and directed to take all actions and do all things which they, or any of them, may deem necessary or desirable to accomplish the purposes of this Resolution and not inconsistent with the provisions hereof.

SECTION 8. This Resolution shall take effect immediately upon its adoption.

The City Clerk of the City of Ontario shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 1<sup>st</sup> day of October 2019.

---

PAUL S. LEON, MAYOR

ATTEST:

---

SHEILA MAUTZ, CITY CLERK

APPROVED AS TO FORM:

---

COLE HUBER, LLP  
CITY ATTORNEY

STATE OF CALIFORNIA            )  
COUNTY OF SAN BERNARDINO    )  
CITY OF ONTARIO                )

I, SHEILA MAUTZ, City Clerk of the City of Ontario, DO HEREBY CERTIFY that foregoing Resolution No. 2019-    was duly passed and adopted by the City Council of the City of Ontario at their regular meeting held October 1, 2019 by the following roll call vote, to wit:

AYES:            COUNCIL MEMBERS:

NOES:            COUNCIL MEMBERS:

ABSENT:          COUNCIL MEMBERS:

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

(SEAL)

The foregoing is the original of Resolution No. 2019-    duly passed and adopted by the Ontario City Council at their regular meeting held October 1, 2019.

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

(SEAL)

# CITY OF ONTARIO

Agenda Report  
October 1, 2019

SECTION:  
CONSENT CALENDAR

**SUBJECT: DECLARATION AND DISPOSITION OF SURPLUS IMPROVEMENT FUNDS AND/OR REDEMPTION FUNDS IN ASSESSMENT DISTRICTS 94, 97B, 100A, 100C, 103, 104, 105, 106, 107, 108 AND REASSESSMENT DISTRICTS 97B, 100B, AND 105**


**RECOMMENDATION:** That City Council consider and adopt resolutions declaring surplus amounts remaining in and from the improvement funds and/or redemption funds in Assessment Districts 94, 97B, 100A, 100C, 103, 104, 105, 106, 107, 108 and Reassessment Districts 97B, 100B, and 105; and further resolve that the surplus funds for these districts, as well as previously declared surplus funds, be used for maintenance (capital replacement) of the public improvements funded by the districts.

**COUNCIL GOALS:** Operate in a Businesslike Manner  
Focus Resources in Ontario's Commercial and Residential Neighborhoods  
Invest in the City's Infrastructure (Water, Streets, Sewers, Parks, Storm Drains and Public Facilities)

**FISCAL IMPACT:** As proposed, the total amount of surplus in or from the improvement and/or redemption funds for Assessment Districts 94, 97B, 100A, 100C, 103, 104, 105, 107, 108, the improvement funds for Assessment Districts 103, 104, 106, and the redemption funds for Reassessment Districts 97B, 100B, and 105 is \$4,353,589; and a breakdown of amounts by district is included in the attached table. The improvement funds for Assessment Districts 103, 104, and 106 were previously declared surplus by the City Council on November 21, 2000. Designating the use of surplus funds for maintenance of the improvements funded by such districts will provide the City with additional funds to perform much needed maintenance and will directly benefit the properties within the districts. The Ontario Municipal Utilities Company's Engineering Department, Public Works, and the City's Engineering Department will be using the surplus to fund capital replacement projects in these districts. Budget appropriations of \$1,515,000 will be included in a quarterly budget update report to the City Council. The remaining amount of approximately \$2.84 million will be appropriated within the next two fiscal years.

**BACKGROUND:** The City formed Assessment Districts 94, 97B, 100A, 100C, 103, 104, 105, 106, 107, 108 to finance, and subsequently formed Reassessment Districts 97B, 100B, and 105 to refinance, various improvements within each district and issued approximately \$112.8 million of Special Assessment Bonds

**STAFF MEMBER PRESENTING:** Armen Harkalyan, Executive Director of Finance

Prepared by: Bob Chandler  
Department: General Services  
City Manager Approval: 

Submitted to Council/O.H.A. 10/01/2019  
Approved: \_\_\_\_\_  
Continued to: \_\_\_\_\_  
Denied: \_\_\_\_\_

7

in aggregate to finance the improvements in the districts. There are no outstanding bonds for any of the districts, except for Assessment Districts 106 and 108; and the last debt service payments for each of these districts will be made in September of 2020. City Council adopted resolution 2000-173 on November 21, 2000 declaring surplus monies from the improvement funds in Assessment Districts 103, 104, and 106. Residual monies remaining from all three districts total \$1,663,811 and will be included in the outyear budgets for maintenance of said districts. All of the public improvements that were planned in the 13 districts have been completed, and the districts have surplus funds remaining from the improvement and/or redemption funds. The estimated funds remaining in the districts are as follows:

**Summary of Closed Districts and Available Funds for Capital Replacement**

<b>District Name</b>	<b>Eligible Improvements</b>	<b>Type of Fund</b>	<b>Amount</b>
AD 94	Streets, Sewer, Water, Storm Drains, and Street Lights	Redemption	\$ 590,839
AD 97B	Streets, Sewer, Water, Storm Drains, and Street Lights	Improvement	\$ 20,054
RAD 97B	Streets, Sewer, Water, Storm Drains, and Street Lights	Redemption	\$ 36,738
AD 100A	Same as AD 100C	Improvement	\$ 10,172
RAD 100B	Same as AD 100C	Redemption	\$ 226,548
AD 100C	Streets, Sewer, Water, Storm, Street Lights	Improvement	\$ 80,123
AD 100C	Streets, Sewer, Water, Storm, Street Lights	Redemption	\$ 103,759
AD 103*	Streets, Storm, Street Lights	Improvement	\$ 954,772
AD 103	Streets, Storm, Street Lights	Redemption	\$ 190,294
AD 104*	Streets, Sewer, Water, Storm, Street Lights	Improvement	\$ 524,345
AD 104	Streets, Sewer, Water, Storm, Street Lights	Redemption	\$ 55,128
AD 105	Sewer	Improvement	\$ 38,200
RAD 105	Sewer	Redemption	\$ 91,844
AD 106*	Streets, Storm Drains, and Street Lights	Improvement	\$ 184,694
AD 107	Streets, Sewer, Water, Storm, Street Lights	Improvement	\$ 840,316
AD 107	Streets, Sewer, Water, Storm, Street Lights	Redemption	\$ 141,605
AD 108	Streets, Sewer, Water, Storm Drains, and Traffic Signals	Improvement	\$ 264,158
<b>Total Surplus Monies</b>			<b>\$ 4,353,589</b>

\* Funds previously declared surplus by City Council

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, MAKING A DETERMINATION REGARDING SURPLUS AMOUNTS REMAINING IN AND FROM THE REDEMPTION FUND OF ASSESSMENT DISTRICT NO. 94, AND DIRECTING THE DISPOSITION OF SUCH SURPLUS AMOUNTS.

WHEREAS, the City Council (the "City Council") of the City of Ontario (the "City"), pursuant to the Municipal Improvement Act of 1913 (being Division 12 of the California Streets and Highways Code) (the "1913 Act"), conducted proceedings for the formation of a special assessment district designated as "Assessment District No. 94" (the "Assessment District") to finance certain public improvements (the "Improvements"); and

WHEREAS, the City issued bonds (the "Bonds") to finance certain Improvements within the Assessment District pursuant to The Improvement Bond Act of 1915 (being division 10 of the California Streets and Highways Code) (the "Bond Act"); and

WHEREAS, Section 8784 of the Bond Act provides that after payment of all bonds and the interest thereon, that surplus in the redemption fund shall (a) first be applied to repayment to a city of any special taxes levied by it for the purpose of advancing funds under Part 13 (commencing with Section 8800) of the Bond Act, less its recovery on the sale or redemption of the properties assessed, and also of any costs incurred by it under the Bond Act, (b) that the remainder shall be repaid in accordance with the provisions of Section 8783 of the Bond Act to persons paying supplemental assessments, if any, and (c) that the balance may be proportionately credited upon the final installments due upon the assessments securing the bonds and repaid to those persons whose assessments have been previously paid or may be transferred to the general fund of such city; and

WHEREAS, all Bonds and the interest thereon have been fully paid, there are no amounts to be repaid to the City for any special taxes levied by it for the purpose of advancing funds under Part 13 (commencing with Section 8800) of the Bond Act or for any costs incurred by it under the Bond Act, and there are no amounts to be repaid to persons paying or who paid supplemental assessments pursuant to Section 8783 of the Bond Act; and

WHEREAS, as of the date hereof, there is an amount not less than \$590,839 in or from the redemption fund for the Assessment District (the "Redemption Fund"); and

WHEREAS, the City Council desires to determine that all amounts remaining on deposit in or from the Redemption Fund are surplus amounts, and to direct such surplus amounts to be applied to pay the costs of maintenance of the Improvements within the Assessment District, which includes the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of any Improvement, including repair, removal or replacement of all or any part of any Improvement; and

WHEREAS, such use of such surplus amounts would be a proper use of amounts in the general fund of the City;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Ontario as follows:

SECTION 1. The foregoing recitals are true and correct.

SECTION 2. All amounts on deposit in or from the Redemption Fund are hereby determined to be surplus for purposes of Section 8784 of the Bond Act. Such surplus amounts are hereby directed to be applied to the payment of costs of maintenance of the Improvements within the Assessment District, which includes the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of any Improvement, including repair, removal or replacement of all or any part of any Improvement.

The City Council finds that such use of the surplus amounts would benefit the property within the Assessment District.

SECTION 3. The officers, employees and agents of the City are hereby authorized and directed to take all actions and do all things which they, or any of them, may deem necessary or desirable to accomplish the purposes of this Resolution and not inconsistent with the provisions hereof.

SECTION 4. This Resolution shall take effect immediately upon its adoption.

The City Clerk of the City of Ontario shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 1<sup>st</sup> day of October 2019.

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PAUL S. LEON, MAYOR

ATTEST:

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SHEILA MAUTZ, CITY CLERK



APPROVED AS TO FORM:

---

COLE HUBER, LLP  
CITY ATTORNEY

STATE OF CALIFORNIA                    )  
COUNTY OF SAN BERNARDINO        )  
CITY OF ONTARIO                        )

I, SHEILA MAUTZ, City Clerk of the City of Ontario, DO HEREBY CERTIFY that foregoing Resolution No. 2019-    was duly passed and adopted by the City Council of the City of Ontario at their regular meeting held October 1, 2019 by the following roll call vote, to wit:

AYES:            COUNCIL MEMBERS:

NOES:           COUNCIL MEMBERS:

ABSENT:         COUNCIL MEMBERS:

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

(SEAL)

The foregoing is the original of Resolution No. 2019-    duly passed and adopted by the Ontario City Council at their regular meeting held October 1, 2019.

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

(SEAL)

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, MAKING A DETERMINATION REGARDING SURPLUS AMOUNTS REMAINING IN AND FROM THE IMPROVEMENT FUND OF ASSESSMENT DISTRICT NO. 97B, AND DIRECTING THE DISPOSITION OF SUCH SURPLUS AMOUNTS.

WHEREAS, the City Council (the "City Council") of the City of Ontario (the "City"), pursuant to the Municipal Improvement Act of 1913 (being Division 12 of the California Streets and Highways Code) (the "1913 Act"), conducted proceedings for the formation of a special assessment district designated as "Assessment District No. 97B" (the "Assessment District") to finance certain public improvements (the "Improvements"); and

WHEREAS, Section 10427 of the 1913 Act provides that after completion of the improvement and the payment of all claims from the improvement fund, the legislative body shall determine the amount of the surplus, if any, remaining in the improvement fund by reason of the assessment and any supplemental assessment levied for the improvement, and that the surplus shall be used, in amounts determined by the legislative body, for one or more of the purposes set forth therein, including as a credit upon the assessment or for the maintenance of the improvement; and

WHEREAS, the Improvements have been completed and all claims from the improvement fund for the Assessment District (the "Improvement Fund") have been paid; and

WHEREAS, the City Council previously determined that all amounts remaining in the Improvement Fund are surplus amounts, and directed such surplus amounts to be applied as a credit or payment to property owners within the boundaries of the Assessment District pursuant to Resolution No. 90-162 adopted on August 7, 1990; and

WHEREAS, certain of such surplus amounts were unclaimed or otherwise remain; and

WHEREAS, as of the date hereof, there is an amount not less than \$20,054 in or from the Improvement Fund; and

WHEREAS, the City Council desires to determine that all amounts remaining on deposit in or from the Improvement Fund are surplus amounts, and to direct such surplus amounts to be applied to pay the costs of maintenance of the Improvements within the Assessment District, which includes the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of any Improvement, including repair, removal or replacement of all or any part of any Improvement;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Ontario as follows:

SECTION 1. The foregoing recitals are true and correct.

SECTION 2. All amounts on deposit in or from the Improvement Fund are hereby determined to be surplus for purposes of Section 10427 of the 1913 Act. Such surplus amounts are hereby directed to be applied to the payment of costs of maintenance of the Improvements within the Assessment District, which includes the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of any Improvement, including repair, removal or replacement of all or any part of any Improvement.

The City Council finds that such use of the surplus amounts would benefit the property within the Assessment District.

SECTION 3. The officers, employees and agents of the City are hereby authorized and directed to take all actions and do all things which they, or any of them, may deem necessary or desirable to accomplish the purposes of this Resolution and not inconsistent with the provisions hereof.

SECTION 4. This Resolution shall take effect immediately upon its adoption.

The City Clerk of the City of Ontario shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 1<sup>st</sup> day of October 2019.

\_\_\_\_\_  
PAUL S. LEON, MAYOR

ATTEST:

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

APPROVED AS TO FORM:

\_\_\_\_\_  
COLE HUBER, LLP  
CITY ATTORNEY

STATE OF CALIFORNIA                    )  
COUNTY OF SAN BERNARDINO        )  
CITY OF ONTARIO                        )

I, SHEILA MAUTZ, City Clerk of the City of Ontario, DO HEREBY CERTIFY that foregoing Resolution No. 2019-    was duly passed and adopted by the City Council of the City of Ontario at their regular meeting held October 1, 2019 by the following roll call vote, to wit:

AYES:            COUNCIL MEMBERS:

NOES:           COUNCIL MEMBERS:

ABSENT:         COUNCIL MEMBERS:

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

(SEAL)

The foregoing is the original of Resolution No. 2019-   duly passed and adopted by the Ontario City Council at their regular meeting held October 1, 2019.

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

(SEAL)

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, MAKING A DETERMINATION REGARDING SURPLUS AMOUNTS REMAINING IN AND FROM THE IMPROVEMENT FUND OF ASSESSMENT DISTRICT NO. 100A, AND DIRECTING THE DISPOSITION OF SUCH SURPLUS AMOUNTS.

WHEREAS, the City Council (the "City Council") of the City of Ontario (the "City"), pursuant to the Municipal Improvement Act of 1913 (being Division 12 of the California Streets and Highways Code) (the "1913 Act"), conducted proceedings for the formation of a special assessment district designated as "Assessment District No. 100A" (the "Assessment District") to finance certain public improvements (the "Improvements"); and

WHEREAS, Section 10427 of the 1913 Act provides that after completion of the improvement and the payment of all claims from the improvement fund, the legislative body shall determine the amount of the surplus, if any, remaining in the improvement fund by reason of the assessment and any supplemental assessment levied for the improvement, and that the surplus shall be used, in amounts determined by the legislative body, for one or more of the purposes set forth therein, including as a credit upon the assessment or for the maintenance of the improvement; and

WHEREAS, the Improvements have been completed and all claims from the improvement fund for the Assessment District (the "Improvement Fund") have been paid; and

WHEREAS, the City Council previously determined that all amounts remaining in the Improvement Fund are surplus amounts, and directed such surplus amounts to be applied as a credit or payment to property owners within the boundaries of the Assessment District pursuant to Resolution No. 90-163 adopted on August 7, 1990; and

WHEREAS, certain of such surplus amounts were unclaimed or otherwise remain; and

WHEREAS, as of the date hereof, there is an amount not less than \$10,172 in or from the Improvement Fund; and

WHEREAS, the City Council desires to determine that all amounts remaining on deposit in or from the Improvement Fund are surplus amounts, and to direct such surplus amounts to be applied to pay the costs of maintenance of the Improvements within the Assessment District, which includes the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of any Improvement, including repair, removal or replacement of all or any part of any Improvement;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Ontario as follows:

SECTION 1. The foregoing recitals are true and correct.

SECTION 2. All amounts on deposit in or from the Improvement Fund are hereby determined to be surplus for purposes of Section 10427 of the 1913 Act. Such surplus amounts are hereby directed to be applied to the payment of costs of maintenance of the Improvements within the Assessment District, which includes the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of any Improvement, including repair, removal or replacement of all or any part of any Improvement.

The City Council finds that such use of the surplus amounts would benefit the property within the Assessment District.

SECTION 3. The officers, employees and agents of the City are hereby authorized and directed to take all actions and do all things which they, or any of them, may deem necessary or desirable to accomplish the purposes of this Resolution and not inconsistent with the provisions hereof.

SECTION 4. This Resolution shall take effect immediately upon its adoption.

The City Clerk of the City of Ontario shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 1<sup>st</sup> day of October 2019.

---

PAUL S. LEON, MAYOR

ATTEST:

---

SHEILA MAUTZ, CITY CLERK

APPROVED AS TO FORM:

---

COLE HUBER, LLP  
CITY ATTORNEY

STATE OF CALIFORNIA            )  
COUNTY OF SAN BERNARDINO    )  
CITY OF ONTARIO                )

I, SHEILA MAUTZ, City Clerk of the City of Ontario, DO HEREBY CERTIFY that foregoing Resolution No. 2019-    was duly passed and adopted by the City Council of the City of Ontario at their regular meeting held October 1, 2019 by the following roll call vote, to wit:

AYES:            COUNCIL MEMBERS:

NOES:            COUNCIL MEMBERS:

ABSENT:          COUNCIL MEMBERS:

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

(SEAL)

The foregoing is the original of Resolution No. 2019-    duly passed and adopted by the Ontario City Council at their regular meeting held October 1, 2019.

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

(SEAL)



RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, MAKING A DETERMINATION REGARDING SURPLUS AMOUNTS REMAINING IN AND FROM THE IMPROVEMENT FUND AND REDEMPTION FUND OF ASSESSMENT DISTRICT NO. 100C, AND DIRECTING THE DISPOSITION OF SUCH SURPLUS AMOUNTS.

WHEREAS, the City Council (the "City Council") of the City of Ontario (the "City"), pursuant to the Municipal Improvement Act of 1913 (being Division 12 of the California Streets and Highways Code) (the "1913 Act"), conducted proceedings for the formation of a special assessment district designated as "Assessment District No. 100C" (the "Assessment District") to finance certain public improvements (the "Improvements"); and

WHEREAS, the City issued bonds (the "Bonds") to finance certain Improvements within the Assessment District pursuant to The Improvement Bond Act of 1915 (being division 10 of the California Streets and Highways Code) (the "Bond Act"); and

WHEREAS, Section 10427 of the 1913 Act provides that after completion of the improvement and the payment of all claims from the improvement fund, the legislative body shall determine the amount of the surplus, if any, remaining in the improvement fund by reason of the assessment and any supplemental assessment levied for the improvement, and that the surplus shall be used, in amounts determined by the legislative body, for one or more of the purposes set forth therein, including as a credit upon the assessment or for the maintenance of the improvement; and

WHEREAS, the Improvements have been completed and all claims from the improvement fund for the Assessment District (the "Improvement Fund") have been paid; and

WHEREAS, the City Council previously determined that all amounts remaining in the Improvement Fund are surplus amounts, and directed such surplus amounts to be applied as a credit or payment to property owners within the boundaries of the Assessment District pursuant to Resolution No. 93-87 adopted on August 3, 1993; and

WHEREAS, certain of such surplus amounts were unclaimed or otherwise remain; and

WHEREAS, as of the date hereof, there is an amount not less than \$80,123 in or from the Improvement Fund; and

WHEREAS, the City Council desires to determine that all amounts remaining on deposit in or from the Improvement Fund are surplus amounts, and to direct such surplus amounts to be applied to pay the costs of maintenance of the Improvements within the Assessment District, which includes the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of any Improvement, including repair, removal or replacement of all or any part of any Improvement; and

WHEREAS, Section 8784 of the Bond Act provides that after payment of all bonds and the interest thereon, that surplus in the redemption fund shall (a) first be applied to repayment to a city of any special taxes levied by it for the purpose of advancing funds under Part 13 (commencing with Section 8800) of the Bond Act, less its recovery on the sale or redemption of the properties assessed, and also of any costs incurred by it under the Bond Act, (b) that the remainder shall be repaid in accordance with the provisions of Section 8783 of the Bond Act to persons paying supplemental assessments, if any, and (c) that the balance may be proportionately credited upon the final installments due upon the assessments securing the bonds and repaid to those persons whose assessments have been previously paid or may be transferred to the general fund of such city; and

WHEREAS, all Bonds and the interest thereon have been fully paid, there are no amounts to be repaid to the City for any special taxes levied by it for the purpose of advancing funds under Part 13 (commencing with Section 8800) of the Bond Act or for any costs incurred by it under the Bond Act, and there are no amounts to be repaid to persons paying or who paid supplemental assessments pursuant to Section 8783 of the Bond Act; and

WHEREAS, as of the date hereof, there is an amount not less than \$103,759 in or from the redemption fund for the Assessment District (the "Redemption Fund"); and

WHEREAS, the City Council desires to determine that all amounts remaining on deposit in or from the Redemption Fund are surplus amounts, and to direct such surplus amounts to be applied to pay the costs of maintenance of the Improvements within the Assessment District, which includes the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of any Improvement, including repair, removal or replacement of all or any part of any Improvement; and

WHEREAS, such use of such surplus amounts would be a proper use of amounts in the general fund of the City;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Ontario as follows:

SECTION 1. The foregoing recitals are true and correct.

SECTION 2. All amounts on deposit in or from the Improvement Fund are hereby determined to be surplus for purposes of Section 10427 of the 1913 Act. Such surplus amounts are hereby directed to be applied to the payment of costs of maintenance of the Improvements within the Assessment District, which includes the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of any Improvement, including repair, removal or replacement of all or any part of any Improvement.

The City Council finds that such use of the surplus amounts would benefit the property within the Assessment District.

SECTION 3. All amounts on deposit in or from the Redemption Fund are hereby determined to be surplus for purposes of Section 8784 of the Bond Act. Such surplus amounts are hereby directed to be applied to the payment of costs of maintenance of the Improvements within the Assessment District, which includes the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of any Improvement, including repair, removal or replacement of all or any part of any Improvement.

The City Council finds that such use of the surplus amounts would benefit the property within the Assessment District.

SECTION 4. The officers, employees and agents of the City are hereby authorized and directed to take all actions and do all things which they, or any of them, may deem necessary or desirable to accomplish the purposes of this Resolution and not inconsistent with the provisions hereof.

SECTION 5. This Resolution shall take effect immediately upon its adoption.

The City Clerk of the City of Ontario shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 1<sup>st</sup> day of October 2019:

---

PAUL S. LEON, MAYOR

ATTEST:

---

SHEILA MAUTZ, CITY CLERK

APPROVED AS TO FORM:

---

COLE HUBER, LLP  
CITY ATTORNEY

STATE OF CALIFORNIA                    )  
COUNTY OF SAN BERNARDINO        )  
CITY OF ONTARIO                        )

I, SHEILA MAUTZ, City Clerk of the City of Ontario, DO HEREBY CERTIFY that foregoing Resolution No. 2019-    was duly passed and adopted by the City Council of the City of Ontario at their regular meeting held October 1, 2019 by the following roll call vote, to wit:

AYES:            COUNCIL MEMBERS:

NOES:           COUNCIL MEMBERS:

ABSENT:         COUNCIL MEMBERS:

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

(SEAL)

The foregoing is the original of Resolution No. 2019-    duly passed and adopted by the Ontario City Council at their regular meeting held October 1, 2019.

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

(SEAL)

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, MAKING A DETERMINATION REGARDING SURPLUS AMOUNTS REMAINING IN AND FROM THE REDEMPTION FUND OF ASSESSMENT DISTRICT NO. 103, AND DIRECTING THE DISPOSITION OF SUCH SURPLUS AMOUNTS.

WHEREAS, the City Council (the "City Council") of the City of Ontario (the "City"), pursuant to the Municipal Improvement Act of 1913 (being Division 12 of the California Streets and Highways Code) (the "1913 Act"), conducted proceedings for the formation of a special assessment district designated as "Assessment District No. 103" (the "Assessment District") to finance certain public improvements (the "Improvements"); and

WHEREAS, the City issued bonds (the "Bonds") to finance certain Improvements within the Assessment District pursuant to The Improvement Bond Act of 1915 (being division 10 of the California Streets and Highways Code) (the "Bond Act"); and

WHEREAS, Section 8784 of the Bond Act provides that after payment of all bonds and the interest thereon, that surplus in the redemption fund shall (a) first be applied to repayment to a city of any special taxes levied by it for the purpose of advancing funds under Part 13 (commencing with Section 8800) of the Bond Act, less its recovery on the sale or redemption of the properties assessed, and also of any costs incurred by it under the Bond Act, (b) that the remainder shall be repaid in accordance with the provisions of Section 8783 of the Bond Act to persons paying supplemental assessments, if any, and (c) that the balance may be proportionately credited upon the final installments due upon the assessments securing the bonds and repaid to those persons whose assessments have been previously paid or may be transferred to the general fund of such city; and

WHEREAS, all Bonds and the interest thereon have been fully paid, there are no amounts to be repaid to the City for any special taxes levied by it for the purpose of advancing funds under Part 13 (commencing with Section 8800) of the Bond Act or for any costs incurred by it under the Bond Act, and there are no amounts to be repaid to persons paying or who paid supplemental assessments pursuant to Section 8783 of the Bond Act; and

WHEREAS, as of the date hereof, there is an amount not less than \$190,294 in or from the redemption fund for the Assessment District (the "Redemption Fund"); and

WHEREAS, the City Council desires to determine that all amounts remaining on deposit in or from the Redemption Fund are surplus amounts, and to direct such surplus amounts to be applied to pay the costs of maintenance of the Improvements within the Assessment District, which includes the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of any Improvement, including repair, removal or replacement of all or any part of any Improvement; and

WHEREAS, such use of such surplus amounts would be a proper use of amounts in the general fund of the City;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Ontario as follows:

SECTION 1. The foregoing recitals are true and correct.

SECTION 2. All amounts on deposit in or from the Redemption Fund are hereby determined to be surplus for purposes of Section 8784 of the Bond Act. Such surplus amounts are hereby directed to be applied to the payment of costs of maintenance of the Improvements within the Assessment District, which includes the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of any Improvement, including repair, removal or replacement of all or any part of any Improvement.

The City Council finds that such use of the surplus amounts would benefit the property within the Assessment District.

SECTION 3. The officers, employees and agents of the City are hereby authorized and directed to take all actions and do all things which they, or any of them, may deem necessary or desirable to accomplish the purposes of this Resolution and not inconsistent with the provisions hereof.

SECTION 4. This Resolution shall take effect immediately upon its adoption.

The City Clerk of the City of Ontario shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 1<sup>st</sup> day of October 2019.

---

PAUL S. LEON, MAYOR

ATTEST:

---

SHEILA MAUTZ, CITY CLERK

APPROVED AS TO FORM:

---

COLE HUBER, LLP  
CITY ATTORNEY

STATE OF CALIFORNIA            )  
COUNTY OF SAN BERNARDINO    )  
CITY OF ONTARIO                )

I, SHEILA MAUTZ, City Clerk of the City of Ontario, DO HEREBY CERTIFY that foregoing Resolution No. 2019-    was duly passed and adopted by the City Council of the City of Ontario at their regular meeting held October 1, 2019 by the following roll call vote, to wit:

AYES:            COUNCIL MEMBERS:

NOES:           COUNCIL MEMBERS:

ABSENT:         COUNCIL MEMBERS:

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

(SEAL)

The foregoing is the original of Resolution No. 2019-    duly passed and adopted by the Ontario City Council at their regular meeting held October 1, 2019.

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

(SEAL)



RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, MAKING A DETERMINATION REGARDING SURPLUS AMOUNTS REMAINING IN AND FROM THE REDEMPTION FUND OF ASSESSMENT DISTRICT NO. 104, AND DIRECTING THE DISPOSITION OF SUCH SURPLUS AMOUNTS.

WHEREAS, the City Council (the "City Council") of the City of Ontario (the "City"), pursuant to the Municipal Improvement Act of 1913 (being Division 12 of the California Streets and Highways Code) (the "1913 Act"), conducted proceedings for the formation of a special assessment district designated as "Assessment District No. 104" (the "Assessment District") to finance certain public improvements (the "Improvements"); and

WHEREAS, the City issued bonds (the "Bonds") to finance certain Improvements within the Assessment District pursuant to The Improvement Bond Act of 1915 (being division 10 of the California Streets and Highways Code) (the "Bond Act"); and

WHEREAS, Section 8784 of the Bond Act provides that after payment of all bonds and the interest thereon, that surplus in the redemption fund shall (a) first be applied to repayment to a city of any special taxes levied by it for the purpose of advancing funds under Part 13 (commencing with Section 8800) of the Bond Act, less its recovery on the sale or redemption of the properties assessed, and also of any costs incurred by it under the Bond Act, (b) that the remainder shall be repaid in accordance with the provisions of Section 8783 of the Bond Act to persons paying supplemental assessments, if any, and (c) that the balance may be proportionately credited upon the final installments due upon the assessments securing the bonds and repaid to those persons whose assessments have been previously paid or may be transferred to the general fund of such city; and

WHEREAS, all Bonds and the interest thereon have been fully paid, there are no amounts to be repaid to the City for any special taxes levied by it for the purpose of advancing funds under Part 13 (commencing with Section 8800) of the Bond Act or for any costs incurred by it under the Bond Act, and there are no amounts to be repaid to persons paying or who paid supplemental assessments pursuant to Section 8783 of the Bond Act; and

WHEREAS, as of the date hereof, there is an amount not less than \$55,128 in or from the redemption fund for the Assessment District (the "Redemption Fund"); and

WHEREAS, the City Council desires to determine that all amounts remaining on deposit in or from the Redemption Fund are surplus amounts, and to direct such surplus amounts to be applied to pay the costs of maintenance of the Improvements within the Assessment District, which includes the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of any Improvement, including repair, removal or replacement of all or any part of any Improvement; and

WHEREAS, such use of such surplus amounts would be a proper use of amounts in the general fund of the City;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Ontario as follows:

SECTION 1. The foregoing recitals are true and correct.

SECTION 2. All amounts on deposit in or from the Redemption Fund are hereby determined to be surplus for purposes of Section 8784 of the Bond Act. Such surplus amounts are hereby directed to be applied to the payment of costs of maintenance of the Improvements within the Assessment District, which includes the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of any Improvement, including repair, removal or replacement of all or any part of any Improvement.

The City Council finds that such use of the surplus amounts would benefit the property within the Assessment District.

SECTION 3. The officers, employees and agents of the City are hereby authorized and directed to take all actions and do all things which they, or any of them, may deem necessary or desirable to accomplish the purposes of this Resolution and not inconsistent with the provisions hereof.

SECTION 4. This Resolution shall take effect immediately upon its adoption.

The City Clerk of the City of Ontario shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 1<sup>st</sup> day of October 2019.

---

PAUL S. LEON, MAYOR

ATTEST:

---

SHEILA MAUTZ, CITY CLERK

APPROVED AS TO FORM:

---

COLE HUBER, LLP  
CITY ATTORNEY

STATE OF CALIFORNIA            )  
COUNTY OF SAN BERNARDINO    )  
CITY OF ONTARIO                )

I, SHEILA MAUTZ, City Clerk of the City of Ontario, DO HEREBY CERTIFY that foregoing Resolution No. 2019-    was duly passed and adopted by the City Council of the City of Ontario at their regular meeting held October 1, 2019 by the following roll call vote, to wit:

AYES:            COUNCIL MEMBERS:

NOES:            COUNCIL MEMBERS:

ABSENT:         COUNCIL MEMBERS:

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

(SEAL)

The foregoing is the original of Resolution No. 2019-    duly passed and adopted by the Ontario City Council at their regular meeting held October 1, 2019.

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

(SEAL)

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, MAKING A DETERMINATION REGARDING SURPLUS AMOUNTS REMAINING IN AND FROM THE IMPROVEMENT FUND OF ASSESSMENT DISTRICT NO. 105, AND DIRECTING THE DISPOSITION OF SUCH SURPLUS AMOUNTS.

WHEREAS, the City Council (the "City Council") of the City of Ontario (the "City"), pursuant to the Municipal Improvement Act of 1913 (being Division 12 of the California Streets and Highways Code) (the "1913 Act"), conducted proceedings for the formation of a special assessment district designated as "Assessment District No. 105" (the "Assessment District") to finance certain public improvements (the "Improvements"); and

WHEREAS, Section 10427 of the 1913 Act provides that after completion of the improvement and the payment of all claims from the improvement fund, the legislative body shall determine the amount of the surplus, if any, remaining in the improvement fund by reason of the assessment and any supplemental assessment levied for the improvement, and that the surplus shall be used, in amounts determined by the legislative body, for one or more of the purposes set forth therein, including as a credit upon the assessment or for the maintenance of the improvement; and

WHEREAS, the Improvements have been completed and all claims from the improvement fund for the Assessment District (the "Improvement Fund") have been paid; and

WHEREAS, the City Council previously determined that all amounts remaining in the Improvement Fund are surplus amounts, and directed such surplus amounts to be applied as a credit or payment to property owners within the boundaries of the Assessment District pursuant to Resolution No. 92-116 adopted on September 15, 1992; and

WHEREAS, certain of such surplus amounts were unclaimed or otherwise remain; and

WHEREAS, as of the date hereof, there is an amount not less than \$38,200 in or from the Improvement Fund; and

WHEREAS, the City Council desires to determine that all amounts remaining on deposit in or from the Improvement Fund are surplus amounts, and to direct such surplus amounts to be applied to pay the costs of maintenance of the Improvements within the Assessment District, which includes the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of any Improvement, including repair, removal or replacement of all or any part of any Improvement;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Ontario as follows:

SECTION 1. The foregoing recitals are true and correct.

SECTION 2. All amounts on deposit in or from the Improvement Fund are hereby determined to be surplus for purposes of Section 10427 of the 1913 Act. Such surplus amounts are hereby directed to be applied to the payment of costs of maintenance of the Improvements within the Assessment District, which includes the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of any Improvement, including repair, removal or replacement of all or any part of any Improvement.

The City Council finds that such use of the surplus amounts would benefit the property within the Assessment District.

SECTION 3. The officers, employees and agents of the City are hereby authorized and directed to take all actions and do all things which they, or any of them, may deem necessary or desirable to accomplish the purposes of this Resolution and not inconsistent with the provisions hereof.

SECTION 4. This Resolution shall take effect immediately upon its adoption.

The City Clerk of the City of Ontario shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 1<sup>st</sup> day of October 2019.

---

PAUL S. LEON, MAYOR

ATTEST:

---

SHEILA MAUTZ, CITY CLERK

APPROVED AS TO FORM:

---

COLE HUBER, LLP  
CITY ATTORNEY

STATE OF CALIFORNIA                    )  
COUNTY OF SAN BERNARDINO        )  
CITY OF ONTARIO                        )

I, SHEILA MAUTZ, City Clerk of the City of Ontario, DO HEREBY CERTIFY that foregoing Resolution No. 2019-    was duly passed and adopted by the City Council of the City of Ontario at their regular meeting held October 1, 2019 by the following roll call vote, to wit:

AYES:            COUNCIL MEMBERS:

NOES:           COUNCIL MEMBERS:

ABSENT:         COUNCIL MEMBERS:

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

(SEAL)

The foregoing is the original of Resolution No. 2019-    duly passed and adopted by the Ontario City Council at their regular meeting held October 1, 2019.

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

(SEAL)

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, MAKING A DETERMINATION REGARDING SURPLUS AMOUNTS REMAINING IN AND FROM THE IMPROVEMENT FUND AND REDEMPTION FUND OF ASSESSMENT DISTRICT NO. 107, AND DIRECTING THE DISPOSITION OF SUCH SURPLUS AMOUNTS.

WHEREAS, the City Council (the "City Council") of the City of Ontario (the "City"), pursuant to the Municipal Improvement Act of 1913 (being Division 12 of the California Streets and Highways Code) (the "1913 Act"), conducted proceedings for the formation of a special assessment district designated as "Assessment District No. 107" (the "Assessment District") to finance certain public improvements (the "Improvements"); and

WHEREAS, the City issued bonds (the "Bonds") to finance certain Improvements within the Assessment District pursuant to The Improvement Bond Act of 1915 (being division 10 of the California Streets and Highways Code) (the "Bond Act"); and

WHEREAS, Section 10427 of the 1913 Act provides that after completion of the improvement and the payment of all claims from the improvement fund, the legislative body shall determine the amount of the surplus, if any, remaining in the improvement fund by reason of the assessment and any supplemental assessment levied for the improvement, and that the surplus shall be used, in amounts determined by the legislative body, for one or more of the purposes set forth therein, including for the maintenance of the improvement; and

WHEREAS, the Improvements have been completed and all claims from the improvement fund for the Assessment District (the "Improvement Fund") have been paid; and

WHEREAS, as of the date hereof, there is an amount not less than \$840,316 in or from the Improvement Fund; and

WHEREAS, the City Council desires to determine that all amounts remaining on deposit in or from the Improvement Fund are surplus amounts, and to direct such surplus amounts to be applied to pay the costs of maintenance of the Improvements within the Assessment District, which includes the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of any Improvement, including repair, removal or replacement of all or any part of any Improvement; and

WHEREAS, Section 8784 of the Bond Act provides that after payment of all bonds and the interest thereon, that surplus in the redemption fund shall (a) first be applied to repayment to a city of any special taxes levied by it for the purpose of advancing funds under Part 13 (commencing with Section 8800) of the Bond Act, less its recovery on the sale or redemption of the properties assessed, and also of any costs incurred by it under the Bond Act, (b) that the remainder shall be repaid in accordance with the provisions of Section 8783 of the Bond Act to persons paying supplemental



assessments, if any, and (c) that the balance may be proportionately credited upon the final installments due upon the assessments securing the bonds and repaid to those persons whose assessments have been previously paid or may be transferred to the general fund of such city; and

WHEREAS, all Bonds and the interest thereon have been fully paid, there are no amounts to be repaid to the City for any special taxes levied by it for the purpose of advancing funds under Part 13 (commencing with Section 8800) of the Bond Act or for any costs incurred by it under the Bond Act, and there are no amounts to be repaid to persons paying or who paid supplemental assessments pursuant to Section 8783 of the Bond Act; and

WHEREAS, as of the date hereof, there is an amount not less than \$141,605 in or from the redemption fund for the Assessment District (the "Redemption Fund"); and

WHEREAS, the City Council desires to determine that all amounts remaining on deposit in or from the Redemption Fund are surplus amounts, and to direct such surplus amounts to be applied to pay the costs of maintenance of the Improvements within the Assessment District, which includes the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of any Improvement, including repair, removal or replacement of all or any part of any Improvement; and

WHEREAS, such use of such surplus amounts would be a proper use of amounts in the general fund of the City; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Ontario as follows:

SECTION 1. The foregoing recitals are true and correct.

SECTION 2. All amounts on deposit in or from the Improvement Fund are hereby determined to be surplus for purposes of Section 10427 of the 1913 Act. Such surplus amounts are hereby directed to be applied to the payment of costs of maintenance of the Improvements within the Assessment District, which includes the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of any Improvement, including repair, removal or replacement of all or any part of any Improvement.

The City Council finds that such use of the surplus amounts would benefit the property within the Assessment District.

SECTION 3. All amounts on deposit in or from the Redemption Fund are hereby determined to be surplus for purposes of Section 8784 of the Bond Act. Such surplus amounts are hereby directed to be applied to the payment of costs of maintenance of the Improvements within the Assessment District, which includes the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of any Improvement, including repair, removal or replacement of all or any part of any Improvement.

The City Council finds that such use of the surplus amounts would benefit the property within the Assessment District.

SECTION 4. The officers, employees and agents of the City are hereby authorized and directed to take all actions and do all things which they, or any of them, may deem necessary or desirable to accomplish the purposes of this Resolution and not inconsistent with the provisions hereof.

SECTION 5. This Resolution shall take effect immediately upon its adoption.

The City Clerk of the City of Ontario shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 1<sup>st</sup> day of October 2019.

---

PAUL S. LEON, MAYOR

ATTEST:

---

SHEILA MAUTZ, CITY CLERK

APPROVED AS TO FORM:

---

COLE HUBER, LLP  
CITY ATTORNEY

STATE OF CALIFORNIA                    )  
COUNTY OF SAN BERNARDINO        )  
CITY OF ONTARIO                        )

I, SHEILA MAUTZ, City Clerk of the City of Ontario, DO HEREBY CERTIFY that foregoing Resolution No. 2019-    was duly passed and adopted by the City Council of the City of Ontario at their regular meeting held October 1, 2019 by the following roll call vote, to wit:

AYES:            COUNCIL MEMBERS:

NOES:           COUNCIL MEMBERS:

ABSENT:         COUNCIL MEMBERS:

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

(SEAL)

The foregoing is the original of Resolution No. 2019-    duly passed and adopted by the Ontario City Council at their regular meeting held October 1, 2019.

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

(SEAL)

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, MAKING A DETERMINATION REGARDING SURPLUS AMOUNTS REMAINING IN AND FROM THE IMPROVEMENT FUND OF ASSESSMENT DISTRICT NO. 108, AND DIRECTING THE DISPOSITION OF SUCH SURPLUS AMOUNTS.

WHEREAS, the City Council (the "City Council") of the City of Ontario (the "City"), pursuant to the Municipal Improvement Act of 1913 (being Division 12 of the California Streets and Highways Code) (the "1913 Act"), conducted proceedings for the formation of a special assessment district designated as "Assessment District No. 108" (the "Assessment District") to finance certain public improvements (the "Improvements"); and

WHEREAS, Section 10427 of the 1913 Act provides that after completion of the improvement and the payment of all claims from the improvement fund, the legislative body shall determine the amount of the surplus, if any, remaining in the improvement fund by reason of the assessment and any supplemental assessment levied for the improvement, and that the surplus shall be used, in amounts determined by the legislative body, for one or more of the purposes set forth therein, including for the maintenance of the improvement; and

WHEREAS, the Improvements have been completed and all claims from the improvement fund for the Assessment District (the "Improvement Fund") have been paid; and

WHEREAS, as of the date hereof, there is an amount not less than \$264,158 in or from the Improvement Fund; and

WHEREAS, the City Council desires to determine that all amounts remaining on deposit in or from the Improvement Fund are surplus amounts, and to direct such surplus amounts to be applied to pay the costs of maintenance of the Improvements within the Assessment District, which includes the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of any Improvement, including repair, removal or replacement of all or any part of any Improvement;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Ontario as follows:

SECTION 1. The foregoing recitals are true and correct.

SECTION 2. All amounts on deposit in or from the Improvement Fund are hereby determined to be surplus for purposes of Section 10427 of the 1913 Act. Such surplus amounts are hereby directed to be applied to the payment of costs of maintenance of the Improvements within the Assessment District, which includes the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of any Improvement, including repair, removal or replacement of all or any part of any Improvement.

The City Council finds that such use of the surplus amounts would benefit the property within the Assessment District.

SECTION 3. The officers, employees and agents of the City are hereby authorized and directed to take all actions and do all things which they, or any of them, may deem necessary or desirable to accomplish the purposes of this Resolution and not inconsistent with the provisions hereof.

SECTION 4. This Resolution shall take effect immediately upon its adoption.

The City Clerk of the City of Ontario shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 1<sup>st</sup> day of October 2019.

---

PAUL S. LEON, MAYOR

ATTEST:

---

SHEILA MAUTZ, CITY CLERK

APPROVED AS TO FORM:

---

COLE HUBER, LLP  
CITY ATTORNEY

STATE OF CALIFORNIA                    )  
COUNTY OF SAN BERNARDINO        )  
CITY OF ONTARIO                        )

I, SHEILA MAUTZ, City Clerk of the City of Ontario, DO HEREBY CERTIFY that foregoing Resolution No. 2019-    was duly passed and adopted by the City Council of the City of Ontario at their regular meeting held October 1, 2019 by the following roll call vote, to wit:

AYES:            COUNCIL MEMBERS:

NOES:           COUNCIL MEMBERS:

ABSENT:         COUNCIL MEMBERS:

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

(SEAL)

The foregoing is the original of Resolution No. 2019-    duly passed and adopted by the Ontario City Council at their regular meeting held October 1, 2019.

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

(SEAL)

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, MAKING A DETERMINATION REGARDING SURPLUS AMOUNTS REMAINING IN AND FROM THE REDEMPTION FUND OF REASSESSMENT DISTRICT NO. 97B, AND DIRECTING THE DISPOSITION OF SUCH SURPLUS AMOUNTS.

WHEREAS, the City Council (the "City Council") of the City of Ontario (the "City"), pursuant to the Municipal Improvement Act of 1913 (being Division 12 of the California Streets and Highways Code) (the "1913 Act"), conducted proceedings for the formation of a special assessment district designated as "Reassessment District No. 97B" (the "Reassessment District") to refinance certain public improvements (the "Improvements"); and

WHEREAS, the City issued bonds (the "Bonds") to refinance certain Improvements within the Reassessment District pursuant to The Improvement Bond Act of 1915 (being division 10 of the California Streets and Highways Code) (the "Bond Act"); and

WHEREAS, Section 8784 of the Bond Act provides that after payment of all bonds and the interest thereon, that surplus in the redemption fund shall (a) first be applied to repayment to a city of any special taxes levied by it for the purpose of advancing funds under Part 13 (commencing with Section 8800) of the Bond Act, less its recovery on the sale or redemption of the properties assessed, and also of any costs incurred by it under the Bond Act, (b) that the remainder shall be repaid in accordance with the provisions of Section 8783 of the Bond Act to persons paying supplemental assessments, if any, and (c) that the balance may be proportionately credited upon the final installments due upon the assessments securing the bonds and repaid to those persons whose assessments have been previously paid or may be transferred to the general fund of such city; and

WHEREAS, all Bonds and the interest thereon have been fully paid, there are no amounts to be repaid to the City for any special taxes levied by it for the purpose of advancing funds under Part 13 (commencing with Section 8800) of the Bond Act or for any costs incurred by it under the Bond Act, and there are no amounts to be repaid to persons paying or who paid supplemental assessments pursuant to Section 8783 of the Bond Act; and

WHEREAS, as of the date hereof, there is an amount not less than \$36,738 in or from the redemption fund for the Reassessment District (the "Redemption Fund"); and

WHEREAS, the City Council desires to determine that all amounts remaining on deposit in or from the Redemption Fund are surplus amounts, and to direct such surplus amounts to be applied to pay the costs of maintenance of the Improvements within the Reassessment District, which includes the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of any Improvement, including repair, removal or replacement of all or any part of any Improvement; and

WHEREAS, such use of such surplus amounts would be a proper use of amounts in the general fund of the City;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Ontario as follows:

SECTION 1. The foregoing recitals are true and correct.

SECTION 2. All amounts on deposit in or from the Redemption Fund are hereby determined to be surplus for purposes of Section 8784 of the Bond Act. Such surplus amounts are hereby directed to be applied to the payment of costs of maintenance of the Improvements within the Reassessment District, which includes the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of any Improvement, including repair, removal or replacement of all or any part of any Improvement.

The City Council finds that such use of the surplus amounts would benefit the property within the Reassessment District.

SECTION 3. The officers, employees and agents of the City are hereby authorized and directed to take all actions and do all things which they, or any of them, may deem necessary or desirable to accomplish the purposes of this Resolution and not inconsistent with the provisions hereof.

SECTION 4. This Resolution shall take effect immediately upon its adoption.

The City Clerk of the City of Ontario shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 1<sup>st</sup> day of October 2019.

---

PAUL S. LEON, MAYOR

ATTEST:

---

SHEILA MAUTZ, CITY CLERK



APPROVED AS TO FORM:

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COLE HUBER, LLP  
CITY ATTORNEY

STATE OF CALIFORNIA                    )  
COUNTY OF SAN BERNARDINO        )  
CITY OF ONTARIO                        )

I, SHEILA MAUTZ, City Clerk of the City of Ontario, DO HEREBY CERTIFY that foregoing Resolution No. 2019-    was duly passed and adopted by the City Council of the City of Ontario at their regular meeting held October 1, 2019 by the following roll call vote, to wit:

AYES:            COUNCIL MEMBERS:

NOES:           COUNCIL MEMBERS:

ABSENT:         COUNCIL MEMBERS:

---

SHEILA MAUTZ, CITY CLERK

(SEAL)

The foregoing is the original of Resolution No. 2019-   duly passed and adopted by the Ontario City Council at their regular meeting held October 1, 2019.

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SHEILA MAUTZ, CITY CLERK

(SEAL)

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, MAKING A DETERMINATION REGARDING SURPLUS AMOUNTS REMAINING IN AND FROM THE REDEMPTION FUND OF REASSESSMENT DISTRICT NO. 100B, AND DIRECTING THE DISPOSITION OF SUCH SURPLUS AMOUNTS.

WHEREAS, the City Council (the "City Council") of the City of Ontario (the "City"), pursuant to the Municipal Improvement Act of 1913 (being Division 12 of the California Streets and Highways Code) (the "1913 Act"), conducted proceedings for the formation of a special assessment district designated as "Reassessment District No. 100B" (the "Reassessment District") to refinance certain public improvements (the "Improvements"); and

WHEREAS, the City issued bonds (the "Bonds") to refinance certain Improvements within the Reassessment District pursuant to The Improvement Bond Act of 1915 (being division 10 of the California Streets and Highways Code) (the "Bond Act"); and

WHEREAS, Section 8784 of the Bond Act provides that after payment of all bonds and the interest thereon, that surplus in the redemption fund shall (a) first be applied to repayment to a city of any special taxes levied by it for the purpose of advancing funds under Part 13 (commencing with Section 8800) of the Bond Act, less its recovery on the sale or redemption of the properties assessed, and also of any costs incurred by it under the Bond Act, (b) that the remainder shall be repaid in accordance with the provisions of Section 8783 of the Bond Act to persons paying supplemental assessments, if any, and (c) that the balance may be proportionately credited upon the final installments due upon the assessments securing the bonds and repaid to those persons whose assessments have been previously paid or may be transferred to the general fund of such city; and

WHEREAS, all Bonds and the interest thereon have been fully paid, there are no amounts to be repaid to the City for any special taxes levied by it for the purpose of advancing funds under Part 13 (commencing with Section 8800) of the Bond Act or for any costs incurred by it under the Bond Act, and there are no amounts to be repaid to persons paying or who paid supplemental assessments pursuant to Section 8783 of the Bond Act; and

WHEREAS, as of the date hereof, there is an amount not less than \$226,548 in or from the redemption fund for the Reassessment District (the "Redemption Fund"); and

WHEREAS, the City Council desires to determine that all amounts remaining on deposit in or from the Redemption Fund are surplus amounts, and to direct such surplus amounts to be applied to pay the costs of maintenance of the Improvements within the Reassessment District, which includes the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of any Improvement, including repair, removal or replacement of all or any part of any Improvement; and

WHEREAS, such use of such surplus amounts would be a proper use of amounts in the general fund of the City.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Ontario as follows:

SECTION 1. The foregoing recitals are true and correct.

SECTION 2. All amounts on deposit in or from the Redemption Fund are hereby determined to be surplus for purposes of Section 8784 of the Bond Act. Such surplus amounts are hereby directed to be applied to the payment of costs of maintenance of the Improvements within the Reassessment District, which includes the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of any Improvement, including repair, removal or replacement of all or any part of any Improvement.

The City Council finds that such use of the surplus amounts would benefit the property within the Reassessment District.

SECTION 3. The officers, employees and agents of the City are hereby authorized and directed to take all actions and do all things which they, or any of them, may deem necessary or desirable to accomplish the purposes of this Resolution and not inconsistent with the provisions hereof.

SECTION 4. This Resolution shall take effect immediately upon its adoption.

The City Clerk of the City of Ontario shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 1<sup>st</sup> day of October 2019.

---

PAUL S. LEON, MAYOR

ATTEST:

---

SHEILA MAUTZ, CITY CLERK

APPROVED AS TO FORM:

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COLE HUBER, LLP  
CITY ATTORNEY

STATE OF CALIFORNIA                    )  
COUNTY OF SAN BERNARDINO        )  
CITY OF ONTARIO                        )

I, SHEILA MAUTZ, City Clerk of the City of Ontario, DO HEREBY CERTIFY that foregoing Resolution No. 2019-    was duly passed and adopted by the City Council of the City of Ontario at their regular meeting held October 1, 2019 by the following roll call vote, to wit:

AYES:            COUNCIL MEMBERS:

NOES:           COUNCIL MEMBERS:

ABSENT:         COUNCIL MEMBERS:

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

(SEAL)

The foregoing is the original of Resolution No. 2019-    duly passed and adopted by the Ontario City Council at their regular meeting held October 1, 2019.

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

(SEAL)

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, MAKING A DETERMINATION REGARDING SURPLUS AMOUNTS REMAINING IN AND FROM THE REDEMPTION FUND OF REASSESSMENT DISTRICT NO. 105, AND DIRECTING THE DISPOSITION OF SUCH SURPLUS AMOUNTS.

WHEREAS, the City Council (the "City Council") of the City of Ontario (the "City"), pursuant to the Municipal Improvement Act of 1913 (being Division 12 of the California Streets and Highways Code) (the "1913 Act"), conducted proceedings for the formation of a special assessment district designated as "Reassessment District No. 105" (the "Reassessment District") to refinance certain public improvements (the "Improvements"); and

WHEREAS, the City issued bonds (the "Bonds") to refinance certain Improvements within the Reassessment District pursuant to The Improvement Bond Act of 1915 (being division 10 of the California Streets and Highways Code) (the "Bond Act"); and

WHEREAS, Section 8784 of the Bond Act provides that after payment of all bonds and the interest thereon, that surplus in the redemption fund shall (a) first be applied to repayment to a city of any special taxes levied by it for the purpose of advancing funds under Part 13 (commencing with Section 8800) of the Bond Act, less its recovery on the sale or redemption of the properties assessed, and also of any costs incurred by it under the Bond Act, (b) that the remainder shall be repaid in accordance with the provisions of Section 8783 of the Bond Act to persons paying supplemental assessments, if any, and (c) that the balance may be proportionately credited upon the final installments due upon the assessments securing the bonds and repaid to those persons whose assessments have been previously paid or may be transferred to the general fund of such city; and

WHEREAS, all Bonds and the interest thereon have been fully paid, there are no amounts to be repaid to the City for any special taxes levied by it for the purpose of advancing funds under Part 13 (commencing with Section 8800) of the Bond Act or for any costs incurred by it under the Bond Act, and there are no amounts to be repaid to persons paying or who paid supplemental assessments pursuant to Section 8783 of the Bond Act; and

WHEREAS, as of the date hereof, there is an amount not less than \$91,844 in or from the redemption fund for the Reassessment District (the "Redemption Fund"); and

WHEREAS, the City Council desires to determine that all amounts remaining on deposit in or from the Redemption Fund are surplus amounts, and to direct such surplus amounts to be applied to pay the costs of maintenance of the Improvements within the Reassessment District, which includes the furnishing of services and

materials for the ordinary and usual maintenance, operation and servicing of any Improvement, including repair, removal or replacement of all or any part of any Improvement; and

WHEREAS, such use of such surplus amounts would be a proper use of amounts in the general fund of the City.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Ontario as follows:

SECTION 1. The foregoing recitals are true and correct.

SECTION 2. All amounts on deposit in or from the Redemption Fund are hereby determined to be surplus for purposes of Section 8784 of the Bond Act. Such surplus amounts are hereby directed to be applied to the payment of costs of maintenance of the Improvements within the Reassessment District, which includes the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of any Improvement, including repair, removal or replacement of all or any part of any Improvement.

The City Council finds that such use of the surplus amounts would benefit the property within the Reassessment District.

SECTION 3. The officers, employees and agents of the City are hereby authorized and directed to take all actions and do all things which they, or any of them, may deem necessary or desirable to accomplish the purposes of this Resolution and not inconsistent with the provisions hereof.

SECTION 4. This Resolution shall take effect immediately upon its adoption.

The City Clerk of the City of Ontario shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 1<sup>st</sup> day of October 2019.

---

PAUL S. LEON, MAYOR

ATTEST:

---

SHEILA MAUTZ, CITY CLERK



APPROVED AS TO FORM:

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COLE HUBER, LLP  
CITY ATTORNEY

STATE OF CALIFORNIA )  
COUNTY OF SAN BERNARDINO )  
CITY OF ONTARIO )

I, SHEILA MAUTZ, City Clerk of the City of Ontario, DO HEREBY CERTIFY that foregoing Resolution No. 2019- was duly passed and adopted by the City Council of the City of Ontario at their regular meeting held October 1, 2019 by the following roll call vote, to wit:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

(SEAL)

The foregoing is the original of Resolution No. 2019- duly passed and adopted by the Ontario City Council at their regular meeting held October 1, 2019.

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

(SEAL)

# CITY OF ONTARIO

Agenda Report  
October 1, 2019

SECTION:  
CONSENT CALENDAR

**SUBJECT: A MAINTENANCE SERVICE AGREEMENT FOR GARAGE AND FUEL SITE MAINTENANCE AND ON-CALL REPAIR SERVICES**

**RECOMMENDATION:** That the City Council authorize the City Manager to execute a two-year Maintenance Service Agreement (on file in the Records Management Department) with Fuel Serv, Inc. of Montclair, California, for an annual estimated amount of \$62,682 plus a contingency of \$27,318 for unforeseen required repairs; authorize the addition of future services and repairs; and authorize the option to extend the agreement for up to two additional years consistent with City Council approved budgets.

**COUNCIL GOALS: Maintain the Current High Level of Public Safety  
Operate in a Businesslike Manner**

**FISCAL IMPACT:** The recommended Maintenance Service Agreement is for an estimated annual amount of \$62,682 plus a contingency of \$27,318 to cover any unforeseen repairs and urgency maintenance, for an annual not to exceed amount of \$90,000 for each of the first two years. The two-year total contract authorization is \$180,000. The Fiscal Year 2019-20 Adopted Operating Budget includes appropriations from the Equipment Services Fund for these recurring expenses.

At the City's sole discretion, two additional one-year extension periods may be added with unit pricing for the future years to be negotiated, not to exceed the annual change in the Consumer Price Index. Future contracting actions will be commensurate with City Council authorized work programs and budgets for the respective fiscal years.

**BACKGROUND:** The City's fueling equipment provides fuel usage reporting for regulatory agencies. The annual maintenance and repairs include scheduled regulatory inspections and testing as well as maintenance on garage equipment to ensure proper and safe operation.

**STAFF MEMBER PRESENTING:** Tito Haes, Executive Director Public Works

Prepared by: Michael Johnson  
Department: Municipal Services

City Manager Approval: 

Submitted to Council/O.H.A. 10/01/2019  
Approved: \_\_\_\_\_  
Continued to: \_\_\_\_\_  
Denied: \_\_\_\_\_

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In August 2019, the City solicited bids based on all required inspections and testing, and installations of fuel tracking equipment. Eighty-one vendors were notified, and no proposals were received.

Under Ontario Municipal Code, Sec. 2-6.20 (c), "If no bids are received through the formal or informal procedure, the project may be performed by the employees of the City by force account or negotiated contract without further complying with this chapter."

In September 2019, staff contacted Fuel Serv, Inc. located in Montclair, California, and they submitted a proposal that met all the required specifications with a two-year base cost of \$125,364. Based on their proposal, credentials, pricing and prior working relationship, staff recommends award of a Maintenance Services Agreement to Fuel Serv, Inc. for the City's required garage and fuel site maintenance and on-call repair services.

# CITY OF ONTARIO

Agenda Report  
October 1, 2019

SECTION:  
CONSENT CALENDAR

**SUBJECT: PROFESSIONAL SERVICES AGREEMENTS FOR CITYWIDE ON-CALL PROJECT MANAGEMENT SERVICES**

**RECOMMENDATION:** That the City Council and the Board of the Ontario Housing Authority approve and authorize the City Manager to execute three-year Project Management Professional Service Agreements (on file in the Records Management Department) with: HR Green Pacific of Corona, California; Cumming Construction of Murrieta, California; PPM Group, Inc. of Fontana, California; Wallace & Associates of Murrieta, California; AKM Consulting of Irvine, California; Project Management Advisors of Norco, California; CAPO Projects Group of San Juan Capistrano, California; and Transtech Engineers of Chino, California; and authorize the City Manager to extend the agreements for up to two additional years consistent with City Council approved budgets.

**COUNCIL GOALS: Focus Resources in Ontario's Commercial and Residential Neighborhoods  
Invest in the City's Infrastructure (Water, Streets, Sewers, Parks, Storm Drains and Public Facilities)**

**FISCAL IMPACT:** Each firm will be compensated for on-call, as-needed services at the fixed hourly rates as set forth in their respective agreements for the work they perform on City Council approved capital improvement projects. The total compensation paid by the City or Authority under the original term and any subsequent term extensions will be contingent upon the type and amount of work performed and shall not exceed the amount allocated in the adopted budgets for the respective fiscal year.

Each firm has agreed to fixed hourly rates set forth in their respective agreements for three years. At the City's or Authority's discretion, up to two additional one-year extensions may be executed. Pricing for the option years will be negotiated, and any proposed fee increases will not exceed 3% per year.

**BACKGROUND:** In the furtherance of City Council goals and priority work program projects, City staff at times, require project and construction management services that cannot be provided by City staff. The services to be provided by the firms include: architectural prequalification, bidding and selection, preconstruction, design and construction documents, contractor prequalification, schedule

**STAFF MEMBER PRESENTING:** Tito Haes, Executive Director Public Works

Prepared by: David Simpson  
Department: Public Works

City Manager  
Approval: 

Submitted to Council/O.H.A. 10/01/2019  
Approved: \_\_\_\_\_  
Continued to: \_\_\_\_\_  
Denied: \_\_\_\_\_

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development, construction support, inspection, estimating, budgeting, quality assurance and control, document management, and management support services.

Staff is recommending on-call contracts with eight qualified project management firms. Contracting with multiple firms will ensure a cost-effective option and that sufficient resources are available for projects and task orders as they may arise. The execution of these agreements does not guarantee any specific level of payment or assignment of work to any firm. The pre-selection of firms based on qualifications allows the assignment of tasks based on best value, specialized expertise or availability to meet the City's project timelines. In addition, staff is recommending that all contracts be executed between the firms and the City as well as the Housing Authority, so that any City department can make use of these services for their respective projects.

On August 6, 2019, the City solicited request for proposals for on-call professional project management services; and received sixteen responses from the following firms:

<u>COMPANY</u>	<u>LOCATION</u>
<b>AKM Consulting</b>	<b>Irvine, CA</b>
<b>CAPO Projects Group</b>	<b>San Juan Capistrano, CA</b>
<b>Cumming Construction Management</b>	<b>Murrieta, CA</b>
<b>HR Green Pacific, Inc.</b>	<b>Corona, CA</b>
<b>Project Management Advisors, Inc.</b>	<b>Norco, CA</b>
<b>PPM Group, Inc.</b>	<b>Fontana, CA</b>
<b>Transtech Engineers, Inc.</b>	<b>Chino, CA</b>
<b>Wallace &amp; Associates, Inc.</b>	<b>Murrieta, CA</b>
<b>Bird Group Construction</b>	<b>Rancho Cucamonga, CA</b>
<b>Cal K-12</b>	<b>Redlands, CA</b>
<b>Griffin Structures, Inc.</b>	<b>Irvine, CA</b>
<b>Jenkins/Gales &amp; Martinez, Inc.</b>	<b>Los Angeles, CA</b>
<b>Moote Companies, LLC</b>	<b>Irvine, CA</b>
<b>P2S Construction Management</b>	<b>Long Beach, CA</b>
<b>Skanska USA Building, Inc.</b>	<b>Los Angeles, CA</b>
<b>Z&amp;K Consultants, Inc.</b>	<b>San Bernardino, CA</b>

Using a qualifications-based selection process, the proposals were reviewed and scored by City staff from Public Works, Economic Development and Engineering according to the scoring criteria outlined in the RFP. The criteria consisted of the firm's profile, staffing, project experience and references. The top eight firms of HR Green Pacific, Cumming Construction, PPM Construction, Wallace & Associates, AKM Consulting, Project Management Advisors, CAPO Projects, and Transtech Engineers were judged to be the most qualified firms. As such, they are being recommended based on their broad range of expertise as demonstrated by their services provided to municipal agencies and capability to perform the work in a timely manner.

# CITY OF ONTARIO

Agenda Report  
October 1, 2019

SECTION:  
PUBLIC HEARINGS

**SUBJECT: A PUBLIC HEARING TO CONSIDER AN ORDINANCE APPROVING AN AMENDMENT TO THE CITY OF ONTARIO MUNICIPAL CODE, REVISING SECTIONS 3-1.113 AND 3-1.117, REGARDING BUSINESS LICENSE REGISTRATION TERMS**

**RECOMMENDATION:** That the City Council introduce and waive further reading of an ordinance approving an amendment to the City of Ontario Municipal Code, revising sections 3-1.113 and 3-1.117 to change the annual license renewal to expire at midnight on the anniversary of the date of the business start date rather than December 31 of each year.

**COUNCIL GOALS:** Operate in a Businesslike Manner

**FISCAL IMPACT:** If approved, business license renewals would take place daily, throughout the year. The current expirations of all licenses at December 31 results in additional personnel and overtime necessary to manage the large amount of renewals at a single point in time. There would therefore be a savings estimated to be at least \$30,400 each year to the General Fund.

**BACKGROUND:** The City of Ontario currently sets business license terms from January 1 to December 31 of each year. This term results in every business license in the City to come up for renewal at the same time each year. Currently there are over 13,000 renewals sent out every year. Due to limited resources, the Revenue Services Department must employ additional personnel to manage the renewals as well as work an average of 10 hours of overtime per pay period for 3 months. Changing the renewal dates to coincide with the business' anniversary date would spread out the renewals more evenly over the year. This would allow the Revenue Services Department to handle the renewals efficiently with the resources they currently have.

**STAFF MEMBER PRESENTING:** Armen Harkalyan, Executive Director of Finance

Prepared by: Eileen Precie  
Department: Revenue Services  
City Manager Approval: 

Submitted to Council/O.H.A. 10/01/2019  
Approved: \_\_\_\_\_  
Continued to: \_\_\_\_\_  
Denied: \_\_\_\_\_

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, AMENDING SECTIONS 3-1.113 AND 3-1.117 OF THE ONTARIO MUNICIPAL CODE REGARDING BUSINESS LICENSE REGISTRATION TERMS.

WHEREAS, the City of Ontario currently sets business license terms from January 1 to December 31 of each year; and

WHEREAS, such term results in every business license in the City to come up for renewal at the same time each year; and

WHEREAS, due to limited resources, the Revenue Services Department must hire additional help to handle the renewals all at the same time; and

WHEREAS, spreading out the renewals over the year would allow the Revenue Services Department to handle the renewals efficiently with the resources they currently have; and

WHEREAS, business licenses in existence on November 30, 2019 shall be renewed on the anniversary date of the issuance of such license; and

WHEREAS, the renewals for existing licenses will be prorated for the amount of months between December 31, 2019 and the business start date anniversary.

NOW, THEREFORE, the City Council of the City of Ontario, California does ordain as follows:

SECTION 1. Section 3-1.113 of the Ontario Municipal Code is hereby amended to read as follows:

“Sec. 3-1.113. Term of business license.

(a) Every business license issued for a period of less than one year shall expire at midnight on the day that it was issued through.

(b) Every annual business license shall expire at midnight on the anniversary date of the business start date unless specified otherwise in this chapter.

SECTION 2. Section 3-1.117 of the Ontario Municipal Code is hereby amended to read as follows:

“Sec. 3-1.117. Penalties for late payment and non-payment.

For failure to pay a tax when due, the license collector shall add a penalty of twenty percent (20%) of the amount of such tax on the last calendar day of each following month after the due date thereof. New businesses in the City who fail to secure a business license prior to opening for business shall add a penalty of twenty percent (20%) in



addition to amount of the business license tax. In no event shall any penalty imposed hereunder exceed an amount equal to one hundred percent (100%) of such tax.”

SECTION 3. If any section, subsection, subdivision, sentence, clause, or phrase in this Ordinance or any part thereof is for any reason held to be unconstitutional or invalid, ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance or any part thereof. The City Council hereby declares that it would have adopted each section irrespective of the fact that any one or more subsections, subdivisions, sentences, clauses, or phrases be declared unconstitutional, invalid, or ineffective.

SECTION 4. This Ordinance shall supersede all other previous City Council resolutions and ordinances that may conflict with, or be contrary to, this Ordinance.

SECTION 5. This Ordinance shall become effective thirty (30) calendar days after its adoption by the City Council.

SECTION 6. The Mayor shall sign this Ordinance and the City Clerk shall certify as to the adoption and shall cause a summary thereof to be published at least once, in a newspaper of general circulation in the City of Ontario, California within fifteen (15) days of the adoption. The City Clerk shall post a certified copy of this ordinance, including the vote for and against the same, in the Office of the City Clerk, in accordance with Government Code Section 36933.

PASSED, APPROVED, AND ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

\_\_\_\_\_  
PAUL S. LEON, MAYOR

ATTEST:

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

APPROVED AS TO FORM:

\_\_\_\_\_  
COLE HUBER, LLP  
CITY ATTORNEY

STATE OF CALIFORNIA )  
COUNTY OF SAN BERNARDINO )  
CITY OF ONTARIO )

I, SHEILA MAUTZ, City Clerk of the City of Ontario, DO HEREBY CERTIFY that foregoing Ordinance No. \_\_\_\_\_ was duly introduced at a regular meeting of the City Council of the City of Ontario held October 1, 2019 and adopted at the regular meeting held \_\_\_\_\_ 2019 by the following roll call vote, to wit:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

(SEAL)

I hereby certify that the foregoing is the original of Ordinance No. \_\_\_\_\_ duly passed and adopted by the Ontario City Council at their regular meeting held \_\_\_\_\_ 2019 and that Summaries of the Ordinance were published on \_\_\_\_\_ and \_\_\_\_\_, in the Inland Valley Daily Bulletin newspaper.

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

(SEAL)

# CITY OF ONTARIO

Agenda Report  
October 1, 2019

SECTION:  
ADMINISTRATIVE REPORTS/  
DISCUSSION/ACTION

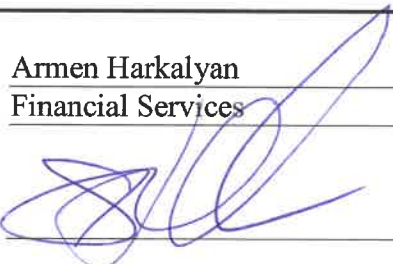
**SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO AUTHORIZING THE ISSUANCE OF BONDS TO REFUND CERTAIN PENSION OBLIGATIONS OF THE CITY, APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF A TRUST AGREEMENT AND PURCHASE CONTRACT, AUTHORIZING JUDICIAL VALIDATION PROCEEDINGS RELATING TO THE ISSUANCE OF SUCH BONDS, AND APPROVING ADDITIONAL ACTIONS RELATED THERETO**

**RECOMMENDATION:** That the City Council adopt a resolution authorizing the issuance of bonds to refund certain pension obligations of the City, and authorizing judicial validation proceedings related to the issuance. The resolution:

- (A) Authorizes the issuance of pension obligation bonds to refund certain pension obligations of the City;
- (B) Approves the forms of the Trust Agreement, the Bond Purchase Contract, and the authorization of judicial validation proceedings related to the issuance of such bonds;
- (C) Authorizes a negotiated sale of the pension obligation bonds to Hilltop Securities, Inc. (the "Underwriter") within certain parameters;
- (D) Authorizes the execution of the Trust Agreement and the Bond Purchase Contract by the City Manager, or his designee; and
- (E) Authorize the City Manager to negotiate and execute contracts for services of Bond Counsel, Municipal Advisor, Underwriter, and Trustee.

**COUNCIL GOALS: Invest in the Growth and Evolution of the City's Economy  
Operate in a Businesslike Manner**

**STAFF MEMBER PRESENTING:** Armen Harkalyan, Executive Director of Finance

Prepared by: Armen Harkalyan  
Department: Financial Services  
City Manager Approval: 

Submitted to Council/O.H.A. 10/01/2019  
Approved: \_\_\_\_\_  
Continued to: \_\_\_\_\_  
Denied: \_\_\_\_\_

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**FISCAL IMPACT:** The issuance of pension obligation bonds for the refinancing of certain pension obligations of the City of Ontario may reduce the annual costs related to the unfunded actuarial accrued liability (“UAL”) the City currently is obligated to pay CalPERS. As of June 30, 2018, the most current date financial information is available, the City’s UAL for all citywide employees and retirees is approximately \$323 million. Approximately 70% of the UAL is related to public safety (police and fire) employees and 30% is related to non-safety employees.

The City’s UAL as of June 30, 2019 (which will not be reported by CalPERS to the City until August 2020), is estimated at \$332 million. Further, it is expected to be \$337 million as of June 30, 2020.

Currently, annual UAL payments to CalPERS will range from approximately \$21 million for the 2020-21 fiscal year, up to approximately \$35 million in the peak year of 2030-31. It is highly likely that the increase will impact the ability of the City Council to adopt future balanced budgets. It may also impact the high level of services currently provided to Ontario’s residents and businesses.

The issuance of pension obligation bonds will allow the City of Ontario to prepay up to 100% of the projected UAL, based on the 2018 valuation date report just released by CalPERS. By issuing bonds, the City will be contractually obligated to make annual debt service payments to the bondholders. The annual debt service payments could be structured to be level dollar amount payments over the course of the life of the bonds. With potentially lower interest rates paid on the bonds as compared to the current 7% interest rate charged by CalPERS, and a 30 year bond repayment schedule (presuming call provisions are not exercised), the City could potentially save approximately \$110M to \$115M over the life of the bond financing. It reduces the potential UAL payment for fiscal year 2020-21 from \$21 million to approximately \$19 million. It should be noted that even this amount represents an increase from the current fiscal year’s required UAL payment of \$17.4 million.

**BACKGROUND:** Over the last several years, CalPERS has made significant changes to the assumptions used in the calculations of local agencies’ pension liabilities. These changes have resulted in (1) an increased overall unfunded pension liability as the discount rate has been reduced from 7.5% to 7.0%, and (2) sharp increases in annual payments due to CalPERS in earlier years followed by declining payments in later years due to the method of amortizing the UAL payments.

The City has three CalPERS plans – Police, Fire and Miscellaneous employee groups. Each plan’s UAL is comprised of multiple “amortization bases,” which are positive and negative amounts generated each year based on the performance of the CalPERS Investment Fund and changes in the actuarial assumptions. Each amortization base has a separate payment schedule over a fixed period of years. Because of the CalPERS methodology, some of the payments continue to increase each year while others will drop off. This creates a significant increase in UAL payments in the next 10 years from \$21 to \$35 million and significant decreases in UAL payments in the subsequent 10 years, from \$35 million to \$16 million.

The difficulty that lies with the City of Ontario, as well as many other local agencies, is the ability to pay these large payments to CalPERS over the next 10 to 15 years, while still trying to maintain a balanced budget. The City of Ontario is focused on trying to minimize the annual increases in the payments to CalPERS, so that balanced budgets can be maintained, and there are manageable impacts to the services offered to the residents and businesses of Ontario.

Through the issuance of pension obligation bonds to prepay the existing UAL, the City has better control over the level of payments required to pay debt service on the bonds. These payments are

anticipated to be level each year, so that the City can better plan its pension expense for budgeting purposes.

The first step in the bond issuance process is a judicial validation by the court. The only issue that the courts will consider is the legal ability of the City to issue pension obligation bonds, and whether the sale meets the State of California constitutional requirements. Any potential financial impacts are not part of the court's analysis.

At the conclusion of the validation process, the court will enter a judgment in favor of the City that the obligation of the City (the liability owed to CalPERS), legally represents an "obligation imposed by law". Numerous prior court cases have determined that pension liabilities are obligations imposed by law, and therefore are exempt from the debt limitation requirements set forth in Article XVI, Section 18, of the California Constitution. Many other cities have followed this same process for the issuance of pension obligation bonds.

The resolution being presented to the City Council authorizes staff and the bond counsel to submit the necessary documents to the San Bernardino County Superior Court to start the judicial validation process as well as approves (1) the issuance of bonds in an amount not-to-exceed \$350 million and (2) a draft form of the Trust Agreement for the bonds and draft form of the Bond Purchase Contract with the Underwriter. The Trust Agreement identifies the duties and responsibilities of the trustee, establishes the terms and conditions which the bonds are to be issued, and the security for the payment of the principal and interest on the bonds.

If the City Council approves staff's recommendations, two concurrent processes will begin. The first is the validation process referred to above, which is expected to take at least 90 days. At the same time, staff and consultants will prepare other required financing documents and submit the financing to Standard & Poor's for a credit rating on the bonds.

The final actions to be taken by the City Council will be presented in January 2020, near the conclusion of the validation proceedings. Specifically, the actions include approval of the Preliminary Official Statement, identifying a not-to-exceed interest rate for the bonds, as well as the underwriting discount. The estimated savings from issuing the bonds will be updated at that time based on changes in market conditions and an expected actual bond size of \$341 million, if all three of the City's CalPERS plans' UAL are prepaid. A financial analysis of the cost-effectiveness of prepaying each of the City's three CalPERS plans' UAL is underway and will be presented to the City Council when complete to support the staff recommendation of which plans to fund (and if the plans should be funded at 100% of the UAL or some lesser amount). The action recommended at this meeting is to validate the maximum amount that could be required to pay all three plans in full.

To provide services necessary for issuance of the bonds, staff seeks City Council authority for the City Manager to negotiate and execute agreements with: Stradling Yocca Carlson & Rauth, a professional corporation, to act as bond counsel and bond disclosure; Harrell & Company Advisors, LLC to act as municipal advisor; and Hilltop Securities, Inc., to act as underwriter, and U.S. Bank to act as trustee. The costs for such services will be paid for from the bond proceeds.

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, AUTHORIZING THE ISSUANCE OF BONDS TO REFUND CERTAIN PENSION OBLIGATIONS OF THE CITY, APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF A TRUST AGREEMENT AND PURCHASE CONTRACT, AUTHORIZING JUDICIAL VALIDATION PROCEEDINGS RELATING TO THE ISSUANCE OF SUCH BONDS AND APPROVING ADDITIONAL ACTIONS RELATED THERETO.

WHEREAS, the City of Ontario (the "City") has previously adopted a retirement plan pursuant to the Public Employees' Retirement Law, commencing with Section 20000 of the Government Code of the State of California, as amended (the "Retirement Law") and elected to become a contracting member of the California Public Employees' Retirement System ("PERS"); and

WHEREAS, the Retirement Law and the contract (the "PERS Contract") effective January 1, 1946, between the Board of Administration of PERS and the City Council of the City (the "City Council") obligate the City to (i) make contributions to PERS to fund pension benefits for certain City employees, (ii) amortize the unfunded accrued actuarial liability with respect to such pension benefits, and (iii) appropriate funds for the foregoing purposes; and

WHEREAS, the City desires to authorize the issuance of its City of Ontario 2020 Taxable Pension Obligation Bonds (the "Bonds") pursuant to the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the "Bond Law"), in a maximum principal amount not to exceed that required for the purpose of refunding all or a portion of the City's current obligation to PERS for fiscal year 2019-20, pursuant to the PERS Contract, to pay all or a portion of the unfunded accrued actuarial liability of the City (the "Unfunded Liability") with respect to pension benefits under the Public Employees' Retirement Law and the PERS Contract, to pay capitalized interest on the Bonds and to pay the costs of issuance of such Bonds, including the underwriter's discount and any original issue discount on such Bonds; and

WHEREAS, the City expects that the need may arise in the future to issue additional refunding bonds (the "Additional Bonds") pursuant to the Bond Law to amortize the accrued and Unfunded Liability of the City to PERS as required by the Public Employees Retirement Law and the PERS Contract and to fund all or a portion of the normal contributions required by the PERS Contract; and

WHEREAS, the Bonds will be issued under and secured by a Trust Agreement (such Trust Agreement, in the form presented at this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Trust Agreement") by and between the City and U.S. Bank National Association, as trustee (the "Trustee"); and

WHEREAS, the City has determined the advisability of filing an action to determine the validity of the Bonds, the Additional Bonds and the Trust Agreement, and the actions proposed to be taken in connection therewith; and

WHEREAS, in compliance with SB 450, the City has obtained from its Municipal Advisor the required good faith estimates and such estimates are disclosed and set forth in Exhibit A attached hereto; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the City is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Ontario as follows:

SECTION 1. The City Council does hereby find and declare that the above recitals are true and correct.

SECTION 2. The issuance of the Bonds on the terms and conditions set forth in, and subject to the limitations specified in, the Trust Agreement, is hereby authorized and approved. The Bonds shall be dated, shall bear interest at the rates, shall mature on the dates, shall be issued in the form and shall have terms as provided in the Trust Agreement, as the same shall be completed in accordance with this Resolution. The title of the Bonds may be changed to reflect the year in which the Bonds are issued, as directed by the City Manager of the City.

SECTION 3. The Trust Agreement, in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein, is hereby approved. The Mayor of the City, or such member of the City Council as the Mayor may designate, the City Manager of the City, the Assistant City Manager of the City, the Executive Director of Finance of the City, and their authorized designees (the "Authorized Officers") are, and each of them is, hereby authorized and directed, for and in the name of the City, to execute and deliver the Trust Agreement in the form presented to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Trust Agreement by such Authorized Officer. The City Clerk of the City is hereby authorized and directed to attest the Trust Agreement for and in the name and on behalf of the City.

SECTION 4. The City hereby authorizes and approves the issuance of Additional Bonds pursuant to the Bond Law, as authorized by the Trust Agreement, from time to time, to refund all or a portion of the Unfunded Liability and the City's obligation to PERS pursuant to the PERS Contract for the then-current fiscal year, provided that the City Manager, or his designee, first certifies to the Council in writing that such actions will result in cost savings to the City. The City authorizes any one of the Authorized Officers,

or their designees, to execute and deliver one or more other trust agreements and/or one or more supplemental agreements supplementing or amending the Trust Agreement and providing for the issuance of Additional Bonds (each an "Additional Trust Agreement"); provided, however, that (i) each series of Additional Bonds shall be in a principal amount not to exceed the sum of the Unfunded Liability of the City to PERS under the PERS Contract and the Public Employees Retirement Law remaining unpaid on the date of issuance of such Additional Bonds, the obligation to PERS for the current fiscal year pursuant to the PERS Contract and the costs of issuing the Additional Bonds, (ii) the stated interest rate on the Additional Bonds shall not exceed the discount rate assumed by PERS with respect to the amortization of the Unfunded Liability at the time such Additional Bonds are issued, and (iii) the Additional Bonds issued pursuant to such Additional Trust Agreement shall mature not later than 30 years from the date of their issuance.

Each Unfunded Liability refunded by the Bonds and each series of Additional Bonds pursuant to the Trust Agreement and each Additional Trust Agreement constitutes an obligation imposed by law, pursuant to the Constitution and laws of the State of California and an obligation of the City not limited as to payment from any special source of funds. The Unfunded Liability refunded by the Bonds pursuant to the Trust Agreement and each series of Additional Bonds pursuant to an Additional Trust Agreement shall not, however, constitute an obligation of the City for which the City is obligated or permitted to levy or pledge any form of taxation or for which the City has levied or pledged or will levy or pledge any form of taxation.

SECTION 5. The form of the Bond Purchase Agreement (the "Purchase Contract") by and between the City and Hilltop Securities Inc. (the "Underwriter") presented at this meeting and on file with the Clerk and the sale of the Bonds to the Underwriter pursuant thereto upon the terms and conditions set forth therein is hereby approved, and subject to such approval and subject to the provisions hereof, the Authorized Officers are each hereby authorized and directed to evidence the City's acceptance of the offers made by the Purchase Contract by executing and delivering the Purchase Contract in said form with such changes therein as the Authorized Officer or Authorized Officers executing the same may approve and such matters as are authorized by this Resolution, such approval to be conclusively evidenced by the execution and delivery thereof by any one of the Authorized Officers.

SECTION 6. The City Manager of the City, the Assistant City Manager of the City, the Executive Director of Finance of the City, and their designees are each authorized, on behalf of the City, to establish and determine (i) the final principal amount of the Bonds, provided the aggregate initial principal amount of the Bonds shall not be greater than the lesser of (a) \$350,000,000 or (b) sum of the City's obligation to PERS for the remainder of fiscal year 2019-20, as evidenced by the PERS Contract, and the Unfunded Liability as calculated by PERS or other actuary selected by the Authorized Officer, together with the costs of issuing the Bonds as approved by such Authorized Officer, (ii) the final interest rates on various maturities of the Bonds, provided that the net present value savings achieved through refunding the Unfunded Liability by issuing the Bonds shall be at least 3% (or such higher amount required by the City's Debt Management Policy) of the Unfunded Liability and that the maturity date of the Bonds shall not be later than the last date through which PERS has determined for the



amortization of the Unfunded Liability of the City in accordance with its current procedures; and (iii) the Underwriter's discount for the purchase of the Bonds, not to exceed 0.5% of the principal amount of the Bonds. The net present value savings shall be calculated by comparing present value of the payments required to amortize the Unfunded Liability at the discount rate assumed by PERS to the present value of the principal and interest payments on the Bonds.

SECTION 7. The City Manager of the City, the Assistant City Manager of the City, the Executive Director of Finance of the City, and their respective designees are hereby authorized to negotiate and execute an insurance policy and debt service reserve fund insurance policy for the Bonds (and such other agreements that may be required by the insurer in connection therewith) if it is determined that the policies will result in interest rate savings for the City, and to pay the insurance premium of such policies from the proceeds of the issuance and sale of the Bonds.

SECTION 8. The City Manager is authorized to negotiate and execute contracts with Stradling Yocca Carlson & Rauth, a Professional Corporation, to act as Bond Counsel and Disclosure Counsel to the City, and with Harrell & Company Advisors, LLC, to serve as Municipal Advisor to the City.

SECTION 9. In order to determine the validity of the Bonds, the Additional Bonds, the Trust Agreement and the Additional Trust Agreements, and the actions authorized hereby to be taken in connection therewith, the City Council hereby authorizes the City Attorney, in concert with Stradling Yocca Carlson & Rauth, Bond Counsel, to prepare and cause to be filed and prosecuted to completion all proceedings required for the judicial validation of the Bonds, the Additional Bonds, the Trust Agreement and the Additional Trust Agreements in the Superior Court of Los Angeles County, under and pursuant to the provisions of Sections 860 *et seq.* of the California Code of Civil Procedure. The City Council further authorizes the Authorized Officers and all other officers, employees and agents of the City to take any and all actions, including the execution and delivery or appropriate documentation, as may be required to conclude such judicial validation proceedings.

SECTION 10. The Authorized Officers are, and each of them hereby is, authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated hereby, including, but not limited to, the preparation of an Official Statement (and a Preliminary Official Statement) for use in connection with the offering and sale of the Bonds, the execution and delivery of a continuing disclosure undertaking and the execution and delivery of any documents required by PERS in order to complete the issuance of the Bonds.

SECTION 11. All actions heretofore taken by the Authorized Officers and by any other officers, employees or agents of the City with respect to the issuance of the Bonds, or in connection with or related to any of the agreements or documents referenced herein, are hereby approved, confirmed and ratified.

SECTION 12. This Resolution shall take effect from and after the date of approval and adoption hereof.

The City Clerk of the City of Ontario shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 1<sup>st</sup> day of October 2019.

\_\_\_\_\_  
PAUL S. LEON, MAYOR

ATTEST:

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

APPROVED AS TO FORM:

\_\_\_\_\_  
COLE HUBER, LLP  
CITY ATTORNEY

STATE OF CALIFORNIA            )  
COUNTY OF SAN BERNARDINO    )  
CITY OF ONTARIO                )

I, SHEILA MAUTZ, City Clerk of the City of Ontario, DO HEREBY CERTIFY that foregoing Resolution No. 2019-    was duly passed and adopted by the City Council of the City of Ontario at their regular meeting held October 1, 2019 by the following roll call vote, to wit:

AYES:            COUNCIL MEMBERS:

NOES:            COUNCIL MEMBERS:

ABSENT:          COUNCIL MEMBERS:

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

(SEAL)

The foregoing is the original of Resolution No. 2019-    duly passed and adopted by the Ontario City Council at their regular meeting held October 1, 2019.

\_\_\_\_\_  
SHEILA MAUTZ, CITY CLERK

(SEAL)

## EXHIBIT A

### SB 450 GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the City by Harrell & Company, the City's Municipal Advisor (the "Municipal Advisor").

*Principal Amount.* The Municipal Advisor has informed the City that, based on the City's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Bonds to be sold is \$350,000,000 (the "Estimated Principal Amounts").

*True Interest Cost of the Bonds.* The Municipal Advisor has informed the City that, assuming that the respective Estimated Principal Amounts of the Bonds are sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is 3.71%.

*Finance Charge of the Bonds.* The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amounts of the Bonds are sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is \$1,382,000.

*Amount of Proceeds to be Received.* The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amounts of the Bonds are sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the City for sale of the Bonds, less the finance charge of the Bonds, as estimated above, and any capitalized interest on the Bonds paid or funded with proceeds of the Bonds, is \$336,220,000.

*Total Payment Amount.* The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amounts of the Bonds are sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the City will make to pay debt service on the Bonds, plus the finance charge for the Bonds, as described above, not paid with the respective proceeds of the Bonds, calculated to the final maturity of the Bonds, is \$579,210,000 and the annual cost to administer the Bonds, not paid with proceeds of the Bonds is \$225,000.

The foregoing estimates constitute good faith estimates only and are based on market conditions prevailing at the time of preparation of such estimates on September 16, 2019. The actual principal amount of the Bonds issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith

estimates due to (a) the actual date of the sale of the Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Bonds sold being different from the respective Estimated Principal Amounts, (c) the actual amortization of the Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the City's financing plan, or a combination of such factors. The actual date of sale of the Bonds and the actual principal amount of Bonds sold will be determined by the City based on various factors. The actual interest rates borne by the Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the City.