CITY OF ARCADIA

City Council
Regular Meeting Agenda

Tuesday, March 17, 2020, 6:00 p.m.

Location: City Council Conference Room, 240 W. Huntington Drive, Arcadia

COVID-19 NOTICE

As part of the City of Arcadia's COVID-19 transmission mitigation efforts, this meeting of the Arcadia City Council may be conducted virtually and the public is discouraged from attending. The public will still be provided the ability to make public comments. The meeting will be streamed live on the City’s website and on ACTV.

Please contact the City Clerk’s Office at CityClerk@ArcadiaCA.gov or at (626) 574-5455 for more information.

Pursuant to the Americans with Disabilities Act, persons with a disability who require a disability related modification or accommodation in order to participate in a meeting, including auxiliary aids or services, may request such modification or accommodation from the City Clerk at (626) 574-5455. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to assure accessibility to the meeting.

Pursuant to the City of Arcadia’s Language Access Services Policy, limited-English proficient speakers who require translation services in order to participate in a meeting may request the use of a volunteer or professional translator by contacting the City Clerk’s Office at (626) 574-5455 at least 72 hours prior to the meeting.

CALL TO ORDER

ROLL CALL OF CITY COUNCIL MEMBERS

April A. Verlato, Mayor
Roger Chandler, Mayor Pro Tem
Peter Amundson, Council Member
Tom Beck, Council Member
Sho Tay, Council Member
PUBLIC COMMENTS (5 minute time limit each speaker)

Any person wishing to speak before the City Council is asked to complete a Speaker Card and provide it to the City Clerk prior to the start of the meeting. Each speaker is limited to five (5) minutes per person, unless waived by the City Council. Under the Brown Act, the City Council is prohibited from discussing or taking action on any item not listed on the posted agenda.

STUDY SESSION

    a. Report, discussion and direction regarding the Water and Sewer Cost of Service Study update.

Regular Meeting
City Council Chamber, 7:00 p.m.

1. CALL TO ORDER

2. INVOCATION
Reverend Eva Thai-Erwin, Church of the Good Shepherd

3. PLEDGE OF ALLEGIANCE
Girl Scout Troop 2881

4. ROLL CALL OF CITY COUNCIL MEMBERS
April A. Verlato, Mayor
Roger Chandler, Mayor Pro Tem
Peter Amundson, Council Member
Tom Beck, Council Member
Sho Tay, Council Member

5. REPORT FROM CITY ATTORNEY REGARDING CLOSED/STUDY SESSION ITEMS

6. SUPPLEMENTAL INFORMATION FROM CITY MANAGER REGARDING AGENDA ITEMS

7. MOTION TO READ ALL ORDINANCES AND RESOLUTIONS BY TITLE ONLY AND WAIVE THE READING IN FULL

8. PRESENTATIONS
    a. Presentation of Mayor's Certificate of Commendation to AYSO Region 2 in recognition of the 55th anniversary.
    b. Arbor Day Proclamation presented to the Arcadia Beautiful Commission.
    c. Presentation of DMV/Donate Life Month Proclamation to OneLegacy Representative Maria "Terri" Pilawa.
9. PUBLIC COMMENTS (5 minute time limit each speaker)

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10. REPORTS FROM MAYOR, CITY COUNCIL AND CITY CLERK (including reports from the City Council related to meetings attended at City expense [AB 1234]).

11. CONSENT CALENDAR

All matters listed under the Consent Calendar are considered to be routine and can be acted on by one roll call vote. There will be no separate discussion of these items unless a member of the City Council, staff, or the public requests that a specific item be removed from the Consent Calendar for separate discussion and action.

      Recommended Action: Approve

   b. Professional Services Agreement with LAE Associates, Inc., for construction inspection services in the amount of $87,400, in addition to a 10% contingency; and adopt Resolution No. 7298 amending the Fiscal Year 2019-20 Capital Improvement Program budget authorizing a supplemental appropriation for the Gold Line Station Pedestrian Linkage Project in the amount of $97,000, offset by a reduction in the Proposition A and C Reserve Fund.
      Recommended Action: Approve

   c. Reject low bid from Elecnor Belco Electric Inc. and contract with Pavement Coatings Co. for the Arcadia Bicycle Facilities Improvement Project in the amount of $1,038,696.04, including a 10% contingency, and adopt a categorical exemption from the California Environmental Quality Act ("CEQA").
      Recommended Action: Approve

   d. Approve an Agreement with Califa Group for high-speed broadband services at the Arcadia Public Library.
      Recommended Action: Approve

   e. Purchase Order with Black and White Emergency Vehicles, Inc. for the purchase of vehicle outfitting supplies and services in the amount of $167,149.29.
      Recommended Action: Approve

   f. Purchase of a PURE Storage Area Network from Presidio Networked Solutions Group, LLC, under California National Association of State Procurement Officials ("NASPO" ValuePoint) purchasing contract MNWNC-125 CA# 7-15-70-34-019 in the amount of $52,469.65.
      Recommended Action: Approve
12. CITY MANAGER

a. Approval of the issuance of Pension Obligation Bonds for the purpose of addressing the City’s unfunded accrual liability and approving the various financing documents related thereto and the filing of a judicial validation action.

Resolution No. 7297 authorizing the issuance of pension obligation 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.

Recommended Action: Adopt

b. Update on COVID-19 Preparations and Adoption of Resolution No. 7299 Amending the Fiscal Year 2019-20 General Fund budget authorizing a supplemental budget appropriation from the Emergency Reserve Fund in the amount of $50,000 to purchase emergency supplies for the COVID-19 transmission mitigation efforts on an as-needed basis.

Recommended Action: Adopt

13. ADJOURNMENT

The City Council will adjourn this meeting in memory of long time Arcadia resident and 2008 Senior of the Year Carol McCann to Tuesday, April 7, 2020, 6:00 p.m. in the City Council Conference Room.
Welcome to the Arcadia City Council Meeting!

The City Council encourages public participation, and invites you to share your views on City business.

MEETINGS: Regular Meetings of the City Council are held on the first and third Tuesday of each month at 7:00 p.m. in City Council Chambers. A full City Council agenda packet with all backup information is available at City Hall, the Arcadia Library, and on the City’s website at [CityClerkGeneralMailbox@ArcadiaCa.gov](mailto:CityClerkGeneralMailbox@ArcadiaCa.gov). Documents distributed to a majority of the City Council after the posting of this agenda will be available for review at the Office of the City Clerk, 240 W. Huntington Drive, Arcadia, California. Live broadcasts and replays of the City Council Meetings are on cable television. Your attendance at this public meeting may result in the recording and broadcast of your image and/or voice as previously described.

CITIZEN PARTICIPATION: Your participation is welcomed and invited at all City Council meetings. Time is reserved at each regular meeting for those in the audience who wish to address the City Council. The City requests that persons addressing the City Council refrain from making personal, slanderous, profane, or disruptive remarks. Where possible, please submit a Speaker Card to the City Clerk prior to your comments, or simply come to the podium when the Mayor asks for those who wish to speak, and state your name and address (optional) for the record. Please provide the City Clerk with a copy of any written materials used in your address to the City Council as well as 10 copies of any printed materials you would like distributed to the City Council. The use of City equipment for presentations is not permitted.

MATTERS NOT ON THE AGENDA should be presented during the time designated as “PUBLIC COMMENTS.” In general, each speaker will be given five (5) minutes to address the City Council; however, the Mayor, at his/her discretion, may shorten the speaking time limit to allow all speakers time to address the City Council. By State law, the City Council may not discuss or vote on items not on the agenda. The matter will automatically be referred to staff for appropriate action or response or will be placed on the agenda of a future meeting.

MATTERS ON THE AGENDA should be addressed when the City Council considers that item. Please indicate the Agenda Item Numbers(s) on the Speaker Card. Your name will be called at the appropriate time and you may proceed with your presentation within the five (5) minute time frame. The Mayor, at his/her discretion, may shorten the speaking time limit to allow all speakers to address the City Council.

PUBLIC HEARINGS AND APPEALS are items scheduled for which public input is either required or desired. Separate and apart from the applicant (who may speak longer in the discretion of the City Council), speakers shall be limited to five (5) minutes per person. The Mayor, at his/her discretion, may shorten the speaking time limit to allow all speakers to address the City Council. The applicant may additionally submit rebuttal comments.

AGENDA ITEMS: The Agenda contains the regular order of business of the City Council. Items on the Agenda have generally been reviewed and investigated by the City Staff in advance of the meeting so that the City Council can be fully informed about a matter before making its decision.

CONSENT CALENDAR: Items listed on the Consent Calendar are considered to be routine by the City Council and will be acted upon by one motion. There will be no separate discussion on these items unless a member of the City Council, Staff, or the public so requests. In this event, the item will be removed from the Consent Calendar and considered and acted on separately.

DECORUM: While members of the public are free to level criticism of City policies and the action(s) or proposed action(s) of the City Council or its members, members of the public may not engage in behavior that is disruptive to the orderly conduct of the proceedings, including but not limited to, conduct that prevents other members of the audience from being heard when it is their opportunity to speak or which prevents members of the audience from hearing or seeing the proceedings. Members of the public may not threaten any person with physical harm or act in a manner that may reasonably be interpreted as an imminent threat of physical harm. All persons attending the meeting are expected to adhere to the City's policy barring harassment based upon a person's race, religious creed, color, national origin, ancestry, physical handicap, medical condition, marital status, gender, sexual orientation, or age. The Chief of Police, or such member or members of the Police Department, shall serve as the Sergeant-at-Arms of the City Council meeting. The Sergeant-at-Arms shall carry out all orders and instructions given by the presiding official for the purpose of maintaining order and decorum at the meeting. Any person who violates the order and decorum of the meeting may be placed under arrest and such person may be prosecuted under the provisions of Penal Code Section 403 or applicable Arcadia Municipal Code section.
欢迎参加阿凯迪亚市议会会议！

市议会鼓励公众参与，并邀请您分享对城市管理的看法。

会议：市议会定期会议于每个月第一个和第三个星期二下午七时在市议会会议厅举行。在市政厅、阿凯迪亚图书馆和市政府网站（www.ArcadiaCa.gov）可以找到包含所有相关信息的完整市会议程。单独的议案报告可应请求通过电子邮件索取（CityClerkGeneralMailbox@ArcadiaCa.gov）。在发布该议程后向市议会多数成员分发的文件，公众可在阿凯迪亚市记录员办公室查阅，地址：240 W. Huntington Drive, Arcadia, California。市议会会议实况将通过有线电视进行现场直播和回放。如在以往的通知中所示，如果您参加这次公开会议，您的图像和/或声音可能被录下并播出。

公民参与：市议会欢迎并邀请您参加市议会的所有会议。在每次定期会议上有为那些希望在会上发言的市民留出时间。市议会议长要求在市议会发言的人杜绝个人攻击、诽谤、亵渎或破坏性言论。如有必要，请在发表意见之前向市书记官提交一张发言卡，亦可在市长宣布自由发言时直接上台发言，并说出您的姓名和地址（如您愿意），以便制作会议记录。请向市书记官提供一份您在发言中使用的任何书面材料，以及 10 份您希望分发给市议会的任何印刷材料。不允许把市政府设备用于准备发言内容。

议程之外的事项：应当在指定的“公众评议”时间提出。在一般情况下，每位发言者将有五（5）分钟时间向市议会陈述意见，且市长可酌情缩短发言时长，以便让所有希望发言的人都有机会发言。根据州法，市议会不得讨论或表决未列入议程的事项。此类事项将自动转给工作人员采取适当行动或作出回应，或将其列入未来会议的议程。

列入议程的事项：应当在市议会审议该事项时讨论。请在发言卡上标明事项的议程编号。在适当的时间会叫到您的名字，您可以在五（5）分钟时间内发言。市长可酌情决定延长发言时长，以便让所有希望发言的人都有机会发言。您亦可另外提交反驳意见。

公开听证和上诉：是为需要或希望征求公众意见的事务安排的日期。除申请人外（市议会可酌情决定延长申请人的发言时间），每位发言人的发言不得超过五（5）分钟。市长可酌情延长发言时长，以便让所有希望发言的人都有机会发言。申请人还可以另外提交反驳意见。

议程事项：议程包含市议会的例行议题。一般而言，由市政府工作人员在会议前对议程中的事项进行审查和调查，以便市议会采取决定之前能够充分了解情况。

同意日历：在同意日历上列出的事项被市议会视为例行公事，并将通过一项动议采取行动。除非市议员、工作人员或公众提出请求，否则不会对这些事项进行单独讨论。如果有人提出请求，该事项将从同意日历中删除，单独进行审议和采取行动。

行为规范：尽管市民可对市政府的政策和市议会或其成员的行动或提议行动自由地提出批评，但不得出现干扰会议正常秩序的行为，包括但不限于在别人的发言时间内阻止别人发言，或妨碍公众听到发言内容或看到议程进展状况。市民亦不得威胁进行身体伤害或以可能被合理理解为作出身体伤害紧迫威胁的方式行事。所有出席会议的人都必须遵守市政府的反骚扰政策，禁止基于个人种族、宗教信仰、肤色、国籍籍、祖籍、身体残障、疾病、婚姻状况、性别、性取向或年龄骚扰他人。警察局长或警察局其他成员将担任维持市议会会议秩序的保安官。保安官将执行会议主持人的一切命令和指示，以维持会议秩序和行为规范。对任何违反会议秩序和行为规范的人可执行拘留，并可能根据《刑法典》第 403 条或《阿凯迪亚市市政法典》相关条款提出起诉。
DATE: March 17, 2020

TO: Honorable Mayor and City Council

FROM: Tom Tait, Public Works Services Director
By: Jacquelyn Mercado, Senior Management Analyst

SUBJECT: REPORT AND DISCUSSION REGARDING THE WATER AND SEWER COST OF SERVICE STUDY UPDATE
Recommendation: Provide direction on moving forward with water and sewer rate adjustments

SUMMARY

In October 2015, the City Council adopted a tiered water rate structure and approved a five-year water and sewer rate adjustment through the end of calendar year 2020, based on the completed Water and Sewer Cost of Service Study (“Cost Study”). In December 2019, the City Council adopted resolutions for the fifth and final year of the previously approved water and sewer rate adjustment. In an effort to continue to fund the City’s water and sewer systems ongoing operation and maintenance costs, an update to the Cost Study was completed to recommend a new five-year water and sewer rate adjustment.

The Cost Study Update recommends that the City increase water rates by 3% for Fiscal Year 2020-21, and 6% for the following four fiscal years through 2024-25, in order to fund expected operations, maintenance, water supply costs, capital expenditures, and maintain a sufficient Reserve Fund balance. The Cost Study Update also proposes that the City increase sewer revenues by 1.5% for Fiscal Year 2020-21, and 3% for the following four fiscal years through 2024-25, in order to fund ongoing sewer operations and achieve a 75-year replacement cycle for the City’s sewer system.

It is recommended that the City Council provide direction to the Public Works Services Department (“PWSD”) to move forward with the adoption of the Cost Study Update and water and sewer rate adjustment process by following Proposition 218 (“Prop 218”) balloting procedures to establish a five-year water and sewer rates structure for Fiscal Years 2020-21 through 2024-25.
BACKGROUND

The City provides and maintains water and sewer services to more than 56,000 residents. Utility rate increases are necessary to fund ongoing operations, maintenance, and capital improvements, and to maintain adequate Reserve Fund balances for the water and sanitary sewer systems, in order to provide quality services to Arcadia residents and businesses. In February 2014, the City Council awarded a Professional Services Agreement to Carollo for the preparation of the Water and Sewer Cost of Service Study and the development of a financial model that would determine how best to recover projected ongoing operational costs, capital improvements to water and sewer infrastructure, and water supply costs, over a five-year period. The PWSD and Carollo gathered and analyzed data on the City’s water and sanitary sewer operations, and established a seasonal tiered water rate structure that would meet the City’s primary objectives of providing revenue stability, while encouraging water use efficiency.

On January 19, 2016, the City Council adopted a seasonal tiered water rate structure and approved a five-year water and sewer rate adjustment schedule for calendar years 2016 through 2020. The PWSD annually reviews water and sewer operating budgets, revenues, expenditures, and Reserve Fund balances to determine whether the approved maximum rate adjustment is necessary. The City of Arcadia’s water and sewer rates are among the lowest in the area, and have remained so even with annual rate adjustments over the past five years.

Although the Governor declared the drought emergency to be over, local regions continue to suffer from long-term drought impacts. In the Main Basin, where the City draws most of its water, basin levels have not recovered to minimum operating levels. In response, the Main Basin Watermaster adopted a Drought Management Plan that includes a Resource Development Assessment ("RDA"), which is a pass-through fee based on each individual producer’s annual amount of water pumped from the Main Basin. The purpose of the RDA is to restore ground water levels by purchasing imported water from the State Water Project, separate from the purchase of Replacement Water. The RDA has continued to increase annually and is anticipated to cost the City over $2 million dollars in Fiscal Year 2021-22. The RDA was implemented by the Main Basin in Fiscal Year 2017-2018; therefore, this cost was not accounted for in the 2015 Cost Study and the City has not been able to recover the costs of this charge from ratepayers.

In December 2019, the City Council adopted resolutions for the fifth and final year of the approved water and sewer rate adjustment. Water and Sewer rate adjustments have typically been on a fiscal year cycle. However, in the spring of 2015 the City Council chose to delay the public hearing for new water and sewer rates, pending a decision from the California Fourth District Court of Appeals in the Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano case. This case involved the use of a budget-based water rate structure. Following the Capistrano ruling, the City Council
approved moving forward with a tiered water rate structure, and set the public hearing for water and sewer rate adjustments on a calendar year cycle. The PWSD is recommending that these adjustments be returned to a fiscal year calendar to align with the City’s budgeting practices and financial models.

The goal of the 2015 Cost Study was to utilize Reserve Funds to minimize larger rate adjustments. Due to changes in water use trends resulting from the last drought emergency, increases to operations and maintenance budgets, mainly due to the cost of the RDA and Replacement Water, and funding capital improvements, an update to the 2015 Cost Study is necessary. In July 2019, the City Council approved a Professional Services Agreement with Carollo to complete an update to the 2015 Cost Study and to recommend a new five-year water and sewer rate adjustment for Fiscal Years 2020-21 through 2024-25.

DISCUSSION

The Cost Study Update comprehensively relies on the City’s financial and rate models, which were exclusively developed by Carollo during the 2015 Cost Study and subsequently updated and refined in 2017. These models have again been updated to include actual revenues and operational expenditures, capital improvement costs, and customer usage data, along with additional items that were necessary to develop financial projections for Fiscal Years 2020-21 through 2024-25. The current sewer and tiered water rate structures remain the same, but minor modifications have been recommended to the seasonal tier allotments. Some meter sizes received an increase or minor decrease in allotments, while other allocations remained the same. This was done based on an historical analysis of actual tiered customer usage data and is necessary in order to realign tier usage with each meter size to current customer demand patterns. The tier allotments are now more proportional across all tiers and meter sizes, which makes the proposed rate structure more fair and legally defensible.

The following goals were identified in the 2015 Cost Study and carried forward through the Cost Study Update:

- Generate sufficient revenue to fund continued operations and maintenance of the City’s sewer and water supply and distribution system, including increases in water supply costs driven by the Main Basin’s Drought Management Plan to restore the health the basin.
- Provide for equipment replacement and improvements to the water and sewer systems infrastructure through capital improvements.
- Review reserve policies and set rates to adequately maintain a reserve fund to make necessary repairs in the event of an emergency.
Based on discussions and previous direction from the City Council, rate adjustments have been designed to eliminate the ongoing use of Reserve Funds to fund operations and capital improvement expenditures.

**Water Rates**

Operations and maintenance expenditures comprise the majority of the expenses within the Water budget, with the single largest line item being water supply costs. The updated Cost Study financial model was used to forecast water sales and expenditures that include looking at the cost of current and future water supplies, including the rising cost of replacement water, system operation costs, and Watermaster’s imposed RDA fee.

In addition to regular replacement water costs, the RDA fee has increased annually since 2016 from $40 per acre-foot to $140 per acre-foot for Fiscal Year 2019-20. The RDA fee is set to increase to $175 per acre-foot. By the end of Fiscal Year 2020-21, the City will have paid over $6 million dollars in total RDA fees without passing any of those charges onto customers. The RDA fee will continue for the foreseeable future and is estimated to cost the City approximately $2.1 million annually. The RDA fee has been included in the Cost Study Update and the proposed five-year water rate adjustments has accounted for this cost.

The previous annual rate adjustments were designed to use Reserve Funds to lessen the amount of annual water rate adjustments. Accordingly, the City Council agreed to lower the water Reserve Fund balance from $20 million to $12 million over the five-year period. The updated Cost Study has estimated the value of the City’s water system replacement at $236 million. Based on industry standards for such a valuation, the Cost Study determined that $7.1 million in capital reserve (or 3% of $236M) is required, combined with about $3.8 million required to fund operation and maintenance costs for at least 90 days. As such, a total reserve minimum required is $11 million.

Based on those factors, the Cost Study Update proposes that the City increase water revenues by 3% for Fiscal Year 2020-21, and 6% for the following four fiscal years through 2024-25, in order to fund expected operations, maintenance, and CIP expenditures, and maintain a sufficient Reserve Fund balance. The Cost Study Update took into account that water customers already received a 7% Water rate adjustment in January 2020. In order to align water rates to a fiscal year timeline, a smaller rate adjustment is proposed for the first year of the proposed 5-year rate adjustment schedule.

The Cost Study Update has proposed the following water rates for Fiscal Years 2020-21 through 2024-25, which will not exceed the estimated amount necessary to fund the operation of the City Water System:
(a) An increase to the current fixed bimonthly meter charge for all customer classes to adequately reflect the actual cost of service incurred.

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<th>Meter Size (in inches)</th>
<th>Current Rate</th>
<th>FY 20-21</th>
<th>FY 21-22</th>
<th>FY 22-23</th>
<th>FY 23-24</th>
<th>FY 24-25</th>
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<td>$760.12</td>
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</table>

(b) Commodity charges ($/HCF) for single-family residential customers based on the approved four-tier inclining block rate structure, and recommended seasonal variable consumption allotments based on the customers’ water meter size. This helps to account for the natural usage requirements of a large property versus a smaller one. The tier allotments were determined by analyzing the relationship between meter size and consumption patterns for all single-family accounts over the past five years. The updated Cost Study has proposed a few minor adjustments to some of the tier break points, which are necessary to realign tier usage with each meter size to current water demand patterns.

| Bimonthly Tier Break Points (in HCF) for Winter Water Usage (November through April) |
|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Tier 1                          | Tier 2                          | Tier 3                          | Tier 4                          |
| 5/8”                            | 3/4”                            | 1”                              | 1 1/2”                          | 2”                              |
| 0 - 22                          | 0 - 22                          | 0 - 22                          | 0 - 22                          | 0 - 22                          |
| 33 - 42                         | 35 - 44                         | 43 - 58                         | 49 - 70                         | 61 - 90                         |
| 43+                             | 45+                             | 59+                             | 71+                             | 91+                             |
Bimonthly Tier Break Points (in HCF) for Summer Water Usage
(May through October)

<table>
<thead>
<tr>
<th>Meter Size</th>
<th>Tier 1</th>
<th>Tier 2</th>
<th>Tier 3</th>
<th>Tier 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/8”</td>
<td>0 - 22</td>
<td>23 - 34</td>
<td>35 - 44</td>
<td>45+</td>
</tr>
<tr>
<td>3/4”</td>
<td>0 - 22</td>
<td>23 - 42</td>
<td>43 - 58</td>
<td>59+</td>
</tr>
<tr>
<td>1”</td>
<td>0 - 22</td>
<td>23 - 60</td>
<td>61 - 92</td>
<td>93+</td>
</tr>
<tr>
<td>1 1/2”</td>
<td>0 - 22</td>
<td>23 - 70</td>
<td>71 - 112</td>
<td>113+</td>
</tr>
<tr>
<td>2”</td>
<td>0 - 22</td>
<td>23 - 94</td>
<td>95 - 148</td>
<td>149+</td>
</tr>
</tbody>
</table>

Additionally, a seasonal single-family tiered water rate structure assists in managing customer demand for water by pricing discretionary water uses, such as landscape irrigation, at a higher rate than water used for drinking and sanitation purposes. This is to provide a price signal to customers, to use water efficiently and offer an incentive to reduce excess water use. As water usage increases, so does the cost per unit of additional water; this methodology has proven effective in curtailing wasteful water practices.

Proposed Single-Family Rates for Commodity Charges ($/HCF)

<table>
<thead>
<tr>
<th>Tier</th>
<th>Current Rate</th>
<th>FY 20-21</th>
<th>FY 21-22</th>
<th>FY 22-23</th>
<th>FY 23-24</th>
<th>FY 24-25</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1</td>
<td>$1.82</td>
<td>$1.86</td>
<td>$1.97</td>
<td>$2.09</td>
<td>$2.22</td>
<td>$2.35</td>
</tr>
<tr>
<td>Tier 2</td>
<td>$2.23</td>
<td>$2.27</td>
<td>$2.41</td>
<td>$2.55</td>
<td>$2.71</td>
<td>$2.87</td>
</tr>
<tr>
<td>Tier 3</td>
<td>$2.53</td>
<td>$2.34</td>
<td>$2.48</td>
<td>$2.63</td>
<td>$2.79</td>
<td>$2.95</td>
</tr>
<tr>
<td>Tier 4</td>
<td>$2.72</td>
<td>$2.96</td>
<td>$3.13</td>
<td>$3.32</td>
<td>$3.52</td>
<td>$3.73</td>
</tr>
</tbody>
</table>

(c) Commodity charges ($/HCF) for multi-family residential customers based on the approved two-tier rate structure with water allocations based on the number of dwelling units in each multi-family complex.

Proposed Multi-Family Rates for Commodity Charges ($/HCF)

<table>
<thead>
<tr>
<th>Tier</th>
<th>Current Rate</th>
<th>FY 20-21</th>
<th>FY 21-22</th>
<th>FY 22-23</th>
<th>FY 23-24</th>
<th>FY 24-25</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1</td>
<td>$1.69</td>
<td>$1.79</td>
<td>$1.89</td>
<td>$2.01</td>
<td>$2.13</td>
<td>$2.25</td>
</tr>
<tr>
<td>Tier 2</td>
<td>$1.97</td>
<td>$1.98</td>
<td>$2.10</td>
<td>$2.22</td>
<td>$2.35</td>
<td>$2.49</td>
</tr>
</tbody>
</table>
(d) Specific uniform rates for Commercial, Government, and Institutional classes.

<table>
<thead>
<tr>
<th>Proposed Rates for Commodity Charges ($/HCF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Rate</td>
</tr>
<tr>
<td>---------------</td>
</tr>
<tr>
<td>Commercial</td>
</tr>
<tr>
<td>Government &amp;</td>
</tr>
<tr>
<td>Institutional</td>
</tr>
</tbody>
</table>

The net change to a customer’s water bill will be affected by the customer’s ability to use water efficiently. A typical single-family customer with a 1” water meter and 55 Hundred Cubic Feet (“HCF”) usage in the summer will see a $3.60 or 2.4% bimonthly increase in their water bill. The percent increase will vary among customers based on usage.

**Sewer Rates**

The City’s sewer system includes 138 miles of pipe and is, on average, 75 years old. The Sewer Master Plan is a comprehensive report outlining a long-range program of capital improvements and preventative maintenance measures to upgrade and maintain the City’s sewer system. Annual sewer rate adjustments are necessary to fund the operations and maintenance activities of the sewer system to ensure that the City's sewer system is in compliance with state regulations that mandate the elimination of sewer overflows.

The Cost Study Update determined that the current sewer rate structure equitably recovers costs from each customer class but that the City must increase sewer revenues annually in order to fund ongoing capital improvement projects and meet projected operating expenditures while maintaining a Reserve Fund balance of $1.3 million, or 1.5% of the valuation of the City’s sanitary sewer system, which is currently estimated at $90 million.

Therefore, the updated Cost Study is recommending that the City increase sewer revenues by 1.5% for Fiscal Year 2020-21, and 3% for the following four fiscal years through 2024-25, in order to fund City to fund ongoing operations and achieve a 75-year replacement cycle for the City’s sewer system.

The proposed sewer rates for Fiscal Years 2020-21 through 2024-25 are shown in the tables below, and will not exceed the estimated amount necessary to fund the operation of the City Sewer System:
(a) Single-Family Residential and Multi-Family Residential Dwellings Bimonthly Rates

<table>
<thead>
<tr>
<th>Current Rate</th>
<th>FY 20-21</th>
<th>FY 21-22</th>
<th>FY 22-23</th>
<th>FY 23-24</th>
<th>FY 24-25</th>
</tr>
</thead>
<tbody>
<tr>
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<td>$17.27</td>
<td>$17.79</td>
<td>$18.32</td>
<td>$18.87</td>
<td>$19.44</td>
</tr>
</tbody>
</table>

(b) Commercial Dwellings Bimonthly Rates (Fixed Rate + Variable Per HCF Billed Water Usage)

<table>
<thead>
<tr>
<th>Current Rate</th>
<th>FY 20-21</th>
<th>FY 21-22</th>
<th>FY 22-23</th>
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<th>FY 24-25</th>
</tr>
</thead>
<tbody>
<tr>
<td>$50.69 + $0.28 Variable Per HCF</td>
<td>$51.80 + $0.28 Variable Per HCF</td>
<td>$53.36 + $0.30 Variable Per HCF</td>
<td>$54.96 + $0.30 Variable Per HCF</td>
<td>$56.61 + $0.31 Variable Per HCF</td>
<td>$58.30 + $0.32 Variable Per HCF</td>
</tr>
</tbody>
</table>

The proposed sewer rates are increased proportionally in each year to generate the necessary projected level of revenues provided in the Cost Study Update. Should the City find that revenue requirements are less than those projected in the study, the City could opt to forgo rate increases in any given year or implement rates lower than the proposed increase for that year.

**Implementation of New Rates**

At the April 21, 2020, City Council Meeting, the PWSD will request that the City Council approve the Water and Sewer Rate Cost of Service Study update and set a Public Hearing date for June 16, 2020, to consider any protests to the proposed rates. The PWSD will, at least forty-five (45) days before the date of the Public Hearing, mail a notice to all water customers detailing the proposed rate increase in accordance with Proposition 218 requirements. All public outreach efforts and informational pieces developed will be approved through the City Attorney’s office to ensure that the City is in compliance with Prop 218 regulations. If there is no majority opposition, the newly-established rates will become effective July 1, 2020.

**ENVIRONMENTAL ANALYSIS**

The proposed action does not constitute a project under the California Environmental Quality Act (“CEQA”), and it can be seen with certainty that it will have no impact on the environment. Thus, this matter is exempt under CEQA.
**FISCAL IMPACT**

Water and sewer rate increases are necessary to fund ongoing operations and maintenance budgets and the Capital Improvement Program while maintaining an adequate Reserve Fund balance in case of an emergency. The lack of a rate adjustment would not allow the City to recover increasing water supply costs, and operations and maintenance costs for the City’s water and sewer system. The Water and Sewer Costs of Service Study Update has determined that the City will need to increase water revenues by 3% for Fiscal Year 2020-21, and 6% for the following four years through Fiscal Year 2024-25, in order to fund expected operations, maintenance, and Capital Improvement Program expenditures.

Additionally, the Cost Study Update determined that a 1.5% sewer rate adjustment for Fiscal Year 2020-21, and 3% for the following four years through Fiscal Year 2024-25 is necessary to fund expected operations and maintenance costs for the City’s sewer system.

**RECOMMENDATION**

It is recommended the City Council provide direction to the Public Works Services Department to move forward with the adoption of the Cost Study Update and water and sewer rate adjustment process by following Proposition 218 balloting procedures to establish a five-year water and sewer rates structure for Fiscal Years 2020-21 through 2024-25.

Approved:

[Signature]

Dominic Lazzaretto
City Manager
DATE: March 17, 2020

TO: Honorable Mayor and City Council

FROM: Tom Tait, Public Works Services Director
By: Jacquelyn Mercado, Senior Management Analyst

SUBJECT: REPORT AND DISCUSSION REGARDING THE WATER AND SEWER COST OF SERVICE STUDY UPDATE
Recommendation: Provide direction on moving forward with water and sewer rate adjustments

SUMMARY

In October 2015, the City Council adopted a tiered water rate structure and approved a five-year water and sewer rate adjustment through the end of calendar year 2020, based on the completed Water and Sewer Cost of Service Study ("Cost Study"). In December 2019, the City Council adopted resolutions for the fifth and final year of the previously approved water and sewer rate adjustment. In an effort to continue to fund the City’s water and sewer systems ongoing operation and maintenance costs, an update to the Cost Study was completed to recommend a new five-year water and sewer rate adjustment.

The Cost Study Update recommends that the City increase water rates by 3% for Fiscal Year 2020-21, and 6% for the following four fiscal years through 2024-25, in order to fund expected operations, maintenance, water supply costs, capital expenditures, and maintain a sufficient Reserve Fund balance. The Cost Study Update also proposes that the City increase sewer revenues by 1.5% for Fiscal Year 2020-21, and 3% for the following four fiscal years through 2024-25, in order to fund ongoing sewer operations and achieve a 75-year replacement cycle for the City’s sewer system.

It is recommended that the City Council provide direction to the Public Works Services Department ("PWSD") to move forward with the adoption of the Cost Study Update and water and sewer rate adjustment process by following Proposition 218 ("Prop 218") balloting procedures to establish a five-year water and sewer rates structure for Fiscal Years 2020-21 through 2024-25.
BACKGROUND

The City provides and maintains water and sewer services to more than 56,000 residents. Utility rate increases are necessary to fund ongoing operations, maintenance, and capital improvements, and to maintain adequate Reserve Fund balances for the water and sanitary sewer systems, in order to provide quality services to Arcadia residents and businesses. In February 2014, the City Council awarded a Professional Services Agreement to Carollo for the preparation of the Water and Sewer Cost of Service Study and the development of a financial model that would determine how best to recover projected ongoing operational costs, capital improvements to water and sewer infrastructure, and water supply costs, over a five-year period. The PWSD and Carollo gathered and analyzed data on the City’s water and sanitary sewer operations, and established a seasonal tiered water rate structure that would meet the City’s primary objectives of providing revenue stability, while encouraging water use efficiency.

On January 19, 2016, the City Council adopted a seasonal tiered water rate structure and approved a five-year water and sewer rate adjustment schedule for calendar years 2016 through 2020. The PWSD annually reviews water and sewer operating budgets, revenues, expenditures, and Reserve Fund balances to determine whether the approved maximum rate adjustment is necessary. The City of Arcadia’s water and sewer rates are among the lowest in the area, and have remained so even with annual rate adjustments over the past five years.

Although the Governor declared the drought emergency to be over, local regions continue to suffer from long-term drought impacts. In the Main Basin, where the City draws most of its water, basin levels have not recovered to minimum operating levels. In response, the Main Basin Watermaster adopted a Drought Management Plan that includes a Resource Development Assessment (“RDA”), which is a pass-through fee based on each individual producer’s annual amount of water pumped from the Main Basin. The purpose of the RDA is to restore ground water levels by purchasing imported water from the State Water Project, separate from the purchase of Replacement Water. The RDA has continued to increase annually and is anticipated to cost the City over $2 million dollars in Fiscal Year 2021-22. The RDA was implemented by the Main Basin in Fiscal Year 2017-2018; therefore, this cost was not accounted for in the 2015 Cost Study and the City has not been able to recover the costs of this charge from ratepayers.

In December 2019, the City Council adopted resolutions for the fifth and final year of the approved water and sewer rate adjustment. Water and Sewer rate adjustments have typically been on a fiscal year cycle. However, in the spring of 2015 the City Council chose to delay the public hearing for new water and sewer rates, pending a decision from the California Fourth District Court of Appeals in the Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano case. This case involved the use of a budget-based water rate structure. Following the Capistrano ruling, the City Council
approved moving forward with a tiered water rate structure, and set the public hearing for water and sewer rate adjustments on a calendar year cycle. The PWSD is recommending that these adjustments be returned to a fiscal year calendar to align with the City’s budgeting practices and financial models.

The goal of the 2015 Cost Study was to utilize Reserve Funds to minimize larger rate adjustments. Due to changes in water use trends resulting from the last drought emergency, increases to operations and maintenance budgets, mainly due to the cost of the RDA and Replacement Water, and funding capital improvements, an update to the 2015 Cost Study is necessary. In July 2019, the City Council approved a Professional Services Agreement with Carollo to complete an update to the 2015 Cost Study and to recommend a new five-year water and sewer rate adjustment for Fiscal Years 2020-21 through 2024-25.

DISCUSSION

The Cost Study Update comprehensively relies on the City’s financial and rate models, which were exclusively developed by Carollo during the 2015 Cost Study and subsequently updated and refined in 2017. These models have again been updated to include actual revenues and operational expenditures, capital improvement costs, and customer usage data, along with additional items that were necessary to develop financial projections for Fiscal Years 2020-21 through 2024-25. The current sewer and tiered water rate structures remain the same, but minor modifications have been recommended to the seasonal tier allotments. Some meter sizes received an increase or minor decrease in allotments, while other allocations remained the same. This was done based on an historical analysis of actual tiered customer usage data and is necessary in order to realign tier usage with each meter size to current customer demand patterns. The tier allotments are now more proportional across all tiers and meter sizes, which makes the proposed rate structure more fair and legally defensible.

The following goals were identified in the 2015 Cost Study and carried forward through the Cost Study Update:

- Generate sufficient revenue to fund continued operations and maintenance of the City’s sewer and water supply and distribution system, including increases in water supply costs driven by the Main Basin’s Drought Management Plan to restore the health the basin.
- Provide for equipment replacement and improvements to the water and sewer systems infrastructure through capital improvements.
- Review reserve policies and set rates to adequately maintain a reserve fund to make necessary repairs in the event of an emergency.
Based on discussions and previous direction from the City Council, rate adjustments have been designed to eliminate the ongoing use of Reserve Funds to fund operations and capital improvement expenditures.

**Water Rates**

Operations and maintenance expenditures comprise the majority of the expenses within the Water budget, with the single largest line item being water supply costs. The updated Cost Study financial model was used to forecast water sales and expenditures that include looking at the cost of current and future water supplies, including the rising cost of replacement water, system operation costs, and Watermaster’s imposed RDA fee.

In addition to regular replacement water costs, the RDA fee has increased annually since 2016 from $40 per acre-foot to $140 per acre-foot for Fiscal Year 2019-20. The RDA fee is set to increase to $175 per acre-foot. By the end of Fiscal Year 2020-21, the City will have paid over $6 million dollars in total RDA fees without passing any of those charges onto customers. The RDA fee will continue for the foreseeable future and is estimated to cost the City approximately $2.1 million annually. The RDA fee has been included in the Cost Study Update and the proposed five-year water rate adjustments has accounted for this cost.

The previous annual rate adjustments were designed to use Reserve Funds to lessen the amount of annual water rate adjustments. Accordingly, the City Council agreed to lower the water Reserve Fund balance from $20 million to $12 million over the five-year period. The updated Cost Study has estimated the value of the City’s water system replacement at $236 million. Based on industry standards for such a valuation, the Cost Study determined that $7.1 million in capital reserve (or 3% of $236M) is required, combined with about $3.8 million required to fund operation and maintenance costs for at least 90 days. As such, a total reserve minimum required is $11 million.

Based on those factors, the Cost Study Update proposes that the City increase water revenues by 3% for Fiscal Year 2020-21, and 6% for the following four fiscal years through 2024-25, in order to fund expected operations, maintenance, and CIP expenditures, and maintain a sufficient Reserve Fund balance. The Cost Study Update took into account that water customers already received a 7% Water rate adjustment in January 2020. In order to align water rates to a fiscal year timeline, a smaller rate adjustment is proposed for the first year of the proposed 5-year rate adjustment schedule.

The Cost Study Update has proposed the following water rates for Fiscal Years 2020-21 through 2024-25, which will not exceed the estimated amount necessary to fund the operation of the City Water System:
(a) An increase to the current fixed bimonthly meter charge for all customer classes to adequately reflect the actual cost of service incurred.

<table>
<thead>
<tr>
<th>Meter Size (in inches)</th>
<th>Current Rate</th>
<th>FY 20-21</th>
<th>FY 21-22</th>
<th>FY 22-23</th>
<th>FY 23-24</th>
<th>FY 24-25</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/8”</td>
<td>$30.33</td>
<td>$31.80</td>
<td>$33.71</td>
<td>$35.73</td>
<td>$37.87</td>
<td>$40.14</td>
</tr>
<tr>
<td>3/4”</td>
<td>$32.40</td>
<td>$33.85</td>
<td>$35.88</td>
<td>$38.03</td>
<td>$40.32</td>
<td>$42.73</td>
</tr>
<tr>
<td>1”</td>
<td>$36.55</td>
<td>$37.95</td>
<td>$40.23</td>
<td>$42.64</td>
<td>$45.20</td>
<td>$47.91</td>
</tr>
<tr>
<td>1 1/2”</td>
<td>$46.93</td>
<td>$48.21</td>
<td>$51.10</td>
<td>$54.17</td>
<td>$57.42</td>
<td>$60.86</td>
</tr>
<tr>
<td>2”</td>
<td>$59.39</td>
<td>$60.52</td>
<td>$64.15</td>
<td>$68.00</td>
<td>$72.08</td>
<td>$76.40</td>
</tr>
<tr>
<td>3”</td>
<td>$88.45</td>
<td>$89.24</td>
<td>$94.59</td>
<td>$100.27</td>
<td>$106.28</td>
<td>$112.66</td>
</tr>
<tr>
<td>4”</td>
<td>$129.97</td>
<td>$130.27</td>
<td>$138.08</td>
<td>$146.37</td>
<td>$155.15</td>
<td>$164.46</td>
</tr>
<tr>
<td>6”</td>
<td>$254.53</td>
<td>$253.35</td>
<td>$268.55</td>
<td>$284.66</td>
<td>$301.74</td>
<td>$319.85</td>
</tr>
<tr>
<td>8”</td>
<td>$399.85</td>
<td>$396.95</td>
<td>$420.76</td>
<td>$446.01</td>
<td>$472.77</td>
<td>$501.13</td>
</tr>
<tr>
<td>10”</td>
<td>$607.45</td>
<td>$602.09</td>
<td>$638.21</td>
<td>$676.50</td>
<td>$717.09</td>
<td>$760.12</td>
</tr>
</tbody>
</table>

(b) Commodity charges ($/HCF) for single-family residential customers based on the approved four-tier inclining block rate structure, and recommended seasonal variable consumption allotments based on the customers’ water meter size. This helps to account for the natural usage requirements of a large property versus a smaller one. The tier allotments were determined by analyzing the relationship between meter size and consumption patterns for all single-family accounts over the past five years. The updated Cost Study has proposed a few minor adjustments to some of the tier break points, which are necessary to realign tier usage with each meter size to current water demand patterns.

| Bimonthly Tier Break Points (in HCF) for Winter Water Usage (November through April) |
|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Tier 1                          | 0 - 22                          | 0 - 22                          | 0 - 22                          | 0 - 22                          | 0 - 22                          |
| Tier 2                          | 23 - 32                         | 23 - 34                         | 23 - 42                         | 23 - 48                         | 23 - 60                         |
| Tier 3                          | 33 - 42                         | 35 - 44                         | 43 - 58                         | 49 - 70                         | 61 - 90                         |
| Tier 4                          | 43+                             | 45+                             | 59+                             | 71+                             | 91+                             |
Bimonthly Tier Break Points (in HCF) for Summer Water Usage (May through October)

<table>
<thead>
<tr>
<th>Tier</th>
<th>5/8”</th>
<th>3/4”</th>
<th>1”</th>
<th>1 1/2”</th>
<th>2”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1</td>
<td>0 - 22</td>
<td>0 - 22</td>
<td>0 - 22</td>
<td>0 - 22</td>
<td>0 - 22</td>
</tr>
<tr>
<td>Tier 2</td>
<td>23 - 34</td>
<td>23 - 42</td>
<td>23 - 60</td>
<td>23 - 70</td>
<td>23 - 94</td>
</tr>
<tr>
<td>Tier 3</td>
<td>35 - 44</td>
<td>43 - 58</td>
<td>61 - 92</td>
<td>71 - 112</td>
<td>95 - 148</td>
</tr>
<tr>
<td>Tier 4</td>
<td>45+</td>
<td>59+</td>
<td>93+</td>
<td>113+</td>
<td>149+</td>
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Additionally, a seasonal single-family tiered water rate structure assists in managing customer demand for water by pricing discretionary water uses, such as landscape irrigation, at a higher rate than water used for drinking and sanitation purposes. This is to provide a price signal to customers, to use water efficiently and offer an incentive to reduce excess water use. As water usage increases, so does the cost per unit of additional water; this methodology has proven effective in curtailing wasteful water practices.

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<table>
<thead>
<tr>
<th>Tier</th>
<th>Current Rate</th>
<th>FY 20-21</th>
<th>FY 21-22</th>
<th>FY 22-23</th>
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</tr>
</thead>
<tbody>
<tr>
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<td>$2.49</td>
</tr>
</tbody>
</table>

Commodity charges ($/HCF) for multi-family residential customers based on the approved two-tier rate structure with water allocations based on the number of dwelling units in each multi-family complex.
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<table>
<thead>
<tr>
<th>Proposed Rates for Commodity Charges ($/HCF)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Commercial</td>
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<td>Government &amp; Institutional</td>
</tr>
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**Sewer Rates**

The City’s sewer system includes 138 miles of pipe and is, on average, 75 years old. The Sewer Master Plan is a comprehensive report outlining a long-range program of capital improvements and preventative maintenance measures to upgrade and maintain the City’s sewer system. Annual sewer rate adjustments are necessary to fund the operations and maintenance activities of the sewer system to ensure that the City’s sewer system is in compliance with state regulations that mandate the elimination of sewer overflows.

The Cost Study Update determined that the current sewer rate structure equitably recovers costs from each customer class but that the City must increase sewer revenues annually in order to fund ongoing capital improvement projects and meet projected operating expenditures while maintaining a Reserve Fund balance of $1.3 million, or 1.5% of the valuation of the City’s sanitary sewer system, which is currently estimated at $90 million.

Therefore, the updated Cost Study is recommending that the City increase sewer revenues by 1.5% for Fiscal Year 2020-21, and 3% for the following four fiscal years through 2024-25, in order to fund City to fund ongoing operations and achieve a 75-year replacement cycle for the City’s sewer system.

The proposed sewer rates for Fiscal Years 2020-21 through 2024-25 are shown in the tables below, and will not exceed the estimated amount necessary to fund the operation of the City Sewer System:
(a) Single-Family Residential and Multi-Family Residential Dwellings Bimonthly Rates

<table>
<thead>
<tr>
<th>Current Rate</th>
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<td>$17.27</td>
<td>$17.79</td>
<td>$18.32</td>
<td>$18.87</td>
<td>$19.44</td>
</tr>
</tbody>
</table>

(b) Commercial Dwellings Bimonthly Rates (Fixed Rate + Variable Per HCF Billed Water Usage)

<table>
<thead>
<tr>
<th>Current Rate</th>
<th>FY 20-21</th>
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<tbody>
<tr>
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</tr>
</tbody>
</table>

The proposed sewer rates are increased proportionally in each year to generate the necessary projected level of revenues provided in the Cost Study Update. Should the City find that revenue requirements are less than those projected in the study, the City could opt to forgo rate increases in any given year or implement rates lower than the proposed increase for that year.

Implementation of New Rates

At the April 21, 2020, City Council Meeting, the PWSD will request that the City Council approve the Water and Sewer Rate Cost of Service Study Update and set a Public Hearing date for June 23, 2020, to consider any protests to the proposed rates. The PWSD will, at least forty-five (45) days before the date of the Public Hearing, mail a notice to all water customers detailing the proposed rate increase in accordance with Proposition 218 requirements. All public outreach efforts and informational pieces developed will be approved through the City Attorney’s office to ensure that the City is in compliance with Prop 218 regulations. If there is no majority opposition, the newly-established rates will become effective July 1, 2020.

ENVIRONMENTAL ANALYSIS

The proposed action does not constitute a project under the California Environmental Quality Act (“CEQA”), and it can be seen with certainty that it will have no impact on the environment. Thus, this matter is exempt under CEQA.
FISCAL IMPACT

Water and sewer rate increases are necessary to fund ongoing operations and maintenance budgets and the Capital Improvement Program while maintaining an adequate Reserve Fund balance in case of an emergency. The lack of a rate adjustment would not allow the City to recover increasing water supply costs, and operations and maintenance costs for the City’s water and sewer system. The Water and Sewer Costs of Service Study Update has determined that the City will need to increase water revenues by 3% for Fiscal Year 2020-21, and 6% for the following four years through Fiscal Year 2024-25, in order to fund expected operations, maintenance, and Capital Improvement Program expenditures.

Additionally, the Cost Study Update determined that a 1.5% sewer rate adjustment for Fiscal Year 2020-21, and 3% for the following four years through Fiscal Year 2024-25 is necessary to fund expected operations and maintenance costs for the City’s sewer system.

RECOMMENDATION

It is recommended the City Council provide direction to the Public Works Services Department to move forward with the adoption of the Cost Study Update and water and sewer rate adjustment process by following Proposition 218 balloting procedures to establish a five-year water and sewer rates structure for Fiscal Years 2020-21 through 2024-25.

Approved:

Dominic Lazzaretto
City Manager
PROCLAMATION

WHEREAS, Arbor Day is celebrated nationally to encourage Americans to maintain and replenish our country’s vast forests, orchards, and woodlands; and

WHEREAS, California Arbor Week has the involvement of the City of Arcadia; and

WHEREAS, the City of Arcadia has achieved a Tree City USA status for 26 years; and

WHEREAS, trees are a valuable economic asset in our cities that help maintain or increase property values and attract business and new residents in urban areas; and

WHEREAS, trees play an important role in energy conservation by modifying temperature extremes with shade and humidity, and are particularly important in reducing the amount of energy consumed in heating and cooling buildings and homes; and

WHEREAS, trees planted in urban areas play a significant role in meeting the state’s greenhouse gas emission reduction targets by sequestering carbon as well as reducing energy consumption; and

WHEREAS, trees directly contribute to improving California’s air quality by reducing air pollution by removing airborne particulates from the atmosphere and helping to purify the air; and

WHEREAS, trees provide essential habitat for much of California’s wildlife, including many listed, threatened, and endangered species; and

NOW, THEREFORE, I, April A. Verlato, Mayor of the City of Arcadia, do hereby proclaim March 17, 2020 to be:

ARBOR DAY

in the City of Arcadia and urge all citizens to observe and celebrate by planting trees for our own benefit and for the benefit of future generations.

Dated this 17th day of March 2020

April A. Verlato, Mayor
PROCLAMATION

WHEREAS, organ, tissue, marrow, and blood donations are life-giving acts recognized worldwide as expressions of compassion to those in need; and

WHEREAS, more than 112,000 are currently on the national organ transplant waiting list, and an average of 17 people die each day waiting for a donated organ; and

WHEREAS, a living donor can provide a kidney or a portion of their liver, lung, pancreas, or intestine. People of all ages and medical histories should consider themselves potential donors; and

WHEREAS, a single individual’s donation of the heart, lungs, liver, kidneys, pancreas and small intestine can save up to eight lives; donation of tissue can save or heal the lives of up to 75 other individuals; and a single blood donation can help three people in need; and

WHEREAS, more than 39,700 organ transplants were performed in the U.S. in 2019, which was made possible through the generosity of deceased and living donors; and

WHEREAS, California residents can sign up with the Donate Life California Registry when applying for or renewing their driver’s licenses or ID cards at the California Department of Motor Vehicles.

NOW THEREFORE, I, April A. Verlato, Mayor of the City of Arcadia, do hereby proclaim the month of April 2020 as:

DMV/DONATE LIFE CALIFORNIA MONTH

and encourage all Arcadia residents to learn the facts about organ and tissue donation, and check “YES!” when applying for or renewing their driver’s license or I.D. card, or by signing up at www.donateLIFEcalifornia.org

Dated this 17th day of March, 2020

__________________________
April A. Verlato, Mayor
CALL TO ORDER - Mayor Verlato called the Special Meeting to order at 5:31 p.m. in the City Council Chamber, 240 W. Huntington Drive, Arcadia, California.

ROLL CALL OF CITY COUNCIL MEMBERS

PRESENT: Amundson, Beck, Tay, Chandler, and Verlato
ABSENT: None

PUBLIC COMMENTS - No one appeared.

STUDY SESSION (OPEN TO THE PUBLIC)

a. Report, discussion, and direction regarding the design and funding for an Anita Baldwin Statue at Santa Clara and Huntington Drive.

Alfred Paredes, sculptor, provided a miniature sculpture and various designs of the Anita Baldwin Statue.

A motion was made by Mayor Pro Tem Chandler and seconded by Council Member Beck to proceed with a seated version of the Anita Baldwin statue, and proceed to work on fundraising efforts in order to allow for the fabrication and installation of the statue. The motion passed with the following roll call vote:

AYES: Chandler, Beck, Amundson, Tay, and Verlato
NOES: None
ABSENT: None

b. Report, discussion, and direction regarding the Judicial Validation Process/Issuance of Pension Obligation Bonds.

Brian Forbath of Stradling Yocca Carlson & Rauth and Julio Morales, Managing Director of Urban Futures Inc., presented a PowerPoint Presentation.

A motion was made by Mayor Pro Tem Chandler and seconded by Council Member Tay to direct City staff and bond counsel to prepare documentation pertaining to the issuance of Pension Obligation Bonds, which would include the initiation of a judicial validation process for issuance of such bonds. The motion passed with the following roll call vote:

AYES: Chandler, Tay, Amundson, Beck, and Verlato
NOES: None
ABSENT: None

The Special Meeting ended at 6:46 p.m.

Linda Rodriguez
Assistant City Clerk
1. **CALL TO ORDER** – Mayor Verlato called the regular meeting to order at 7:02 p.m.

2. **INVOCATION** – Rabbi Sholom Stiefel, Chabad of Arcadia

3. **PLEDGE OF ALLEGIANCE** – Girl Scout Troop 9131

4. **ROLL CALL OF CITY COUNCIL MEMBERS**

   **PRESENT:** Amundson, Beck, Tay, Chandler, and Verlato
   **ABSENT:** None

5. **REPORT FROM CITY ATTORNEY REGARDING CLOSED/STUDY SESSION ITEMS**

   City Attorney Deitsch announced that prior to the regular meeting the City Council met in a Special Meeting to conduct a study session to receive reports and discuss the two items listed on the posted agenda regarding:

   (1) The design and funding for an Anita Baldwin Statue at Santa Clara and Huntington Drive; after discussion, on motion by Mayor Pro Tem Chandler, seconded by Council Member Beck, the City Council unanimously voted to proceed with a seated version of the statue and proceed to work on fundraising efforts in order to allow for the fabrication and installation of the statue; and
   (2) Judicial validation action and process for the issuance of pension obligation bonds; after discussion, on motion by Mayor Pro Tem Chandler, seconded by Council Member Tay, the City Council unanimously voted to direct City staff and bond counsel to prepare documentation pertaining to the issuance of pension obligation bonds, which would include the initiation of a judicial validation process for issuance of such bonds.

6. **SUPPLEMENTAL INFORMATION FROM CITY MANAGER REGARDING AGENDA ITEMS**

   City Manager Lazzaretto announced that regarding Public Hearing Item 9.a, Development Code Policy No. 20-01, a letter was received from Phelps Wood, of APW Development Company, in support of staff’s recommendation on that project.

7. **MOTION TO READ ALL ORDINANCES AND RESOLUTIONS BY TITLE ONLY AND WAIVE THE READING IN FULL**

   A motion was made by Mayor Pro Tem Chandler and seconded by Council Member Amundson to read all ordinances and resolutions by title only and waive the reading in full.

8. **PRESENTATIONS**

   a. Presentation of donation in the amount of $5,000 from the Friends of the Museum for the purchase of new technology for the Gilb Museum of Arcadia Heritage.
b. Presentation of donation in the amount of $3,000 from the Friends of the Museum for the Arcadia Veterans Registry Touchscreen at the Gilb Museum of Arcadia Heritage.

9. PUBLIC HEARING


   Recommended Action: Approve

Regarding Public Hearing 9.a, Mayor Verlato announced that she had a conflict of interest, that she and her husband own the property located at 33 E. Huntington Drive, which is within the zone of the subject property and will recuse herself from participation and discussion in this matter. Mayor Verlato left room.

Assistant City Manager/Development Services Director Kruckeberg presented the staff report.

Mayor Pro Tem Chandler declared the public hearing open. No one appeared.

A motion to close the public hearing was made by Council Member Beck, seconded by Council Member Amundson, and, seeing no objection, Mayor Pro Tem Chandler declared the public hearing closed.

It was moved by Council Member Beck, seconded by Council Member Amundson, and carried on a roll call vote to approve Development Code Policy No. 20-01 – temporarily modify non-conforming use policy to allow flexibility for property owners in the “Downtown” Commercial Zones (downtown mixed use, mixed-use, commercial manufacturing and central business district).

   AYES: Beck, Amundson, Tay, and, Chandler
   NOES: None
   ABSENT: Verlato

Mayor Pro Tem Chandler asked for two Council Members to support his request that staff bring back a Study Session item to discuss the development options in the Downtown, specifically proposals for uses at the City’s parking lots. Council Member Beck and Council Member Tay concurred.

10. PUBLIC COMMENTS

The following Arcadia residents appeared and expressed their reasons why they are opposed to the proposed development of the assisted living facility located at 2607 South Santa Anita Avenue.

   David Maystead
   Antonio Anfiteatro
   Harvey Hu
   Toey Lau
   Adrian Anfiteatro
11. REPORTS FROM MAYOR, CITY COUNCIL AND CITY CLERK (including reports from the City Council related to meetings attended at City expense [AB 1234]).

Mayor Pro Tem Chandler announced that he attended the grand re-opening of Lojeski Field at Eisenhower Park and commented on the event.

Council Member Amundson thanked the speakers for their comments regarding the potential development of the assisted living facility; he announced that he attended the grand re-opening of Lojeski Field; he spoke about the recent increase in mail theft and encouraged everyone to pick up their mail daily; he further announced that he attended the Arcadia Orchestra Benefit Dinner; and the Arcadia Council PTA meeting.

Council Member Tay announced that ballots for the April 14, 2020, Arcadia General Municipal Election for City Council will be mailed out on March 16; he commented on the success of the Arcadia Orchestra Benefit Dinner, and thanked all the parents for their efforts in putting the event together.

Council Member Beck announced that he attended the 46th Annual Mayor’s Community Breakfast and commended Mayor Verlato on her speech; he further announced that he attended the grand re-opening of Lojeski Field and thanked City staff for all their hard work in putting the event together; and he thanked the Friends of Museum and the Arcadia Police Officers’ Association for their donations.

City Clerk Glasco announced that he also attended the 46th Annual Mayor’s Community Breakfast and commented on the event.

Mayor Verlato announced that she attended the San Gabriel Valley Council of Governments meeting, where she noted that $200,000 will be given to the City of Arcadia for the Homeless Plan; she commented on the 46th Annual Mayor’s Community Breakfast; further announced that she attended the Methodist Hospital Mardi Gras Fundraiser; the grand re-opening of Lojeski Field and thanked City staff for their hard work; she attended the Arcadia Orchestra Benefit Dinner, and Coffee with the Mayor; announced that Mahjong with the Mayor is on March 20; the Chamber Music Concert is on March 7; and that the Public Works Services Department is hosting Leak Detection Workshops on March 16 and 23 at the Arcadia Public Library Auditorium.

12. CONSENT CALENDAR

   Recommended Action: Approve
b. Donation in the amount of $5,000 from the Friends of the Museum for the purchase of new technology for the Gilb Museum of Arcadia Heritage. Recommended Action: Accept

c. Donation in the amount of $3,000 from the Friends of the Museum for the Arcadia Veterans Registry Touchscreen at the Gilb Museum of Arcadia Heritage. Recommended Action: Accept

d. Donation in the amount of $1,500 from the Arcadia Police Officers’ Association for the Silver Circle Volunteer Recognition Dinner. Recommended Action: Accept

e. Professional Services Agreement with Ralph Andersen & Associates for updates to the 2017 Classification and Compensation Study in the amount of $25,000, and authorize an additional $5,000 for contingency work beyond the scope of services defined. Recommended Action: Approve

Resolution No. 7296 amending the Fiscal Year 2019-20 General Fund Budget authorizing a budget appropriation in the amount of $15,000 to Commence with a review and update to the 2017 Classification and Compensation Study. Recommended Action: Adopt

f. Professional Services Agreement with Golden Meters Service Inc. for large water meter testing, repair, and calibration services in an amount not to exceed $30,380. Recommended Action: Approve

g. Waive expenses related to traffic control services for the Twenty-Sixth Annual Santa Anita Derby 5K Run & Walk to be held on Saturday, April 4, 2020. Recommended Action: Approve

h. Interagency Communications Interoperability System (“ICIS”) annual subscriber fees for a five-year period in an amount not to exceed $301,625. Recommended Action: Approve

It was moved by Council Member Amundson, seconded by Mayor Pro Tem Chandler, and carried on a roll call vote to approve Consent Calendar Items 12.a through 12.h.

AYES: Amundson, Chandler, Beck, Tay, and Verlato
NOES: None
ABSENT: None

13. ADJOURNMENT

The City Council meeting adjourned at 8:17 p.m. to Tuesday, March 17, 2020, 6:00 p.m. in the City Council Conference Room.

Linda Rodriguez
Assistant City Clerk
DATE: March 17, 2020

TO: Honorable Mayor and City Council

FROM: Jason Kruckeberg, Assistant City Manager/Development Services Director
Philip A. Wray, Deputy Director of Development Services/City Engineer

SUBJECT: PROFESSIONAL SERVICES AGREEMENT WITH LAE ASSOCIATES, INC., FOR CONSTRUCTION INSPECTION SERVICES IN THE AMOUNT OF $87,400, IN ADDITION TO A 10% CONTINGENCY; AND ADOPT RESOLUTION NO. 7298 AMENDING THE FISCAL YEAR 2019-20 CAPITAL IMPROVEMENT PROGRAM BUDGET AUTHORIZING A SUPPLEMENTAL APPROPRIATION FOR THE GOLD LINE STATION PEDESTRIAN LINKAGE PROJECT IN THE AMOUNT OF $97,000, OFFSET BY A REDUCTION IN THE PROPOSITION A AND C RESERVE FUND

Recommendation: Approve

SUMMARY

The City received a grant in 2009 from Metro to improve pedestrian facilities around the Gold Line station in Arcadia. The Metro grant utilizes Federal Transportation funding, which requires the grant recipients to comply with all federal funding requirements. Federal compliance assurance is very complicated and time consuming, and thus it was determined to be most efficiently served by a qualified consultant. In January, 2018, LAE Associates was hired to assist with Federal funding compliance for both the design and construction phases.

On February 4, 2020, the City Council approved a Contract with Three Peaks Corporation for the construction of the Gold Line Station Pedestrian Linkage project. At that time, it was discovered that additional construction inspection services might be necessary to supplement City staff. LAE was requested to submit a proposal to provide inspection services for the project because of their current involvement in the project, the desire for consistency and uniformity, their expertise in inspection services, and their past experience in the City.

It is recommended that the City Council approve, and authorize and direct the City Manager to execute, a Professional Services Agreement with LAE Associates, Inc., for Construction Inspection services for the Arcadia Gold Line Station Pedestrian Linkage project, in the amount of $87,400, with a 10% contingency.
BACKGROUND

In anticipation of the opening of the Gold Line light rail extension through the City, in 2009 the City of Arcadia applied for and received federal funding through the Metro Call-for-Projects program for a project to improve pedestrian facilities around the light rail station. The scope of the project is to provide improved pedestrian access and connectivity between the Gold Line light rail station and the surrounding area as follows:

- Removal and replacement of sidewalks
- Removal and replacement of street trees
- Pedestrian lighting
- “Bulb-outs” at intersection corners
- Landscape planters at intersection corners
- Irrigation system for new trees and planters
- Decorative paver crosswalks at the intersections of First Avenue and St. Joseph Street, and First Avenue and La Porte Street
- Benches at various locations
- Replacement of all driveways and corner ramps for ADA accessibility

Meeting the federal funding requirements for public works construction projects is very complicated and time-consuming work. On November 17, 2017, the City issued a Request-for-Proposals (“RFP”) for professional services to assist the City with the preparation of all documents and correspondence to comply with the federal funding requirements. The RFP requested assistance throughout the design and construction, but inspection services were not included, and were planned to be provided by City staff. The RFP was sent to five (5) potentially qualified firms, but because this is a somewhat specialized service, only one consultant submitted a proposal. The only proposal received was from LAE Associates, Inc. in the amount of $100,600.

On January 16, 2018, the City Council awarded a Professional Services Agreement to LAE Associates. Shortly thereafter, LAE initiated the process with Caltrans, the federal funding representative, and after a lengthy document preparation and review period, Caltrans approved the project and authorized the funding on September 17, 2019.

The project was advertised for bids in October 2019, and on November 7, 2019, four (4) bids were received. On February 4, 2020, the City Council approved a construction contract with Three Peaks in the amount of $2,122,037.79.

DISCUSSION

During the bidding process, it was discovered that the City’s Capital Projects Inspector may not be available for part or all of this project’s construction period, and that other arrangements must be made. Construction inspection is a critical element of federally funded projects because of the level and detail of the required daily documentation of such things as contractor’s work force, materials, equipment, and progress. The inspector must work very closely with the contract compliance staff to gather, organize,
and retain construction-related documents as required for funding reimbursements and audits.

LAE is under contract to provide the construction compliance services for the City. They also provide construction inspection services, and have previously served the City in that capacity. In early 2018, the City requested proposals for inspection services for a Southern California Edison streetlight project. LAE was selected as the best-qualified firm out of the four that proposed, with very competitive rates.

A proposal was requested from LAE to provide the inspection services for this construction project. LAE has recommended the services of a Senior Construction Inspector as the necessary experience level, at a rate of $135 per hour.

LAE Associates is recommended for this work for the following reasons:

- They were initially hired by the City through a competitive RFP process to provide oversight of compliance with the federal funding. They have helped secure the construction authorization, and their team understands the project scope, the compliance requirements, and has a good working relationship with Caltrans staff.
- They are under contract to serve as the City’s construction compliance and audit review consultant. For them to also serve as construction inspector provides uniformity and consistency between the two responsibilities, reduces the City’s need to coordinate and schedule the work between the two, and reduces communication problems.
- LAE was previously selected to perform inspection work for the City through a competitive Request-for-Proposals process, and provided outstanding services, while keeping inspection hours at a minimum.

It is unknown at this time how much of their services will be necessary, but the recommended contract will provide the ability to react quickly if needed. The professional services are proposed on an hourly basis with a not-to-exceed amount of $87,400, based on the estimated project schedule. The requested services will be monitored closely, and used only if needed. Because there are no funds in the budget for these services, an additional appropriation is requested from the Proposition A and C Capital Reserve Funds. Along with a 10% contingency, the amount requested totals $97,000.

**ENVIRONMENTAL IMPACT**

The Professional Services Agreement with LAE Associates, Inc. is for construction inspection assistance, and is not considered a project as defined by California Environmental Quality Act (“CEQA”) §15378, as a service contract of this nature is considered ministerial.
FISCAL IMPACT

The City was awarded a Metro Call-for-Projects grant for the Arcadia Gold Line Station Pedestrian Linkage Project in the amount of $1,546,803, with a local match of $832,895, creating a 65%/35% share. This project was budgeted in the 2014-15 Fiscal Year Capital Improvement Program in the total amount of $2,379,700, with the local match taken from Proposition A and C Capital Reserve funds. These funds were initially programmed for the Santa Anita Avenue Grade Separation project; however, the City has been able to extend these funds to put toward elements of the Transit Plaza project and this pedestrian improvement project.

Previous expenditures from the project budget of approximately $150,000 for design-related services reduced the budget to approximately $2,229,000. On February 4, 2020, the City Council awarded a contract to Three Peaks in the amount of $2,122,037.79, with a 10% contingency of $212,203, and approved an additional appropriation of $120,000 from the Proposition A and C Capital Reserve Funds to cover the shortfall. An additional appropriation of $97,000 is requested from the Proposition A and C Reserve Fund to cover the budget shortfall for these services. Part or all of these funds may not be necessary and, of course, they will not be utilized if not needed. The Proposition A and C Reserve Fund is earmarked for Gold Line related costs and contains ample funding to cover this request.

RECOMMENDATION

It is recommended the City Council determine that this action does not constitute a project and is therefore exempt under the California Environmental Quality Act (“CEQA”); and approve, authorize, and direct the City Manager to execute, a Professional Services Agreement with LAE Associates, Inc. for construction inspection services, in the amount of $87,400, in addition to a 10% contingency; and adopt Resolution No. 7298 amending the Fiscal Year 2019-20 Capital Improvement Program budget authorizing a supplemental appropriation for the Gold Line Station Pedestrian Linkage Project in the amount of $97,000, offset by a reduction in the Proposition A and C Reserve Fund.

Approved:

Dominic Lazarett
City Manager

Attachments: Proposed Professional Services Agreement
Resolution No. 7298
CITY OF ARCADIA
PROFESSIONAL SERVICES AGREEMENT
CONSTRUCTION INSPECTION SERVICES

This Agreement is made and entered into as of _______________, 2020 by and between
the City of Arcadia, a municipal corporation organized and operating under the laws of the State
of California with its principal place of business at 240 West Huntington Drive, Arcadia, California
91006 (“City”), and LAE Associates, Inc., a California corporation, with its principal place of
business at 650 North Rose Drive, #182, Placentia, CA. 92870, (hereinafter referred to as
“Consultant”). City and Consultant are sometimes individually referred to as “Party” and
collectively as “Parties” in this Agreement.

RECITALS

A. City is a public agency of the State of California and is in need of construction
inspection services for the following project:

ARCADIA GOLD LINE STATION PEDESTRIAN LINKAGE PROJECT (hereinafter referred to as
“the Project”).

B. Consultant is duly licensed and has the necessary qualifications to provide such
services.

C. The Parties desire by this Agreement to establish the terms for City to retain
Consultant to provide the services described herein.

AGREEMENT

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. Services.

Consultant shall provide the City with the services described in the Scope of Services
attached hereto as Exhibit “A.”

2. Compensation.

a. Subject to paragraph 2(b) below, the City shall pay for such services in
accordance with the Schedule of Charges set forth in Exhibit “B.”

b. In no event shall the total amount paid for services rendered by Consultant
under this Agreement exceed the sum of eighty-seven thousand four hundred dollars ($87,400).
This amount is to cover all printing and related costs, and the City will not pay any additional fees
for printing expenses. Periodic payments shall be made within 30 days of receipt of an invoice,
which includes a detailed description of the work performed. Payments to Consultant for work
performed will be made on a monthly billing basis.

3. Additional Work.

If changes in the work seem merited by Consultant or the City, and informal consultations
with the other party indicate that a change is warranted, it shall be processed in the following
manner: a letter outlining the changes shall be forwarded to the City by Consultant with a
statement of estimated changes in fee or time schedule. An amendment to this Agreement shall be prepared by the City and executed by both Parties before performance of such services, or the City will not be required to pay for the changes in the scope of work. Such amendment shall not render ineffective or invalidate unaffected portions of this Agreement.

4. **Maintenance of Records.**

Books, documents, papers, accounting records, and other evidence pertaining to costs incurred shall be maintained by Consultant and made available at all reasonable times during the contract period and for four (4) years from the date of final payment under the contract for inspection by City.

5. The term of this Agreement shall be for the term of the construction project, unless earlier terminated as provided herein. The Parties may, by mutual, written consent, extend the term of this Agreement if necessary to complete the Project. Consultant shall perform its services in a prompt and timely manner within the term of this Agreement and shall commence performance upon receipt of written notice from the City to proceed (“Notice to Proceed”). The Notice to Proceed shall set forth the date of commencement of work.

6. **Delays in Performance.**

   a. Neither City nor Consultant shall be considered in default of this Agreement for delays in performance caused by circumstances beyond the reasonable control of the non-performing party. For purposes of this Agreement, such circumstances include but are not limited to, abnormal weather conditions; floods; earthquakes; fire; epidemics; war; riots and other civil disturbances; strikes, lockouts, work slowdowns, and other labor disturbances; sabotage or judicial restraint.

   b. Should such circumstances occur, the non-performing party shall, within a reasonable time of being prevented from performing, give written notice to the other party describing the circumstances preventing continued performance and the efforts being made to resume performance of this Agreement.

7. **Compliance with Law.**

   a. Consultant shall comply with all applicable laws, ordinances, codes and regulations of the federal, state and local government, including Cal/OSHA requirements.

   b. If required, Consultant shall assist the City, as requested, in obtaining and maintaining all permits required of Consultant by federal, state and local regulatory agencies.

   c. If applicable, Consultant is responsible for all costs of clean up and/ or removal of hazardous and toxic substances spilled as a result of his or her services or operations performed under this Agreement.

8. **Standard of Care**

   Consultant’s services will be performed in accordance with generally accepted professional practices and principles and in a manner consistent with the level of care and skill ordinarily exercised by members of the profession currently practicing under similar conditions.
9. **Assignment and Subconsultant**

Consultant shall not assign, sublet, or transfer this Agreement or any rights under or interest in this Agreement without the written consent of the City, which may be withheld for any reason. Any attempt to so assign or so transfer without such consent shall be void and without legal effect and shall constitute grounds for termination. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement. Nothing contained herein shall prevent Consultant from employing independent associates and subconsultants as Consultant may deem appropriate to assist in the performance of services hereunder.

10. **Independent Contractor**

Consultant is retained as an independent contractor and is not an employee of City. No employee or agent of Consultant shall become an employee of City. The work to be performed shall be in accordance with the work described in this Agreement, subject to such directions and amendments from City as herein provided.

11. **Insurance.** Consultant shall not commence work for the City until it has provided evidence satisfactory to the City it has secured all insurance required under this section. In addition, Consultant shall not allow any subcontractor to commence work on any subcontract until it has secured all insurance required under this section.

   a. **Commercial General Liability**

      (i) The Consultant shall take out and maintain, during the performance of all work under this Agreement, in amounts not less than specified herein, Commercial General Liability Insurance, in a form and with insurance companies acceptable to the City.

      (ii) Coverage for Commercial General Liability insurance shall be at least as broad as the following:

           (1) Insurance Services Office Commercial General Liability coverage (Occurrence Form CG 00 01) or exact equivalent.

      (iii) Commercial General Liability Insurance must include coverage for the following:

           (1) Bodily Injury and Property Damage
           (2) Personal Injury/Advertising Injury
           (3) Premises/Operations Liability
           (4) Products/Completed Operations Liability
           (5) Aggregate Limits that Apply per Project
           (6) Explosion, Collapse and Underground (UCX) exclusion deleted
           (7) Contractual Liability with respect to this Agreement
           (8) Property Damage
           (9) Independent Consultants Coverage

      (iv) The policy shall contain no endorsements or provisions limiting coverage for (1) contractual liability; (2) cross liability exclusion for claims or suits by one insured against another; (3) products/completed operations liability; or (4) contain any other exclusion contrary to the Agreement.
(v) The policy shall give City, its officials, officers, employees, agents and City designated volunteers additional insured status using ISO endorsement forms CG 20 10 10 01 and 20 37 10 01, or endorsements providing the exact same coverage.

(vi) The general liability program may utilize either deductibles or provide coverage excess of a self-insured retention, subject to written approval by the City, and provided that such deductibles shall not apply to the City as an additional insured.

b. Automobile Liability

(i) At all times during the performance of the work under this Agreement, the Consultant shall maintain Automobile Liability Insurance for bodily injury and property damage including coverage for owned, non-owned and hired vehicles, in a form and with insurance companies acceptable to the City.

(ii) Coverage for automobile liability insurance shall be at least as broad as Insurance Services Office Form Number CA 00 01 covering automobile liability (Coverage Symbol 1, any auto).

(iii) The policy shall give City, its officials, officers, employees, agents and City designated volunteers additional insured status.

(iv) Subject to written approval by the City, the automobile liability program may utilize deductibles, provided that such deductibles shall not apply to the City as an additional insured, but not a self-insured retention.

c. Workers’ Compensation/Employer’s Liability

(i) Consultant certifies that he/she is aware of the provisions of Section 3700 of the California Labor Code, which requires every employer to be insured against liability for workers’ compensation or to undertake self-insurance in accordance with the provisions of that code, and he/she will comply with such provisions before commencing work under this Agreement.

(ii) To the extent Consultant has employees at any time during the term of this Agreement, at all times during the performance of the work under this Agreement, the Consultant shall maintain full compensation insurance for all persons employed directly by him/her to carry out the work contemplated under this Agreement, all in accordance with the “Workers’ Compensation and Insurance Act,” Division IV of the Labor Code of the State of California and any acts amendatory thereof, and Employer’s Liability Coverage in amounts indicated herein. Consultant shall require all subconsultants to obtain and maintain, for the period required by this Agreement, workers’ compensation coverage of the same type and limits as specified in this section.

d. Professional Liability (Errors and Omissions)

At all times during the performance of the work under this Agreement the Consultant shall maintain professional liability or Errors and Omissions insurance appropriate to its profession, in a form and with insurance companies acceptable to the City and in an amount indicated herein. This insurance shall be endorsed to include contractual liability applicable to this Agreement and shall be written on a policy form coverage specifically designed to protect against acts, errors or omissions of the Consultant. “Covered Professional Services” as designated in the policy must
specifically include work performed under this Agreement. The policy must “pay on behalf of” the insured and must include a provision establishing the insurer’s duty to defend.

e. Minimum Policy Limits Required

(i) The following insurance limits are required for the Agreement:

<table>
<thead>
<tr>
<th>Insurance Type</th>
<th>Limitation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial General Liability</td>
<td>$1,000,000 per occurrence/ $2,000,000 aggregate for bodily injury, personal injury, and property damage</td>
</tr>
<tr>
<td>Automobile Liability</td>
<td>$1,000,000 per occurrence for bodily injury and property damage</td>
</tr>
<tr>
<td>Employer’s Liability</td>
<td>$1,000,000 per occurrence</td>
</tr>
<tr>
<td>Professional Liability</td>
<td>$1,000,000 per claim and aggregate (errors and omissions)</td>
</tr>
</tbody>
</table>

(ii) Defense costs shall be payable in addition to the limits.

(iii) Requirements of specific coverage or limits contained in this section are not intended as a limitation on coverage, limits, or other requirement, or a waiver of any coverage normally provided by any insurance. Any available coverage shall be provided to the parties required to be named as Additional Insured pursuant to this Agreement.

f. Evidence Required

Prior to execution of the Agreement, the Consultant shall file with the City evidence of insurance from an insurer or insurers certifying to the coverage of all insurance required herein. Such evidence shall include original copies of the ISO CG 00 01 (or insurer’s equivalent) signed by the insurer’s representative and Certificate of Insurance (Acord Form 25-S or equivalent), together with required endorsements. All evidence of insurance shall be signed by a properly authorized officer, agent, or qualified representative of the insurer and shall certify the names of the insured, any additional insureds, where appropriate, the type and amount of the insurance, the location and operations to which the insurance applies, and the expiration date of such insurance.

g. Policy Provisions Required

(i) Consultant shall provide the City at least thirty (30) days prior written notice of cancellation of any policy required by this Agreement, except that the Consultant shall provide at least ten (10) days prior written notice of cancellation of any such policy due to non-payment of premium. If any of the required coverage is cancelled or expires during the term of this Agreement, the Consultant shall deliver renewal certificate(s) including the General Liability Additional Insured Endorsement to the City at least ten (10) days prior to the effective date of cancellation or expiration.

(ii) The Commercial General Liability Policy and Automobile Policy shall each contain a provision stating that Consultant’s policy is primary insurance and that any
insurance, self-insurance or other coverage maintained by the City or any named insureds shall not be called upon to contribute to any loss.

(iii) The retroactive date (if any) of each policy is to be no later than the effective date of this Agreement. Consultant shall maintain such coverage continuously for a period of at least three years after the completion of the work under this Agreement. Consultant shall purchase a one (1) year extended reporting period A) if the retroactive date is advanced past the effective date of this Agreement; B) if the policy is cancelled or not renewed; or C) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement.

(iv) All required insurance coverages, except for the professional liability coverage, shall contain or be endorsed to waiver of subrogation in favor of the City, its officials, officers, employees, agents, and volunteers or shall specifically allow Consultant or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. Consultant hereby waives its own right of recovery against City, and shall require similar written express waivers and insurance clauses from each of its subconsultants.

(v) The limits set forth herein shall apply separately to each insured against whom claims are made or suits are brought, except with respect to the limits of liability. Further, the limits set forth herein shall not be construed to relieve the Consultant from liability in excess of such coverage, nor shall it limit the Consultant’s indemnification obligations to the City and shall not preclude the City from taking such other actions available to the City under other provisions of the Agreement or law.

h. Qualifying Insurers

(i) All policies required shall be issued by acceptable insurance companies, as determined by the City, which satisfy the following minimum requirements:

(1) Each such policy shall be from a company or companies with a current A.M. Best’s rating of no less than A:VII and admitted to transact in the business of insurance in the State of California, or otherwise allowed to place insurance through surplus line brokers under applicable provisions of the California Insurance Code or any federal law.

i. Additional Insurance Provisions

(i) The foregoing requirements as to the types and limits of insurance coverage to be maintained by Consultant, and any approval of said insurance by the City, is not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by the Consultant pursuant to this Agreement, including but not limited to, the provisions concerning indemnification.

(ii) If at any time during the life of the Agreement, any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, City has the right but not the duty to obtain the insurance it deems necessary and any premium paid by City will be promptly reimbursed by Consultant or City will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, City may cancel this Agreement.
(iii) The City may require the Consultant to provide complete copies of all insurance policies in effect for the duration of the Project.

(iv) Neither the City nor any of its officials, officers, employees, agents or volunteers shall be personally responsible for any liability arising under or by virtue of this Agreement.

j. Subconsultant Insurance Requirements. Consultant shall not allow any subcontractors or subconsultants to commence work on any subcontract until they have provided evidence satisfactory to the City that they have secured all insurance required under this section. Policies of commercial general liability insurance provided by such subcontractors or subconsultants shall be endorsed to name the City as an additional insured using ISO form CG 20 38 04 13 or an endorsement providing the exact same coverage. If requested by Consultant, City may approve different scopes or minimum limits of insurance for particular subcontractors or subconsultants.

12. Indemnification.

a. To the fullest extent permitted by law, Consultant shall defend (with counsel of City’s choosing), indemnify and hold the City, its officials, officers, employees, volunteers, and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any acts, errors or omissions, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant’s services, the Project or this Agreement, including without limitation the payment of all damages, expert witness fees and attorney’s fees and other related costs and expenses. Consultant’s obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Consultant, the City, its officials, officers, employees, agents, or volunteers.

b. To the extent required by Civil Code section 2782.8, which is fully incorporated herein, Consultant’s obligations under the above indemnity shall be limited to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant, but shall not otherwise be reduced. If Consultant’s obligations to defend, indemnify, and/or hold harmless arise out of Consultant’s performance of “design professional services” (as that term is defined under Civil Code section 2782.8), then upon Consultant obtaining a final adjudication that liability under a claim is caused by the comparative active negligence or willful misconduct of the City, Consultant’s obligations shall be reduced in proportion to the established comparative liability of the City and shall not exceed the Consultant’s proportionate percentage of fault.


a. Consultant is aware of the requirements of California Labor Code Sections 1720 et seq. and 1770 et seq., which require the payment of prevailing wage rates and the performance of other requirements on certain “public works” and “maintenance” projects (“Prevailing Wage Laws”). If the services are being performed as part of an applicable “public works” or “maintenance” project, as defined by the Prevailing Wage Laws, and if the total compensation is $15,000 or more for maintenance or $25,000 or more for construction, alteration, demolition, installation, or repair, Consultant agrees to fully comply with such Prevailing Wage Laws. Consultant shall defend, indemnify and hold the City, its officials, officers, employees and
agents free and harmless from any claims, liabilities, costs, penalties or interest arising out of any failure or alleged failure to comply with the Prevailing Wage Laws. It shall be mandatory upon the Consultant and all subconsultants to comply with all California Labor Code provisions, which include but are not limited to prevailing wages (Labor Code Sections 1771, 1774 and 1775), employment of apprentices (Labor Code Section 1777.5), certified payroll records (Labor Code Sections 1771.4 and 1776), hours of labor (Labor Code Sections 1813 and 1815) and debarment of contractors and subcontractors (Labor Code Section 1777.1).

b. If the services are being performed as part of an applicable “public works” or “maintenance” project and if the total compensation is $15,000 or more for maintenance or $25,000 or more for construction, alteration, demolition, installation, or repair, then pursuant to Labor Code Sections 1725.5 and 1771.1, the Consultant and all subconsultants performing such services must be registered with the Department of Industrial Relations. Consultant shall maintain registration for the duration of the Project and require the same of any subconsultants, as applicable. This Project may also be subject to compliance monitoring and enforcement by the Department of Industrial Relations. It shall be Consultant’s sole responsibility to comply with all applicable registration and labor compliance requirements.

c. This Agreement may also be subject to compliance monitoring and enforcement by the Department of Industrial Relations. It shall be Consultant’s sole responsibility to comply with all applicable registration and labor compliance requirements. Any stop orders issued by the Department of Industrial Relations against Consultant or any subcontractor that affect Consultant’s performance of services, including any delay, shall be Consultant’s sole responsibility. Any delay arising out of or resulting from such stop orders shall be considered Consultant caused delay and shall not be compensable by the City. Consultant shall defend, indemnify and hold the City, its officials, officers, employees and agents free and harmless from any claim or liability arising out of stop orders issued by the Department of Industrial Relations against Consultant or any subcontractor.

14. Verification of Employment Eligibility.

By executing this Agreement, Consultant verifies that it fully complies with all requirements and restrictions of state and federal law respecting the employment of undocumented aliens, including, but not limited to, the Immigration Reform and Control Act of 1986, as may be amended from time to time, and shall require all subconsultants and sub-subconsultants to comply with the same.

15. City Material Requirements.

Consultant is hereby made aware of the City’s requirements regarding materials, as set forth in the Proposal, which is deemed to be a part of this Agreement.

16. Laws and Venue.

This Agreement shall be interpreted in accordance with the laws of the State of California. If any action is brought to interpret or enforce any term of this Agreement, the action shall be brought in a state or federal court situated in the County of Los Angeles, State of California.

17 Termination or Abandonment

a. City has the right to terminate or abandon any portion or all of the work under this Agreement by giving ten (10) calendar days written notice to Consultant. In such event,
City shall be immediately given title and possession to all original field notes, drawings and specifications, written reports and other documents produced or developed for that portion of the work completed and/or being abandoned. City shall pay Consultant the reasonable value of services rendered for any portion of the work completed prior to termination. If said termination occurs prior to completion of any task for the Project for which a payment request has not been received, the charge for services performed during such task shall be the reasonable value of such services, based on an amount mutually agreed to by City and Consultant of the portion of such task completed but not paid prior to said termination. City shall not be liable for any costs other than the charges or portions thereof, which are specified herein. Consultant shall not be entitled to payment for unperformed services, and shall not be entitled to damages or compensation for termination of work.

b. Consultant may terminate its obligation to provide further services under this Agreement upon thirty (30) calendar days’ written notice to City only in the event of substantial failure by City to perform in accordance with the terms of this Agreement through no fault of Consultant.

18. Documents. Except as otherwise provided in “Termination or Abandonment,” above, all original field notes, written reports, Drawings and Specifications and other documents, produced or developed for the Project shall, upon payment in full for the services described in this Agreement, be furnished to and become the property of the City.

19. Organization

Consultant shall assign the Senior Construction Observer as Project Manager. The Project Manager shall not be removed from the Project or reassigned without the prior written consent of the City.

20. Limitation of Agreement.

This Agreement is limited to and includes only the work included in the Project described above.

21. Notice

Any notice or instrument required to be given or delivered by this Agreement may be given or delivered by depositing the same in any United States Post Office, certified mail, return receipt requested, postage prepaid, addressed to:

CITY: City of Arcadia
240 West Huntington Drive
Arcadia, CA 91066
Attn: Jason Kruckeberg, Assistant City Manager/Development Services Director

CONSULTANT: LAE Associates, Inc.
650 N. Rose Drive, #182
Placentia, CA. 92870
Attn: Fred Alamolhoda, President

And shall be effective upon receipt thereof.

22. Third Party Rights

Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than the City and the Consultant.
23. **Equal Opportunity Employment.**

Consultant represents that it is an equal opportunity employer and that it shall not discriminate against any employee or applicant for employment because of race, religion, color, national origin, ancestry, sex, age or other interests protected by the State or Federal Constitutions. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination.

24. **Entire Agreement**

This Agreement, with its exhibits, represents the entire understanding of City and Consultant as to those matters contained herein, and supersedes and cancels any prior or contemporaneous oral or written understanding, promises or representations with respect to those matters covered hereunder. Each party acknowledges that no representations, inducements, promises or agreements have been made by any person which are not incorporated herein, and that any other agreements shall be void. This Agreement may not be modified or altered except in writing signed by both Parties hereto. This is an integrated Agreement.

25. **Severability**

The unenforceability, invalidity or illegality of any provision(s) of this Agreement shall not render the provisions unenforceable, invalid or illegal.

26. **Successors and Assigns**

This Agreement shall be binding upon and shall inure to the benefit of the successors in interest, executors, administrators and assigns of each party to this Agreement. However, Consultant shall not assign or transfer by operation of law or otherwise any or all of its rights, burdens, duties or obligations without the prior written consent of City. Any attempted assignment without such consent shall be invalid and void.

27. **Non-Waiver**

None of the provisions of this Agreement shall be considered waived by either party, unless such waiver is specifically specified in writing.

28. **Time of Essence**

Time is of the essence for each and every provision of this Agreement.

29. **City’s Right to Employ Other Consultants**

City reserves its right to employ other consultants, including engineers, in connection with this Project or other projects.

30. **Prohibited Interests**

Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee,
commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, City shall have the right to rescind this Agreement without liability. For the term of this Agreement, no director, official, officer or employee of City, during the term of his or her service with City, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

[SIGNATURES ON FOLLOWING PAGE]
SIGNATURE PAGE FOR PROFESSIONAL SERVICES AGREEMENT
BETWEEN THE CITY OF ARCADIA
AND LAE ASSOCIATES, INC.

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

CITY OF ARCADIA     LAE ASSOCIATES, INC.

By: ______________________                     By: ______________________
    Dominic Lazzaretto                         Its: ______________________
    City Manager                               Printed Name:________________

ATTEST:

By: ______________________                     By: ______________________
    ______________________                     Its: ______________________
    City Clerk                                 Printed Name:________________

APPROVED AS TO FORM:

By: ______________________
    City Attorney
EXHIBIT A

Scope of Services

Based on experience with federally funded projects, LAE’s construction observer will provide the following services for the Gold Line Pedestrian Improvements project:

- Familiarize staff with the project
- Review plans, specifications, and contractor’s bid proposal
- Field review the project site
- Attend and participate in the pre-construction meeting
- Attend pre-construction field meetings with the contractor and others
- Coordinate project activities
- Ensure compliance with the contract documents
- Confirm compliance with Americans with Disabilities Act (ADA) requirements
- Coordinate and schedule labor compliance interviews
- Verify contractor’s construction stakes
- Coordinate/schedule sampling and testing of construction materials
- Retain material delivery tickets
- Ensure survey markers disturbed are restored by the contractor
- Record construction changes to use for the preparation of the record drawings
- Report violations by contractor and sub-contractors to the City
- Have a copy of the contract documents at the construction site
- Take and maintain project site/construction activity photos
- Attend field and progress meetings
- Communicate with utility companies and other agencies
- Prepare Daily Inspection Reports, on City/Caltrans format

Upon completion of the construction, request the City’s Construction Manager schedule a final walk through to create a final punch list. After all corrective work has been completed, provide final inspection.
EXHIBIT B

Schedule of Charges/Payments

Consultant will invoice City on a monthly cycle. Consultant will include with each invoice a detailed progress report that indicates the amount of budget spent on each task. Consultant will inform City regarding any out-of-scope work being performed by Consultant. This is a time-and-materials contract, based on attached Fee Schedule.
EXHIBIT C

Activity Schedule

Project to begin upon receipt of Notice to Proceed to the contractor, and continue for at least 70-working days, depending on contractor’s submitted construction schedule.
LAE Associates, Inc.

Fee Schedule

<table>
<thead>
<tr>
<th>Role</th>
<th>Hourly Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal-in-Charge</td>
<td>$185</td>
</tr>
<tr>
<td><strong>Project Principal</strong></td>
<td>$175</td>
</tr>
<tr>
<td>Senior Engineer</td>
<td>$175</td>
</tr>
<tr>
<td>Senior Project/Construction Manager</td>
<td>$175</td>
</tr>
<tr>
<td>Program Manager</td>
<td>$150</td>
</tr>
<tr>
<td><strong>Programming Manager</strong></td>
<td>$145</td>
</tr>
<tr>
<td>* Senior Construction Observer (Inspector)</td>
<td>$135</td>
</tr>
<tr>
<td>Assistant Manager</td>
<td>$135</td>
</tr>
<tr>
<td>Project Engineer</td>
<td>$125</td>
</tr>
<tr>
<td>Senior Analyst</td>
<td>$100</td>
</tr>
<tr>
<td>Junior Engineering Aid</td>
<td>$65</td>
</tr>
<tr>
<td>Administrative Assistant</td>
<td>$65</td>
</tr>
</tbody>
</table>

* Prevailing Wages

February 1, 2020 through December 31, 2020
RESOLUTION NO. 7298

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARCADIA, CALIFORNIA, AMENDING THE FISCAL YEAR 2019-20 CAPITAL IMPROVEMENT PROGRAM BUDGET AUTHORIZING A SUPPLEMENTAL APPROPRIATION FOR THE GOLD LINE STATION PEDESTRIAN LINKAGE PROJECT IN THE AMOUNT OF $97,000, OFFSET BY A REDUCTION IN THE PROPOSITION A AND C RESERVE FUND

WHEREAS, in 2009, during the planning stages of the Gold Line Light Rail Extension Project, the City applied for and received a Metro Grant to improve pedestrian facilities around the Gold Line Station; and

WHEREAS, in October 2017, the City approved an agreement with RRM Design Group for design services for the Arcadia Gold Line Station Pedestrian Linkage Improvements; and

WHEREAS, in January 2018, the City approved an agreement with LAE Associates for the oversight of Federal funding compliance requirements for the Arcadia Gold Line Station Pedestrian Linkage Improvements; and

WHEREAS, on February 4, 2020, the City Council approved a Construction contract with Three Peaks Corporation for the construction of the Arcadia Gold Line Station Pedestrian Linkage Improvements and approved an additional appropriation from the Proposition A and C Reserve Fund to cover the budget shortfall; and

WHEREAS, additional construction inspection services are necessary for the Arcadia Gold Line Station Pedestrian Linkage Improvements construction and LAE Associates has been selected to provide those services; and

WHEREAS, an additional appropriation of funds is necessary to cover the Inspection services; and
WHEREAS, the City Manager has certified that there are sufficient reserves available in the Proposition A and C Funds for appropriation.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF ARCADIA, CALIFORNIA, DOES FIND, DETERMINE AND RESOLVE AS FOLLOWS:

SECTION 1. The sum of Ninety Seven Thousand Dollars ($97,000) is hereby appropriated in the Gold Line Station Pedestrian Linkage Improvement Project, offset with an equal reduction in the Proposition A and C Reserve Fund.

SECTION 2. The City Clerk shall certify to the adoption of this Resolution.

Passed, approved and adopted this 17th day of March, 2020.

ATTEST:

Mayor of the City of Arcadia

City Clerk

APPROVED AS TO FORM:

Stephen P. Deitsch
City Attorney
DATE: March 17, 2020

TO: Honorable Mayor and City Council

FROM: Jason Kruckeberg, Assistant City Manager/Development Services Director
      Philip A. Wray, Deputy Director of Development Services/City Engineer
      By: John Doojphibupol, Assistant Engineer

SUBJECT: REJECT LOW BID FROM ELECNOR BELCO ELECTRIC INC. AND CONTRACT WITH PAVEMENT COATINGS CO. FOR THE ARCADIA BICYCLE FACILITIES IMPROVEMENT PROJECT IN THE AMOUNT OF $1,038,696.04, INCLUDING A 10% CONTINGENCY, AND ADOPT A CATEGORICAL EXEMPTION FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (“CEQA”)

Recommendation: Approve

SUMMARY

In 2015, the City of Arcadia, in partnership with the City of Sierra Madre, applied for and received federal grant funding through the Caltrans-administered Active Transportation Program for Bicycle Facilities Improvements. The total grant funding is $1,040,000, with a local match commitment of $445,000 funded by the cities.

In September 2018, the City of Arcadia approved a Professional Services Agreement with Kreuzer Consulting Group for the design of the Arcadia Bicycle Facilities Improvements. The project endured a lengthy design and review process that included a scope change and time extension, with ultimate approval by the California Transportation Commission. Upon completion of the process, Caltrans approved the Construction Authorization on November 12, 2019.

On January 9, 2020, a Public Notice Inviting Bids was issued. Two (2) contractors submitted bids, with Elecnor Belco Electric Inc. (“Belco”) producing the lowest bid. Upon review of the bids, it was determined that Belco’s bid was non-responsive due to a failure to comply with the self-performance specifications. The second lowest bid, submitted by Pavement Coatings Co., complies with local and federal requirements.

It is recommended that the City Council find the project categorically exempt pursuant to the requirements of the California Environmental Quality Act (“CEQA”), reject the lowest bid by Elecnor Belco Electric Inc., and approve a contract with Pavement Coatings Co.
in the amount of $1,038,696.04 for the Arcadia Bicycle Facilities Improvement Project, with a 10% contingency.

**BACKGROUND**

In November 2010, City Council adopted the General Plan Update, which included a plan for accommodating bicycles. In May 2015, the City, in a partnership with the City of Sierra Madre, applied for grant funding through the Active Transportation Program (“ATP”) for a Bicycle Facilities Improvement Project. In October 2015, Caltrans awarded the City $902,000 in ATP grant funds. In addition, Metro awarded the City $136,000 in Local Transportation Funds to supplement the ATP grant, bringing the total grant funding for the project to $1,040,000. The local match commitment is $445,000, of which, the City of Arcadia is responsible for 90%, and the City of Sierra Madre for 10%.

In August 2018, the City Council held a study session and directed the staff to proceed. In September 2018, the City Council approved a Professional Services Agreement with Kreuzer Consulting Group for conceptual and final design services.

In general, the project includes 7.1 miles of Class II Bike Routes and 13.6 miles of Class III Bike Routes. Class II routes are bicycle lanes separated from vehicle lanes with striping, while Class III routes are shared lanes with vehicles marked only by periodic signs and share-the-road pavement symbols. The length of each type of route represents street miles where routes are designated in both directions. The specifics of the project are provided below:

- Class II bike lanes on Huntington Drive from Michillinda Avenue to Santa Clara Street
- Restriping of First Avenue from Duarte Road to California Street to include Class II bike lanes, two parking lanes, two through lanes, and a center two-way left turn lane
- Class II bike lanes on First Avenue from Colorado Boulevard to Orange Grove Avenue
- Class II bike lanes on streets such as Huntington Drive, Sunset Boulevard, Santa Clara Street and Colorado Boulevard to connect with neighboring cities’ Class II lanes for regional consistency
- Class III bike routes on streets such as Sierra Madre Boulevard, Orange Grove Avenue, Golden West Avenue, and Longden Avenue to connect with neighboring cities’ Class III routes for regional consistency
- Slurry seal and restriping of portions of Huntington Drive and First Avenue
- Bike racks at Arcadia City Hall
• Video detection systems exclusively for bikes at various signalized intersections along designated bike routes

A map of the project elements is included as Attachment No. 2.

A Community Open House was held in November 2018 to obtain public input. Attendees were very supportive and provided helpful comments. Also in 2018, a Professional Services Agreement was awarded to LAE Associates, Inc. to guide and assist City staff with federal funding compliance and consultation services for the design and construction authorization phase.

During design, it was determined that a Class II segment in the original grant proposal was not feasible and needed to be changed to a Class III. In accordance with the ATP program, any changes in scope must maintain or increase the lengths of the proposed bike routes, and must be reviewed and approved by Caltrans. The proposed change included adding more Class II lanes to offset the loss, and adding more Class III routes. Caltrans staff reviewed the scope change and determined that it required California Transportation Commission (“CTC”) approval. The CTC approved the scope change in May 2019 and approved the City’s time extension request in July 2019. Final plans and specifications and compliance documents were then submitted to Caltrans for their approval. A Construction Authorization was issued on November 12, 2019.

**DISCUSSION**

The project was advertised for bids on January 9 and February 6, 2020, and two (2) bids were received as shown below:

<table>
<thead>
<tr>
<th>CONTRACTOR</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elecnor Belco Electric Inc.</td>
<td>$1,019,076.00</td>
</tr>
<tr>
<td>Pavement Coatings Co.</td>
<td>$1,038,696.04</td>
</tr>
</tbody>
</table>

After the bids were opened, Pavement Coatings Co. submitted a formal protest of Belco’s bid, stating that their bid was non-responsive because they only proposed to perform approximately 33% of the work as the prime contractor. Section 3-2 of the City-adopted Standard Specifications for Public Works Construction states that “The Contractor shall perform, with its own organization, Contract work amounting to at least 50 percent of the Contract Price...”. Upon review and consultation with the City Attorney, the protest was determined to be valid, and Belco’s bid was disqualified. Therefore, the lowest responsible bid is from Pavement Coatings Co. Belco was informed of the City’s determination and did not challenge it.
Pavement Coatings Co. is based out of Jurupa Valley, and was established in 1975. They have recently completed slurry seal projects in Los Angeles, Riverside, and San Bernardino counties. They are currently performing Slurry Seal work in the cities of Irvine, Jurupa Valley, Lancaster, and Ventura. They have also provided all the required documentation to comply with the federal funding requirements, and exceed the 10% goal for Disadvantaged Business Enterprise (“DBE”) subcontractor inclusion in the project. Pavement Coatings Co. has all the necessary qualifications for this project.

ENVIRONMENTAL ANALYSIS

Because this is a Federal project, an extensive Preliminary Environmental Study was prepared under the guidelines of the National Environmental Protection Act (“NEPA”). The conclusion of the study was that there would be no significant impacts to the environment and, therefore, the project was eligible for a Categorical Exemption/Categorical Exclusion under NEPA, and required no further studies. Caltrans reviewed and agreed with the study and the Categorical Exemption/Categorical Exclusion designation.

The City was responsible for evaluating the project under the guidelines of the California Environmental Quality Act (“CEQA”) as well. PSOMAS, a consulting engineering firm, performed the evaluation for the City, and they determined the project would be Categorically Exempt under Section 15301 – Class 1, Existing Facilities, and Class 4, Minor Alterations to Land. The City filed the notice with the County Recorder on April 11, 2019.

FISCAL IMPACT

Caltrans awarded federal funding for this project through the Active Transportation Program, in the amount of $902,000. In addition, Metro awarded the City $136,000 of Local Transportation Funds to supplement the ATP grant, bringing the total grant funding to $1,040,000. The local match commitment is $445,000 from Measure R funds. The City of Sierra Madre is sharing in the cost of the project and will be responsible for 10% of the local match, reimbursed to the City of Arcadia upon request. The total funding has been budgeted in the City’s Capital Improvement Program and there are sufficient funds in the budget to cover the contract amount of $1,038,696.04 plus a 10% contingency. If the entire contingency is utilized for some reason, the total project amount would be $1,142,566.

RECOMMENDATION

It is recommended that the City Council determine the project to be categorically exempt pursuant to the requirements of the California Environmental Quality Act (“CEQA”), reject the lowest bid by Elecnor Belco Electric Inc. and approve a Contract
with Pavement Coatings Co. for the Arcadia Bicycle Facilities Improvement Project in the amount of $1,038,696.04, including a 10% contingency.

Approved:

[Signature]
Dominic Lazzaretto
City Manager

Attachment No. 1: Proposed Contract
Attachment No. 2: Bicycle Improvements Map
CITY OF ARCADIA

ARCADIA BICYCLE FACILITIES IMPROVEMENTS

FEDERALLY FUNDED SUBJECT TO DAVIS-BACON REQUIREMENTS
WITH 10% DISADVANTAGED BUSINESS ENTERPRISES (DBE) GOAL

PROJECT NO. 41852018
FEDERAL PROJECT NO. ATPL-5131(021)

CONTRACT

BETWEEN
CITY OF ARCADIA
AND
PAVEMENT COATINGS CO.
1. **PARTIES AND DATE.**

   This Contract is made and entered into this _____ day of ________, 2020, by and between the CITY OF ARCADIA (hereinafter called the "Owner") and PAVEMENT COATINGS CO., (hereinafter called the "Contractor").

2. **RECITALS.**

   2.1 The Owner is a charter City organized under the laws of the State of California, with power to contract for services necessary to achieve its purpose;

   2.2 Contractor, in response to a Notice Inviting Bids issued by Owner in January, 2020, has submitted a bid proposal for construction the ARCADIA BICYCLE FACILITIES IMPROVEMENTS described in the Contract.

   2.3 Owner has duly opened and considered the Contractor's bid proposal, and duly awarded the bid to Contractor in accordance with the Notice Inviting Bids and the other Bid Documents, and has given written notice to Contractor on [**INSERT DATE**].

   2.4 Contractor has obtained, and delivers concurrently herewith, Performance and Payment Bonds and evidences of insurance coverage as required by the Contract.

3. **TERMS.**

   3.1 **Incorporation of Documents.**

   This Contract includes and hereby incorporates in full by reference the following documents, including all exhibits, drawings, specifications and documents therein, and attachments and addenda thereto:

   a. Notice Inviting Bids
   b. Instructions to Bidders
   c. Contract Bid Forms
   d. Contract
   e. Contract Appendix

   Part "A" - General Conditions
   Part "B" - Supplementary General Conditions
   Part "C" - Special Provisions
   Part "D" - Specifications
   Part "E" - Drawings (under separate cover)
   Part "F" - Performance Bond
   Part "G" - Payment Bond
Part “H” - Escrow Agreement for Security Deposits (optional)


The above documents, including the General Conditions, are an integral part of the Contract Documents. In addition to signing this Contract, Contractor shall initial this paragraph immediately below acknowledging that he or she has read, understood and agrees with all of the terms of the Contract Documents, including, but not limited to, provisions of the General Conditions relating to indemnification, insurance, standards of performance, termination, compensation and time of the essence performance. Contractor shall not disclaim knowledge of the meaning and effect of any term or provision of the Contract Documents, and agrees to strictly abide by their meaning and intent. **In the event that Contractor fails to initial below, the Owner shall have the right to declare the Contract unexecuted and to award the Contract to another contractor in accordance with state law.**

____________________________
Contractor's Initials

3.2 Contractor's Basic Obligation.

Contractor promises and agrees, at its own cost and expense, to furnish to the Owner all labor, materials, tools, equipment, services, and incidental and customary work for the construction as necessary to fully and adequately complete ARCADIA BICYCLE FACILITIES IMPROVEMENTS, including any alternates selected by the Owner, and all structures and facilities described in the Contract (hereinafter the "Work"), for a total of **ONE MILLION THIRTY-EIGHT THOUSAND SIX-HUNDRED NINETY-SIX DOLLARS AND FOUR CENTS ($1,038,696.04)**, as specified in the Contract Bid Forms submitted by the Contractor in response to the above referenced Notice Inviting Bids. Such amount shall be subject to adjustment in accordance with the applicable terms of this Contract. All Work shall be subject to, and performed in accordance with the above referenced documents.

3.3 Standard of Performance.

Contractor shall perform all Work under this Contract in a skillful and workmanlike manner, and consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Contractor represents and maintains that it is skilled in the professional calling necessary to perform the Work. Contractor warrants that all employees and subcontractors shall have sufficient skill and experience to perform the Work assigned to them. Finally, Contractor further represents that it, its employees and subcontractors have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Work, and that such licenses and approvals shall be maintained throughout the term of this Contract.
3.4 **Period of Performance.**

Contractor shall perform and complete all Work under this Contract within 60 calendar days, beginning ten (10) calendar days after the date on which the Notice to Proceed is sent by the Owner to the Contractor. Moreover, Contractor shall perform its Work in strict accordance with any completion schedule, construction schedule or project milestones developed pursuant to provisions of the Contract, including but not limited to the Project Schedule located in the Specifications.

Contractor agrees that if such Work is not completed within the aforementioned period and/or pursuant to any such completion schedule, construction schedule or project milestones developed pursuant to provisions of the Contract, including but not limited to the Project Schedule located in the Specifications, it is understood, acknowledged and agreed that the Owner will suffer damage. Pursuant to Government Code Section 53069.85, Contractor shall pay to the Owner as fixed and liquidated damages the sum of **SEVEN HUNDRED FIFTY DOLLARS ($750) PER DAY** as provided by the applicable provisions of the General Conditions, found in Part "B" of the Contract Appendix.

3.5 **Owner's Basic Obligation.**

Owner agrees to engage and does hereby engage Contractor as an independent contractor to furnish all materials and to perform all Work according to the terms and conditions herein contained for the sum set forth above. Except as otherwise provided in the Contract, the Owner shall pay to Contractor, as full consideration for the satisfactory performance by the Contractor of the services and obligations required by this Contract, the above referenced compensation in accordance with compensation provisions set forth in the Contract.

3.6 **Contractor's Labor Certification.**

Contractor maintains that he is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Work. A certification form for this purpose is attached hereto as Exhibit “A” and incorporated herein by reference, and shall be executed simultaneously with this Contract.

3.7 **Attorneys' Fees.**

If either party commences an action against the other party, either legal, administrative or otherwise, arising out of or in connection with this Contract, the prevailing party in such action shall be entitled to have and recover from the losing party reasonable attorneys' fees and all other costs of such action.

3.8 **Successors.**

The parties do for themselves, their heirs, executors, administrators, successors, and assigns agree to the full performance of all of the provisions contained in this Contract. Contractor may not either voluntarily or by action of law, assign any obligation assumed by Contractor hereunder without the prior written consent of the Owner.
3.9 Notices.

All notices hereunder and communications regarding interpretation of the terms of the Agreement or changes thereto shall be provided by the mailing thereof by registered or certified mail, return receipt requested, postage prepaid and addressed as follows:

**Contractor**
Pavement Coatings Co.  
10240 San Sevaine Way  
Jurupa Valley, CA. 91752  
Attn: Doug Ford  
President

**Surety**
________________________
________________________
________________________
Attn: ____________________
________________________

**Owner**
City of Arcadia  
240 West Huntington Drive  
Arcadia CA 91007  
Attn: Jason Kruckeberg, Asst. City Mgr/Development Services Director

**With Copies To:**
City of Arcadia  
240 West Huntington Drive  
Arcadia CA 91007  
Attn: ____________________
________________________

Any notice so given shall be considered received by the other party three (3) days after deposit in the U.S. Mail, first class postage prepaid, addressed to the party at the above address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

**CONTRACTOR**

By: ________________________
Name: ______________________
Title: ______________________

By: ________________________
Name: ______________________
Title: ______________________

**CITY OF ARCADIA**

By: ________________________
Name: Dominic Lazzaretto, City Manager
Title: ______________________
Date: ______________________

Attest: ______________________
City Clerk

Tax I.D. Number: ______________
Contractor's License: ________303609________
Class: ____A____________

Approved as to Form:

By: ________________________
Stephen P. Deitsch, City Attorney
EXHIBIT “A”
CERTIFICATION
LABOR CODE - SECTION 1861

I, the undersigned Contractor, am aware of the provisions of Section 3700 et seq. of the California Labor Code which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of the Code. I agree to and will comply with such provisions before commencing the Work governed by this Contract.

CONTRACTOR:

Name of Contractor: Pavement Coatings Co.

By:
Signature: __________________________
Name: __________________________
Title: __________________________
Date: __________________________
DATE: March 17, 2020

TO: Honorable Mayor and City Council

FROM: Darlene Bradley, Director of Library and Museum Services
Prepared by: Roger Hiles, Library Services Manager

SUBJECT: APPROVE AN AGREEMENT WITH CALIFA GROUP FOR HIGH-SPEED BROADBAND SERVICES AT THE ARCADIA PUBLIC LIBRARY
Recommendation: Approve

SUMMARY

It is recommended that the City Council approve the 2020 Agreement with Califa Group for high-speed Internet service at the Library, and continued participation in the California Public Library Broadband Consortium, which provides substantially discounted Internet service. Sufficient funds are included in the Arcadia Public Library’s Operating Budget for FY 2019-20 to pay for the service.

BACKGROUND

Since 2015, the Arcadia Public Library has been a member of the California State Library’s Public Library Broadband consortium. As a member, the Arcadia Public Library receives high-speed internet service through the California State Library, as administered by Califa Group, a California 501(c)(3) Public Benefits Corporation under contract with the State Library.

The Library’s public computers and Wi-Fi system provide Internet service through a connection to the California Research and Education Network (“CalREN”), the State government’s primary communications infrastructure, which is maintained the Corporation for Education Network Initiatives in California (“CENIC”). This network currently provides high quality, high-speed access to the University of California, the California State University system, California Community Colleges, the California K-12 system, some private universities, and many public libraries.

The California State Library established the California Public Library Broadband Consortium to allow the State to apply for grant funds from the California Public Utilities Commission’s Teleconnect Fund grant program and U.S. Federal Communications Commission’s Universal Service Program for Schools and Libraries grant program on
behalf of member libraries. These grant funds are then applied towards the cost of the CENIC broadband service and result in a substantially discounted cost for member libraries.

**DISCUSSION**

In the past, the Arcadia Public Library, like many smaller California libraries, has lacked the specialized staff needed to successfully apply for complex grant programs such as the Schools and Libraries program. The State Library’s creation and funding of the Library Broadband Consortium presents the City with a great opportunity and meets a vital need in the community. In 2019, the cost to the Library for broadband internet connectivity through CENIC was $20,201.37. The total amount received by the Library from these two grants came to $15,151.03, so that the net cost of this service to the City was $5,050.34. Internet access is offered to the public through the Library’s public computers and public Wi-Fi system. Last year, this connectivity was used by patrons 100,229 times.

**ENVIRONMENTAL ANALYSIS**

The proposed action does not constitute a project under the California Environmental Quality Act (“CEQA”), and it can be seen with certainty that it will have no impact on the environment. Thus, this matter is exempt under CEQA.

**FISCAL IMPACT**

Sufficient funds have been included in the Arcadia Public Library’s Operating Budget for FY 2019-20 to pay for the discounted service.

**RECOMMENDATION**

It is recommended that the City Council determine that this action is exempt under the California Environmental Quality Act (“CEQA”); and approve an Agreement with Califa Group to administer the consortium contracts that provide for the maintenance and service of high-speed internet connectivity at the Library, and also approve continued participation in the California Public Library Broadband Consortium.

Approved:

Dominic Lazzaretto
City Manager

Attachment: Advanced Network Service Agreement
AGREEMENT BETWEEN THE CITY OF ARCADIA AND CALIFA
FOR THE PROVISION, INSTALLATION AND MAINTENANCE OF
ADVANCED NETWORK (DATA) SERVICES

This Agreement, hereinafter referred to as “Agreement”, is entered into as of February 21, 2020
by and between Califa Group, a California public benefit corporation, hereinafter referred to as “Califa”
and the City of Arcadia on behalf of the Arcadia Public Library, hereinafter referred to as “Library”.
Califa and Library are sometimes referred to in this Agreement individually as “Party” and collectively
as “Parties”. All written communications between the parties shall be addressed as follows unless and
until amended in writing by the respective party.

Arcadia Public Library                  Califa Group
Darlene Bradley                     Paula MacKinnon
Director Library & Museum Services  Executive Director
20 W. Duarte Road                   330 Townsend St. Suite 133
Arcadia, CA 91006                   San Francisco, CA 94107

WITNESS THAT

WHEREAS, Califa, on behalf of the California State Library, has contracted with CENIC to
provide high speed networking to libraries in California; and

WHEREAS, Library desires to contract with Califa to obtain one or more data circuits to
connect Library to the CENIC high speed broadband fiber network, CalREN, and, if specified in
appendix #1, attached, to connect Library to other library sites as identified in said appendix for
the purpose of connecting to CalREN.

NOW THEREFORE, Library and Califa enter into this Agreement:

1. Relationship between the Parties

   It is the purpose of this Agreement to set forth the terms and conditions applicable to the provision
   of communications and related network services to Library.

2. Services to be Provided

   The primary communications infrastructure provided by CENIC is the California Research and
   Education Network ("CalREN"). Among the services that CENIC will provide to Libraries
   are use of CalREN and contracting for and provision of data circuits supplied by network service
   providers.
Califa, on behalf of Library, will contract with CENIC for such data circuits. Specific circuits and their costs are included in the appendix attached. Califa will assure that CENIC notifies the Library of installation requirements and necessary maintenance instructions. Neither CENIC nor Califa shall be responsible for operating or maintaining software, equipment or cabling that connects equipment not provided by CENIC for the services unless specifically agreed to in writing by CENIC.

3. Term and Termination of this Agreement
   (a) TERM OF THIS AGREEMENT. This Agreement shall be in effect from February 21, 2020 until the termination of all circuits ordered under this Agreement, or unless otherwise terminated by a Party pursuant to the terms of this Agreement.
   (b) TERMINATION. Termination prior to the end date stated above shall result in Library having to pay any circuit telecommunications carrier termination charges resulting from early termination of the Service. Notwithstanding the above, upon a 60 day written notice prior to the second and each following June 30 after a circuit is installed, Library may cancel a circuit without penalty if funding to pay for that circuit is not available and Library does not for at least 12 months after said notice order or otherwise obtain a replacement circuit in place of the cancelled circuit.
   (c) Library may terminate this agreement if non-recurring, one-time costs for all circuits included in appendix 1 are increased by the telecommunications carrier from the amount shown in appendix 1. See footnote for non-recurring charges in appendix 1 for more information.

4. Payment
   Payment for services shall be due within thirty (30) days of receipt of a Califa invoice reflecting provision of the services for which the invoice is sent; or as otherwise agreed to by Library and Califa. Except for non-recurring costs, if any, costs in Appendix I shall only begin upon installation of circuit(s). Library will put forth reasonable efforts to make payments within thirty (30) days after receipt of invoice.

5. Miscellaneous
   (a) CONDITIONS OF USE. Library agrees to conform to the CENIC Appropriate Use Policy located at http://www.cenic.org/p=2081/ and to any specific conditions of use imposed by subcontractors providing communications services to CENIC as may be in force at the time such services are made available per an Addendum to this Agreement. If such conditions of use are modified library will be notified and if Library believes it can no longer conform to their requirements, Library shall have one hundred eighty (180) days to terminate the affected service without penalty. If Library does not elect to terminate the service, Library must conform to the revised conditions of use or be subject to termination of the service by CENIC.
(b) CONFLICTING CLAUSES. If any clause in this Master Agreement is in conflict with a clause in an Addendum to this Agreement, the language in the Addendum shall take precedence but only for the service defined in that Addendum.

(c) FORCE MAJEURE. Neither party will be responsible for performance of its obligations hereunder where delayed or hindered by war, riots, embargoes, strikes involving third parties, acts of Local Access Providers or of its vendors, or suppliers, acts of unrelated third parties, accidents, cable cuts, act(s) of God or any other event beyond its reasonable control.

(d) GOVERNING LAW. The laws of the State of California shall govern this Agreement.

(e) NON LIBRARY USES: Library understands that this agreement covers only library use of CalREN and of circuits provided hereunder and Library agrees that no other uses will be made of the services provided herein.

6. Entire Agreement
This Agreement and any Addenda contemporaneously or subsequently executed by the parties constitute the entire Agreement between the parties regarding the subject matter of this Agreement and supersede all prior written or oral agreements with respect to such. This Agreement may not be modified orally, and no modification shall be binding unless in writing and signed by authorized representatives of both parties.

7.1 Nondiscrimination:
(a) During the performance of this Contract, Califa and its subcontractors shall not deny the Contract’s benefits to any person on the basis of religion, color, ethnic group identification, sex, age, physical or mental disability, nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age (over 40) or sex. Califa shall ensure that the evaluation and treatment of employees and applicants for employment are free of such discrimination.

7.2 It is expressly agreed and understood by the parties hereto that if any provision of this Agreement is held to be or invalid under any applicable statute or rule of law, it is deemed to that extent to be omitted. However, the balance of the Agreement shall remain in full force and effect.

7.3 Rights and Remedies: The rights and remedies of Library provided herein shall not be exclusive and are in addition to any other rights and remedies provided by law.

8. Indemnification. Library shall indemnify Califa, its trustees, officers, agents and employees harmless from and against any and all liability, loss, expenses (including reasonable attorneys’ fees), or claims for injury or damages arising out of the performance of this Agreement, but only in proportion to and to the extent such liability, loss, expense, attorneys’ fees, or claims for injury or
Appendix #1
Provision, Installation and Maintenance
Of Advanced Network (Data) Services:
Reimbursement of Circuit Costs

This Appendix lists the circuits contracted for by CENIC on behalf of Califa and the Library for connecting CENIC’s fiber optic backbone to Library and for library connections that are not direct connections to CENIC’s fiber optic backbone, e.g. direct connections between libraries. Library understands that CENIC will bill Califa, and Califa will bill Library, for actual costs of circuits charged by network service providers, including taxes and surcharges and without markup. Prior to approval of CENIC’s Library consortium E-rate application by the FCC’s E-rate contractor, not all applicable E-rate and CTF discounts will be reflected on invoices. After the E-rate application for any given year is approved, the network service provider will coordinate with CENIC to provide appropriate credits and such credits will be passed from CENIC to Califa and from Califa to the Library. Such credits are typically issued sometime during the fiscal year after the year in which the circuits are installed and services are first provided. In subsequent years, credits continue to be issued in the fiscal year after the year for which services have been provided. Library further understands that the exact discounted cost of circuits will not be known until after the E-rate consortium application is approved. The actual start date of the service, and therefore of circuit costs, will be dependent on coordination among CENIC, the Library and the network service provider. Any one-time (Non-recurring or NRC) costs included below are typically invoiced by carriers prior to circuit installation and will be invoiced to Library upon receipt of invoice to CENIC from carrier.
damages are caused by or result from the negligent or intentional acts or omissions of Library its officers, agents, or employees.

Califa shall indemnify Library, its trustees, officers, agents and employees harmless from and against any and all liability, loss, expenses (including reasonable attorneys' fees), or claims for injury or damages arising out of the performance of this Agreement, but only in proportion to and to the extent such liability, loss, expense, attorneys' fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of Califa, its officers, agents, or employees.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized representatives.

For the City of Arcadia / Library

______________________________
Signature

______________________________
Name

______________________________
Title

______________________________
Date

CONCUR:

______________________________
Signature

______________________________
Name

______________________________
Title

APPROVED AS TO FORM:

______________________________
Stephen P. Deitsch
City Attorney
City of Arcadia
# Quote For Arcadia Public Library

**Customer:** Arcadia Public Library  
**Budget Summary Description:** 1 Gbps to CENIC Hubsite

<table>
<thead>
<tr>
<th>Line Item</th>
<th>NRC Non-Recurring Cost</th>
<th>MRC Monthly Recurring Cost</th>
<th>ARC Annual Recurring Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Equipment</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>2 Maintenance</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>3 Installation</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>4 Circuit</td>
<td>$0.00</td>
<td>$1,108.80</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$0.00</td>
<td>$1,108.80</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

| Annual Cost | $13,305.60       |
| E-rated Annual Cost: | $3,326.40      |
| Total for Year 1 | $13,305.60 |
| E-rated Total for Year 1 | $3,326.40 |

*Pricing does not include applicable taxes, surcharges, and fees. These costs may vary and will be included in invoices at CENIC's actual cost.  
*If an Out of Band line is required, customer must provide a phone line for OOB or allow CENIC to order one and be reimbursed for both the one-time installation and ongoing monthly recurring costs.  
*NRC items are one-time costs billed upon execution of contract.  
*MRC items are billed quarterly.  
†E-rate discount: percent discount indicated is an estimate based on data available at the time the quote was generated. Actual discount percentage will be identified by the E-rate authorities at a later point  
‡E-rate and CTF reimbursements are dependent upon the continued funding of these programs. CENIC/Calif cannot guarantee the E-rate and CTF discounts, and these discounts are subject to change.  
§E-rate Costs may take up to 18 months to activate due to USAC processing time

Version: 1.0
<table>
<thead>
<tr>
<th>Site Name</th>
<th>Service Provider</th>
<th>Requested Bandwidth</th>
<th>Est Contract End Date</th>
<th>Non Recurring Cost</th>
<th>Monthly Recurring Cost for 3 year term</th>
<th>E-rate Discount</th>
<th>Total Discounted MRC</th>
<th>Total Discounted NRC</th>
</tr>
</thead>
<tbody>
<tr>
<td>CENIC Website</td>
<td>AT&amp;T</td>
<td>1 Gbps</td>
<td>7/1/2025</td>
<td>$0.00</td>
<td>$1,008.80</td>
<td>$0.00</td>
<td>$277.20</td>
<td>$0.00</td>
</tr>
</tbody>
</table>
DATE: March 17, 2020

TO: Honorable Mayor and City Council

FROM: Tom Tait, Public Works Services Director
By: Tyler Polidori, General Services Superintendent

SUBJECT: PURCHASE ORDER WITH BLACK AND WHITE EMERGENCY VEHICLES, INC. FOR THE PURCHASE OF VEHICLE OUTFITTING SUPPLIES AND SERVICES IN THE AMOUNT OF $167,149.29

Recommendation: Approve

SUMMARY

The Public Works Services Department ("PWSD") is responsible for outfitting new fleet vehicles with safety lighting, radio communication systems, and other job specific specialty equipment. This outfitting service is performed by an outside vendor. To ensure that the City is receiving the most competitive prices for the purchase of outfitting supplies and services, a formal bid process was conducted and Black and White Emergency Vehicles, Inc. submitted the lowest responsive bid.

It is recommended that the City Council approve a purchase order with Black and White Emergency Vehicles, Inc. for the purchase of vehicle outfitting supplies and services in the amount of $167,149.29, with the option of three, one-year renewals.

BACKGROUND

The PWSD is responsible for the purchase of fleet vehicles described in the City's annual Equipment Replacement Plan. When new police pursuit vehicles, service trucks, and miscellaneous vehicles are purchased, they are sent to an outside vendor for vehicle outfitting, which includes the installation of safety lighting, radio communication systems, and other job specific specialty equipment. Police pursuit vehicles are outfitted with a prisoner seat, acrylic partition, push bar, gun mounts, and lights and sirens. The service trucks and other miscellaneous vehicles are sent to the vendor to be equipped with safety lights and a City issued two-way radio. After the vendor has installed all outfitting related equipment, the vehicle is ready for duty.
DISCUSSION

A Notice Inviting Bids was published in the City’s adjudicated newspaper and sent directly to numerous local vehicle outfitting firms. On February 25, 2020, the Office of the City Clerk received and opened two sealed bids with the following results:

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Location</th>
<th>Bid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black &amp; White Emergency Vehicles, Inc.</td>
<td>Azusa, CA</td>
<td>$167,149.29</td>
</tr>
<tr>
<td>West Coast Lights &amp; Sirens</td>
<td>Riverside, CA</td>
<td>$175,691.63</td>
</tr>
</tbody>
</table>

All bid documents were reviewed for content and the vendor’s ability to best meet the City’s needs as described in the bid specifications. Based on the evaluation of the bids, it was concluded that Black and White Emergency Vehicles, Inc. is the lowest responsive bidder. Black and White Emergency Vehicles, Inc. is currently the vehicle outfitting supplies and services provider for the City and have provided excellent service.

All bid documents were reviewed for content and the vendor’s ability to best meet the City’s needs as described in the bid specifications. Based on the evaluation of the bids, it was concluded that Black and White Emergency Vehicles, Inc. is the lowest responsive bidder and has satisfactorily provided outfitting supplies and services to the City in the past.

ENVIRONMENTAL ANALYSIS

The proposed action does not constitute a project under the California Environmental Quality Act (“CEQA”), and it can be seen with certainty that it will have no impact on the environment. Thus, this matter is exempt under CEQA.

FISCAL IMPACT

Sufficient funds have been budgeted in each Department’s Fiscal Year 2019-20 Equipment Replacement Fund for the purchase of vehicle outfitting supplies and services.

RECOMMENDATION

It is recommended the City Council determine that this action does not constitute a project and is therefore exempt under the California Environmental Quality Act (“CEQA”); and approve a Purchase Order with Black and White Emergency Vehicles, Inc. for the purchase of vehicle outfitting supplies and services in the amount of $167,149.29, with the option of three, one-year renewals.
DATE: March 17, 2020

TO: Honorable Mayor and City Council

FROM: Hue Quach, Administrative Services Director
By: Wilson Luo, Information Technology Manager

SUBJECT: PURCHASE OF A PURE STORAGE AREA NETWORK FROM PRESIDIO NETWORKED SOLUTIONS GROUP, LLC. UNDER CALIFORNIA NATIONAL ASSOCIATION OF STATE PROCUREMENT OFFICIALS (“NASPO” ValuePoint) PURCHASING CONTRACT MNWNC-125 CA# 7-15-70-34-019
Recommendation: Approve

SUMMARY

It is recommended that the City Council authorize a purchase in the amount of $52,469.65 from Presidio Networked Solution Group, LLC for storage replacement of existing obsolete server storage. The formal bidding requirements have been satisfied and funds were approved for this acquisition as part of the Fiscal Year 2019-20 Equipment Replacement Fund Budget.

BACKGROUND

Server technology continues to develop and advance, but these changes create ongoing performance and security challenges between software and hardware. Standardization of server hardware and software is necessary in order to use available technology efficiently. The Server Replacement Program is an effort to reduce the dependency and the inclination to simply purchase the “latest thing” by carefully planning through a centralized purchasing system and standardization of the server storage environment. The overall goal of the program is to ensure that server storage resources are secure, up-to-date, cost effective, and available to all users while still considering available budget resources.

An assessment of the City’s IT program was conducted in prior years and among the recommendations was to adopt the industry standard of replacing server storage over a five year life cycle. To achieve this goal, the City would need to replace a seven year...
old server storage area network ("SAN"). The SAN hosts all the City’s mission critical server data and information.

The transition to a new SAN platform began in 2018 with the procurement of Pure SAN devices for the City Hall and Police Department datacenters. The new SANs are performing exceptionally well, meeting expected speed, compression, and de-duplication projections. The recommendations presented in this Staff Report will double the PURE SAN storage capacity and enable the City to move all mission-critical datasets from the legacy SANs to the Pure SANs.

NASPO ValuePoint is a cooperative purchasing program facilitating public procurement solicitations and agreements using a state-led model.

**DISCUSSION**

The City currently has a seven year old SAN aged beyond the five year life cycle. The SAN is no longer supported by the manufacturer. Parts, support, and updates have been discontinued, leaving the server susceptible to repair delays, performance issues, and security risk to the City’s IT operation. The current SAN stores all citywide mission critical information, data, and server software. Failure of the SAN will cause interruption and delay to daily operations. To further minimize computer problems and risk, it is essential that the City replace obsolete SAN hardware for performance, functionality, and security.

The City frequently utilizes state and county agencies’ formal bidding process as an efficient and competitive method of purchasing equipment while still remaining within the City’s adopted rules and procedures. The California State NASPO Program solicited competitive bids for server equipment and entered into annual term purchasing contracts with Pure Storage through a select group of resellers such as Presidio Network Solutions Group. The bidding processes, as well as the contract with the resellers have been reviewed and both measures meet City requirements and specifications.

**ENVIRONMENTAL ANALYSIS**

The proposed action does not constitute a project under the California Environmental Quality Act (“CEQA”), and it can be seen with certainty that it will have no impact on the environment. Thus, this matter is exempt under CEQA.

**FISCAL IMPACT**

The total cost for the proposed replacement SAN storage is $52,469.65. Funds have been budgeted in the Fiscal Year 2019-20 Equipment Replacement Fund for this one-time acquisition. The cost of the SAN includes a one-year warranty.
RECOMMENDATION

It is recommended that the City Council determine that this project is exempt under the California Environmental Quality Act ("CEQA"); and authorize the purchase of a PURE Storage Area Network from Presidio Networked Solutions Group, LLC under California National Association of State Procurement Officials ("NASPO" ValuePoint) purchasing contract MNWNC-125 CA# 7-15-70-34-019 in the amount of $52,469.65.

Approved:

[Signature]

Dominic Lazzaretto
City Manager
DATE: March 17, 2020

TO: Honorable Mayor and City Council

FROM: Dominic Lazzaretto, City Manager
Hue Quach, Administrative Services Director


RESOLUTION NO. 7297 OF THE CITY COUNCIL OF THE CITY OF ARCADIA AUTHORIZING THE ISSUANCE OF PENSION OBLIGATION 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: Adopt

SUMMARY

In June 2019, the City Council approved a contract with Urban Futures ("UFI") to provide pension advisory services to assist the Citizen’s Financial Advisory Committee ("Committee") with developing recommendations to address the City’s rising pension costs and its unfunded accrued liabilities ("UAL") with the California Public Employees’ Retirement System ("CalPERS").

As of July 2019, the City had an overall unfunded pension liability equal to $154 million. This amount was reported in the City’s Comprehensive Annual Financial Report for Fiscal Year ending June 30, 2019.
With CalPERS arguably being the single largest cost driver in municipal organizations today, the Committee recognized that any one strategy would not comprehensively address these costs. In order to determine a viable long-term solution, the Committee, with the assistance from UFI, carefully reviewed multiple strategies and weighed all available options to best suit the City’s needs. After multiple meetings over a six month period, the Committee unanimously approved a Comprehensive Management Plan for submission to the City Council for review and consideration.

On February 18, 2020, the City Council approved the Comprehensive Management Plan to address the City’s UAL by adopting Resolution 7294 that established Policies for Addressing Unfunded Retirement Costs, directed staff to proceed with the issuance of Pension Obligation Bonds (the “Bonds”), and adopted Resolution 7295 that authorized an additional budget appropriation of $30,000 for the purpose of entering into professional services, as bond counsel, with Stradling Yocca Carlson & Rauth, to commence with the judicial validation proceeding in anticipation of issuing Pension Obligation Bonds (the “Bonds”).

It is recommended that the City Council now approve Resolution No. 7297, which will authorize the commencement of the judicial validation proceedings for the Bonds and authorize the issuance of the Bonds.

**DISCUSSION**

At the City Council meeting on February 18, 2020, the City Council gave direction to proceed with the issuance of the Bonds for the purpose of addressing the City’s UAL and authorized City staff to enter into an agreement with Stradling Yocca Carlson & Rauth to commence judicial validation proceedings to validate the Bonds.

The first step required in the issuance of the Bonds is adopt a resolution authorizing the issuance of the Bonds, approving the various financing documents related thereto and the filing of a judicial validation action. The California Constitution requires cities to obtain a two-thirds approval of the electorate in order to issue debt obligations payable from General Fund revenues of the entity in future years (the “Constitutional Debt Limit”). However, an exception to the Constitutional Debt Limit exists to finance or refinance for “obligations imposed by law.” The City’s obligation to fund its UAL under its PERS Contract is an obligation imposed by law. In order to issue Bonds to refund the UAL, the City must first obtain a formal judgment declaring that the City’s obligations to PERS is an obligation imposed by law pursuant to the California Constitution and as such, may be refunded pursuant to the Refunding Bond Law under the California Government Code.
Accordingly, in order to obtain authorization to issue the Bonds, the City is required to file a validation action with the Los Angeles County Superior Court. Unless challenged, the judicial validation proceedings are largely an administrative matter.

Validation Proceedings – The validation proceedings require a seven-step sequential process, which can take approximately 90 days or more in Los Angeles County. The process and estimated timeline are outlined below:

1. City Council passes a resolution authorizing the sale of pension obligation bonds**.
2. File Validation Action with LA County Superior Court
3. Receive Order for Publication of Summons from the Court – 1-2 weeks
4. Publication in an adjudicated local newspaper for 21 consecutive days
5. Waiting period to file petition – minimum of 10 days, typically 2-3 weeks for LA County
6. Clerk enters hearing for a default judgement, schedules a hearing - 15 days
7. Hearing for default judgement
8. 30-day Appeal Period

**As legal documents must be in substantially final form and the City must determine a not-to-exceed par value ($155.4 million). The Resolution and Trust Agreement will be submitted with the validation documents. The maximum Unfunded Actuarial Liability listed does not commit the City to issuing the full actuarial liability amount. Rather, it is seeking authority to give future Councils that flexibility should future issuance deemed to be favorable. For example, the current Comprehensive Management Plan provides the example of issuing $77.2 million bonds at 3.60%, with the analysis projecting cash flow of $45 million and/or $28 million in net present value savings. The remaining “available” balance for issuance then, if advantageous, can proceed without having to incur further expenses with having to enter another Judicial Proceeding Review.

Bonds can be sold after the 30-day Appeal Period has ended.

Approval of Legal Documents – Trust Agreement and Bond Purchase Agreement

The Bonds will be sold by the City to one or more investment banks as underwriters of the Bonds, pursuant to a Bond Purchase Agreement in substantially the form submitted to the City Council herewith. Adoption of the Resolution authorizes Staff to select one or more Underwriters for the Bonds. Upon the pricing of the Bonds, the Bond Purchase Agreement will be finalized to reflect the terms and conditions upon which the Bonds will be sold. The Bonds will be issued pursuant to a Trust Agreement to be entered into between the City and a trustee to be selected by Staff, in substantially the form submitted to the City Council herewith. The Trust Agreement will be finalized following the pricing
of the Bonds and execution of the Bond Purchase Agreement, to reflect the final terms of the Bonds.

Approval Of Bond & Disclosure Agreement

A Bond Counsel and Agreement will need to be approved to retain Stradling Yocca Carlson & Rauth as bond counsel and Best Best & Krieger LLP (BBK) as Disclosure Counsel for the Bonds. These agreements will be presented to Council for approval in future staff reports concerning the issuance of Pension Obligation Bonds.

SB 450 Good Faith Estimates

In accordance with California Government Code Section 5852.1, good faith estimates with respect to the Bonds are set forth in Attachment “B” to this Staff Report.

Preliminary Official Statement

Assuming the City Council authorizes issuance of the Bonds, the financing team and City staff will work together concurrently with the prosecution of the validation proceeding to prepare a Preliminary Official Statement (“POS”) for the Bonds. The POS is the offering document with respect to the Bonds and, if the Bonds will be sold by public offering, the POS must contain all material information to enable investors to determine whether to purchase Bonds. If the Bonds will be sold by public offering, the POS will likely be presented for approval by the City Council sometime in May or June 2020. If City Council approval is given at that time, the Bonds could be issued a few weeks afterwards.

ENVIRONMENTAL ANALYSIS

The proposed actions do not constitute a project under the California Environmental Quality Act (“CEQA”), and it can be seen with certainty that it will have no impact on the environment. Thus, this matter is exempt from CEQA.

FISCAL IMPACT

Costs associated with all of the actions around issuing the Bonds will be paid from the proceeds of the bond sale. It is estimated that Stradling, Yocca, Carlson & Rauth’s fees will be $55,000 to serve as Bond Counsel to the City, and $25,000 to handle the validation proceedings, plus out-of-pocket costs incurred in connection with the issuance of the Bonds and prosecution of the judicial validation proceedings. It is also assumed that BBK will serve as the Disclosure Counsel with an estimated fee range of $20,000 - $25,000. The Bond Counsel and Disclosure Counsel fees are contingent upon the financing and will be paid from the proceeds of the bond sale. In the event the validation action is
challenged, Bond Counsel fees will convert to hourly, non-contingent rates solely for work on the validation proceedings.

The Underwriters will be paid an underwriting fee for the sale of the bonds, which is contingent upon the sale of the bonds, and which will be equal to $6.00 per bond or 0.600%.

**RECOMMENDATION**

It is recommended that the City Council adopt Resolution No. 7297 of the City of Arcadia authorizing the issuance of pension obligation 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.

Approved:

[Signature]
Dominic Lazzaretto
City Manager

Attachments: “A” - Resolution 7294
“B” - Good Faith Estimates
“C” - Form of Trust Agreement
“D” - Form of Bond Purchase Agreement
RESOLUTION NO. 7297

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARCADIA AUTHORIZING THE ISSUANCE OF PENSION OBLIGATION 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 Arcadia (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");

WHEREAS, the Retirement Law and the contract (the "PERS Contract") effective July 1, 1948, 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;

WHEREAS, the City desires to authorize the issuance of its City of Arcadia 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 2020-21, 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;

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 Retirement Law and the PERS Contract and to fund all or a portion of the normal contributions required by the PERS Contract;

WHEREAS, the Bonds will be issued under and secured by a Trust Agreement (such Trust Agreement, in the form presented to 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 a trustee to be selected by the City (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;

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 an attachment to the staff report submitted herewith; 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;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ARCADIA 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, and to reflect the appropriate series designation, as directed by the City Manager of the City.

Section 3. The Trust Agreement, in substantially the form submitted to 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 Director of Administrative Services 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. The City Manager of the City and the Director of Administrative Services of the City are each hereby authorized to work with the Municipal Advisor (as identified in Section 8 hereof) to select the Trustee for the Bonds.

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 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 among the City and an underwriter or underwriters to be selected by the City (the "Underwriter") presented to 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. The City Manager of the City and the Director of Administrative Services of the City are each
hereby authorized to work with the Municipal Advisor to select the Underwriter for the Bonds.

**Section 6.** The Mayor of the City, the City Manager of the City, the Director of Administrative Services of the City, the Treasurer 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) $159 million or (b) sum of the City’s obligation to PERS for the remainder of fiscal year 2020-21, 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 0.500% 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 Mayor of the City, the City Manager of the City, the Director of Administrative Services of the City, the Treasurer 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. Stradling Yocca Carlson & Rauth, a Professional Corporation, is hereby retained to act as Bond Counsel and Disclosure Counsel to the City, and Urban Futures, Inc., is hereby retained to serve as Municipal Advisor to the City. The Authorized Officers are, and each of them is, hereby authorized to execute a contract with Stradling Yocca Carlson & Rauth in substantially the form on file with the Clerk, together with such changes as may be approved by the City Manager, the City Attorney, or their designee, which changes shall be deemed approved by the execution and delivery of such contract by the City Manager.

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 of
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 and the refunding of the Unfunded Liability.

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.

Section 13. The City Clerk of the City of Arcadia shall certify as to the adoption of this Resolution.

[SIGNATURES ON NEXT PAGE]
Passed, approved and adopted this 17th day of March, 2020.

Mayor of the City of Arcadia

ATTEST:

City Clerk

APPROVED AS TO FORM:

[Signature]
Stephen P. Deitsch
City Attorney
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 Urban Futures Inc., 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 $155,435,000 (the “Estimated Principal Amount”).

**True Interest Cost of the Bonds.** The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Bonds is 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 3.181%.

**Finance Charge of the Bonds.** The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Bonds is 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 $1,286,345.

**Amount of Proceeds to be Received.** The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Bonds is 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 reserves or capitalized interest paid or funded with proceeds of the Bonds, is $154,148,655.

**Total Payment Amount.** The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Bonds is 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 $220,549,656.

The foregoing estimates constitute good faith estimates only and are based on market conditions prevailing at the time of preparation of such estimates. 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 Amount, (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.
Savings Summary for Good Faith Estimate

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<th>Year</th>
<th>Amount</th>
<th>Coupon Rate</th>
<th>Interest</th>
<th>Debt Service</th>
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<th>Savings</th>
<th>NPV Savings</th>
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<td>4,332,273</td>
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| Total | $155,435,000 | $65,114,656 | $220,549,656 | $305,131,030 | $84,581,374 | $62,736,058 |

UAL $154,148,655 40.7%
# SOURCES AND USES OF FUNDS

CITY OF ARCADIA  
Good Faith Estimate 2020  
100% UAL  
H.15 March 5, 2020  
AA Scale + 25 bps

## Sources:

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## Uses:

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## BOND SUMMARY STATISTICS

**CITY OF ARCADIA**

**Good Faith Estimate 2020**

*100% UAL*

**H.15 March 5, 2020**

**AA Scale + 25 bps**

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<th>Price</th>
<th>Average Coupon</th>
<th>Average Life</th>
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| Par Value            | 155,435,000.00 |
| + Accrued Interest   |                |
| + Premium (Discount) |                |
| - Underwriter's Discount | -932,610.00 |
| - Cost of Issuance Expense | -350,000.00 |
| - Other Amounts      |                |
| **Total**            | **154,502,390.00** |

| Target Date          | 07/01/2020 |
| Yield                | 3.160170%  | 3.181824% | 3.102813%  |
### BOND PRICING

**CITY OF ARCADIA**

**Good Faith Estimate 2020**

100% UAL

H.15 March 5, 2020

AA Scale + 25 bps

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<th>Yield</th>
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155,435,000

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## BOND MATURITY TABLE

**CITY OF ARCADIA**  
Good Faith Estimate 2020  
100% UAL  
H.15 March 5, 2020  
AA Scale + 25 bps

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47,590,000  52,305,000  55,540,000  155,435,000
### BOND SOLUTION

#### CITY OF ARCADIA

**Good Faith Estimate 2020**

100% UAL

H.15 March 5, 2020

AA Scale + 25 bps

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| Total          | 155,435,000        | 220,549,656           | 220,549,656            | 64,828,321         | -155,721,335    |                   |
### AGGREGATE DEBT SERVICE

**CITY OF ARCADIA**  
Good Faith Estimate 2020  
100% UAL  
H.15 March 5, 2020  
AA Scale + 25 bps

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220,549,655.94  220,549,655.94
# PROOF OF ARBITRAGE YIELD

**CITY OF ARCADIA**  
Good Faith Estimate 2020  
100% UAL  
H.15 March 5, 2020  
AA Scale + 25 bps

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$220,549,655.94 \quad 155,435,000.00$
PROOF OF ARBITRAGE YIELD

CITY OF ARCADIA
Good Faith Estimate 2020
100% UAL
H.15 March 5, 2020
AA Scale + 25 bps

Proceeds Summary

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TRUST AGREEMENT

by and between

CITY OF ARCADIA

and

____________________________,

as Trustee

__________________________________________

Dated as of ______ 1, 2020

Relating to

$____________________

CITY OF ARCADIA
2020 TAXABLE PENSION OBLIGATION BONDS
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<td>Book-Entry Bonds</td>
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TRUSTEE; REGISTRAR

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<td>Individual Rights of Trustee</td>
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This TRUST AGREEMENT is dated as of _______ 1, 2020, and is made by and between the CITY OF ARCADIA, a charter city duly organized and validly existing under and pursuant to the Constitution and the laws of the State of California and its charter (the “City”), and ______________________________, a national banking association organized and existing under the laws of the United States of America, as trustee (the “Trustee”).

RECITALS

WHEREAS, the City is a member of the California Public Employees’ Retirement System (“PERS”) and, as such, is obligated by the Public Employees’ Retirement Law, constituting Part 3 of Division 5 of Title 2 of the California Government Code (the “Retirement Law”), and the contract between the Board of Administration of PERS and the City Council of the City, effective July 1, 1948 (as amended, the “PERS Contract”), to make contributions to PERS to (a) fund pension benefits for its employees who are members of PERS, (b) amortize the unfunded actuarial liability with respect to such pension benefits, and (c) appropriate funds for the purposes described in (a) and (b); and

WHEREAS, the City is authorized pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the California Government Code (the “Refunding Law”) to issue bonds for the purpose of refunding certain obligations of the City, including the obligations set forth in the PERS Contract; and

WHEREAS, for the purpose of refunding the City’s unamortized, unfunded accrued actuarial liability with respect to pension benefits under the Retirement Law (the “Unfunded Liability”), and to pay the costs of issuance, including underwriter’s discount and any original issue discount, the City has determined to issue its $____________________ City of Arcadia 2020 Taxable Pension Obligation Bonds (the “Bonds”), all pursuant to and secured by this Trust Agreement providing for the issuance of the Bonds, all in the manner provided herein;

NOW THEREFORE, the City and the Trustee agree as follows, each for the benefit of the other and the benefit of holders of the Bonds (as defined below) issued in accordance with this Trust Agreement.

ARTICLE I

DEFINITIONS; INTERPRETATION

Section 1.01 Certain Defined Terms. The terms defined in this Article I shall, for all purposes of this Trust Agreement, have the meanings specified unless the context clearly requires otherwise.

“Account” means any account established pursuant to this Trust Agreement.

“Additional Bonds” means bonds issued in accordance with Section 2.06 hereof.

“Annual Debt Service” means, for any Bond Year, the sum of the aggregate amount of principal required to be paid on Bonds during such Bond Year either at maturity or pursuant to a
mandatory sinking fund payment and the interest due on the Bonds on each Interest Payment Date during such Bond Year.

“Authorized City Representative” means the City Manager, the Director of Administrative Services, or any officer authorized to act on their respective behalves.

“Authorized Denominations” means $5,000 and any integral multiple thereof (except that while Bonds are registered in book-entry form, they may be held in amounts other than an integral multiple so long as the amount exceeds $5,000).

“Beneficial Owner” means, whenever used with respect to a Bond, the person in whose name such Bond is recorded as the beneficial owner of such Bond by a Participant on the records of such Participant or such person’s subrogee.

“Bond” or “Bonds” means the bonds issued under this Trust Agreement and designated as “City of Arcadia 2020 Taxable Pension Obligation Bonds.”

“Bond Counsel” means (a) Stradling Yocca Carlson & Rauth, a Professional Corporation, or (b) a firm of attorneys nationally recognized as experts in the area of municipal finance who are familiar with the transactions contemplated under this Trust Agreement and acceptable to the City.

“Bond Interest Account” means the Account of that name established within the Revenue Fund pursuant to Section 6.02(a) hereof.

“Bond Principal Account” means the Account of that name established within the Revenue Fund pursuant to Section 6.02(a) hereof.

“Bond Year” means the twelve-month period commencing on each June 2 and ending on the next succeeding July 1, except that the first Bond Year shall commence on the Closing Date and end on [July 1, 2020].

“Book-Entry Bonds” means the Bonds held by DTC (or its nominee) as the registered owner thereof pursuant to the terms and provisions of Section 3.03 hereof.

“Business Day” means a day (a) other than a day on which banks located in the City of New York, New York or the cities in which the respective principal offices of the Trustee or any Paying Agent are located, are required or authorized by law or executive order to close, and (b) on which the New York Stock Exchange is open.

“Closing Date” means __________, 2020.

“Consultant” means the accountant, attorney, consultant, municipal finance consultant or investment banker, or firm thereof, retained by the City to perform acts and carry out the duties provided for such Consultant in this Trust Agreement. Such accountant, attorney, consultant, municipal finance consultant or investment banker, or firm thereof, shall be nationally recognized within its profession for work of the character required.

“Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate executed and delivered by the City and acknowledged and accepted by the dissemination agent listed
therein, dated _______ 1, 2020, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” means all costs and expenses incurred by the City in connection with the issuance of the Bonds and the refunding of the Unfunded Liability, including, but not limited to, out-of-pocket expenses of the City, costs and expenses of printing and copying documents and the Bonds and the fees, costs and expenses of Rating Agencies, credit providers or enhancers, the Trustee, counsel to the Trustee, Bond Counsel, the verification agent, accountants, municipal finance consultant, disclosure counsel and other consultants and the premium for any municipal bond insurance and surety bond insurance.

“Defeasance Securities” means any of the following: (a) non-callable direct obligations of the United States of America (“Treasuries”), (b) evidence of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, and (c) pre-refunded municipal obligations rated “AAA” and “Aaa” by S&P and Moody’s, respectively (or any combination thereof), which shall be authorized to be used to effect defeasance of the Bonds.

“DTC” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns.

“Event of Default” means any occurrence or event specified in Section 11.01 hereof.

“Fiduciary or Fiduciaries” means the Trustee, any Paying Agent, or any or all of them, as may be appropriate.

“Fiscal Year” means the period of time beginning on July 1 of each given year and ending on June 30 of the immediately subsequent year, or such other period as the City designates as its fiscal year.

“Fund” means any fund established pursuant to this Trust Agreement.

“Holder,” or “Bondholder,” “owner” or “registered owner” means the registered owner of any Bonds, including DTC or its nominee as the sole registered owner of Book-Entry Bonds.

“Information Services” means any one or more of the national information services that Trustee determines are in the business of disseminating notices of redemption of obligations such as the Bonds.

“Interest Payment Date” means July 1 and January 1 of each year commencing _________ 1, [2020].

“Mail” means by first-class United States mail, postage prepaid.

“Moody’s” means Moody’s Investors Service, Inc., New York, New York, and its successors, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized rating agency designated by the City.
“Opinion of Bond Counsel” means a written opinion of Bond Counsel.

“Outstanding,” with respect to the Bonds, means all Bonds which have been authenticated and delivered under this Trust Agreement, except:

(a) Bonds cancelled or purchased by the Trustee for cancellation or delivered to or acquired by the Trustee for cancellation and, in all cases, with the intent to extinguish the debt represented thereby.

(b) Bonds deemed to be paid in accordance with Section 10.02 hereof.

(c) Bonds in lieu of which other Bonds have been authenticated under Sections 3.02 and 3.04 hereof.

(d) Bonds that have become due (at maturity, on redemption, or otherwise) and for the payment of which sufficient moneys, including interest accreted or accrued to the due date, are held by the Trustee or a Paying Agent.

(e) For purposes of any consent or other action to be taken by the Holders of a specified percentage of Bonds Outstanding under this Trust Agreement, Bonds held by or for the account of the City or by any person controlling, controlled by or under common control with the City, unless such Bonds are pledged to secure a debt to an unrelated party, in which case such Bonds shall, for purposes of consents and other Bondholder action, be deemed to be Outstanding and owned by the party to which such Bonds are pledged. Nothing herein shall be deemed to prevent the City from purchasing Bonds from any party out of any funds available to the City.

“Participant” means the participants of DTC which include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

“Paying Agent” means any paying agent for the Bonds, or successor thereto, appointed by the City pursuant to Sections 8.01 or 8.02 hereof, and any successor appointed pursuant to Section 7.04 hereof.

“Permitted Investments” means the following:

(1) Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America (“U.S. Government Securities”).

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(2) Direct obligations* of the following federal agencies which are fully guaranteed by the full faith and credit of the United States of America:

a. Export-Import Bank of the United States – Direct obligations and fully guaranteed certificates of beneficial interest
b. Federal Housing Administration – debentures
c. General Services Administration – participation certificates
d. Government National Mortgage Association (“GNMAs”) – guaranteed mortgage-backed securities and guaranteed participation certificates
e. Small Business Administration – guaranteed participation certificates and guaranteed pool certificates
g. U.S. Maritime Administration – guaranteed Title XI financings
h. Washington Metropolitan Area Transit Authority – guaranteed transit bonds

(3) Direct obligations* of the following federal agencies which are not fully guaranteed by the faith and credit of the United States of America:

b. Federal Home Loan Mortgage Corporation (“FHLMCs”) – participation certificates and senior debt obligations rated Aaa by Moody’s and AAA by S&P
c. Federal Home Loan Banks – consolidated debt obligations
d. Student Loan Marketing Association – debt obligations
e. Resolution Funding Corporation – debt obligations

(4) Direct, general obligations of any state of the United States of America or any subdivision or agency thereof whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody’s and A or better by S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody’s and A or better by S&P.

(5) Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, P-1 by Moody’s and A-1 or better by S&P.

* The following are explicitly excluded from the securities enumerated in 2 and 3:
(i) All derivative obligations, including without limitation inverse floaters, residuals, interest-only, principal-only and range notes;
(ii) Obligations that have a possibility of returning a zero or negative yield if held to maturity;
(iii) Obligations that do not have a fixed par value or those whose terms do not promise a fixed dollar amount at maturity or call date; and
(iv) Collateralized Mortgage-Backed Obligations (“CMOs”).
(6) Certificates of deposit, savings accounts, deposit accounts or money market deposits in amounts that are continuously and fully insured by the Federal Deposit Insurance Corporation (“FDIC”), including the Bank Insurance Fund and the Savings Association Insurance Fund, and including funds for which the Trustee or its affiliates provide investment advisory or other management services.

(7) Certificates of deposit, deposit accounts, federal funds or bankers’ acceptances (in each case having maturities of not more than 365 days following the date of purchase) of any domestic commercial bank or United States branch office of a foreign bank, provided that such bank’s short-term certificates of deposit are rated P-1 by Moody’s and A-1 or better by S&P (not considering holding company ratings).

(8) Investments in money-market funds rated AAAm or AAAm-G by S&P, including funds for which the Trustee and its affiliates provide investment advisory or other management services.

(9) Repurchase agreements that meet the following criteria:

a. A master repurchase agreement or specific written repurchase agreement, substantially similar in form and substance to the Public Securities Association or Bond Market Association master repurchase agreement, governs the transaction.

b. Acceptable providers shall consist of (i) registered broker/dealers subject to Securities Investors’ Protection Corporation (“SIPC”) jurisdiction or commercial banks insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed rating of A3/P-1 or better by Moody’s and A-/A-1 or better by S&P, or (ii) domestic structured investment companies rated Aaa by Moody’s and AAA by S&P.

c. The repurchase agreement shall require termination thereof if the counterparty’s ratings are suspended, withdrawn or fall below A3 or P-1 from Moody’s, or A- or A-1 from S&P. Within ten (10) days, the counterparty shall repay the principal amount plus any accrued and unpaid interest on the investments.

d. The repurchase agreement shall limit acceptable securities to U.S. Government Securities and to the obligations of GNMA, FNMA or FHLMC described in 2(d), 3(a) and 3(b) above. The fair market value of the securities in relation to the amount of the repurchase obligation, including principal and accrued interest, is equal to a collateral level of at least 104% for U.S. Government Securities and 105% for GNMAs, FNMAs or FHLMCs. The repurchase agreement shall require (i) the Trustee or the Agent to value the collateral securities no less frequently than weekly, (ii) the delivery of additional securities if the fair market value of the securities is below the required level on any valuation date, and (iii) liquidation of the
repurchase securities if any deficiency in the required percentage is not restored within two (2) business days of such valuation.

e. The repurchase securities shall be delivered free and clear of any lien to the Trustee or to an independent third party acting solely as agent (“Agent”) for the Trustee, and such Agent is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the FDIC and which has combined capital, surplus and undivided profits or, if appropriate, a net worth, of not less than $50 million, and the Trustee shall have received written confirmation from such third party that such third party holds such securities, free and clear of any lien, as agent for the Trustee.

f. A perfected first security interest in the repurchase securities shall be created for the benefit of the Trustee, and the issuer and the Trustee shall receive an opinion of counsel as to the perfection of the security interest in such repurchase securities and any proceeds thereof.

g. The repurchase agreement shall have a term of one year or less, or shall be due on demand.

h. The repurchase agreement shall establish the following as events of default, the occurrence of any of which shall require the immediate liquidation of the repurchase securities:

   (i) insolvency of the broker/dealer or commercial bank serving as the counterparty under the repurchase agreement;

   (ii) failure by the counterparty to remedy any deficiency in the required collateral level or to satisfy the margin maintenance call under item 9(d) above; or

   (iii) failure by the counterparty to repurchase the repurchase securities on the specified date for repurchase.

(10) Investment agreements, collateralized at 102%, (also referred to as guaranteed investment contracts) that meet the following criteria:

a. A master agreement or specific investment agreement governs the transaction.

b. Acceptable providers of uncollateralized investment agreements shall consist of (i) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least Aa2 by Moody’s and AA by S&P; (ii) domestic insurance companies rated Aaa by Moody’s and AAA by S&P; and (iii) domestic structured investment companies rated Aaa by Moody’s and AAA by S&P.
c. Acceptable providers of collateralized investment agreements shall consist of (i) registered broker/dealers subject to SIPC jurisdiction, if such broker/dealer has an uninsured, unsecured and unguaranteed rating of A1 or better by Moody’s and A+ or better by S&P; (ii) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least A1 by Moody’s and A+ by S&P; (iii) domestic insurance companies rated at least A1 by Moody’s and A+ by S&P; and (iv) domestic structured investment companies rated Aaa by Moody’s and AAA by S&P. Required collateral levels shall be as set forth in 10(f) below.

d. The investment agreement shall provide that if the provider’s ratings fall below Aa3 by Moody's or AA- by S&P, the provider shall within ten (10) days either (i) repay the principal amount plus any accrued and interest on the investment; or (ii) deliver Permitted Collateral as provided below.

e. The investment agreement must provide for termination thereof if the provider’s ratings are suspended, withdrawn or fall below A3 from Moody’s or A- from S&P. Within ten (10) days, the provider shall repay the principal amount plus any accrued interest on the agreement, without penalty to the City.

f. The investment agreement shall provide for the delivery of collateral described in (i) or (ii) below (“Permitted Collateral”) which shall be maintained at the following collateralization levels at each valuation date:

(i) U.S. Government Securities at 104% of principal plus accrued interest; or
(ii) Obligations of GNMA, FNMA or FHLMC (described in 2(d), 3(a) and 3(b) above) at 105% of principal and accrued interest.

g. The investment agreement shall require the Trustee to determine the market value of the Permitted Collateral not less than weekly and notify the investment agreement provider on the valuation day of any deficiency. Permitted Collateral may be released by the Trustee to the provider only to the extent that there are excess amounts over the required levels. Market value, with respect to collateral, may be determined by any of the following methods:

(i) the last quoted “bid” price as shown in Bloomberg, Interactive Data Systems, Inc., The Wall Street Journal or Reuters;
(ii) valuation as performed by a nationally recognized pricing service, whereby the valuation method is based on a composite average of various bid prices; or
(iii) the lower of two bid prices by nationally recognized dealers. Such dealers or their parent holding companies shall be rated
investment grade and shall be market makers in the securities being valued.

h. Securities held as Permitted Collateral shall be free and clear of all liens and claims of third parties, held in a separate custodial account and registered in the name of the Trustee or the Agent.

i. The provider shall grant the Trustee a perfected first security interest in any collateral delivered under an investment agreement. For investment agreements collateralized initially and in connection with the delivery of Permitted Collateral under 10(f) above, the Trustee shall receive an opinion of counsel as to the perfection of the security interest in the collateral.

j. The investment agreement shall provide that moneys invested under the agreement must be payable and putable at par to the Trustee without condition, breakage fee or other penalty, upon not more than two (2) business days’ notice, or immediately on demand for any reason for which the funds invested may be withdrawn from the applicable fund or account established under the authorizing document, as well as the following:

(i) In the event of a deficiency in the debt service account;
(ii) Upon acceleration after an event of default;
(iii) Upon refunding of the Bonds in whole or in part;
(iv) Reduction of any debt service reserve requirement for the Bonds; or
(v) If a determination is later made by a nationally recognized bond counsel that investments must be yield-restricted.

Notwithstanding the foregoing, the agreement may provide for a breakage fee or other penalty that is payable in arrears and not as a condition of a draw by the Trustee if the City’s obligation to pay such fee or penalty is subordinate to its obligation to pay debt service on the Bonds and to make deposits to any debt service reserve fund established for the Bonds.

(k) The investment agreement shall establish the following as events of default, the occurrence of any of which shall require the immediate liquidation of the investment securities:

(i) Failure of the provider or the guarantor (if any) to make a payment when due or to deliver Permitted Collateral of the character, at the times or in the amounts described above;
(ii) Insolvency of the provider or the guarantor (if any) under the investment agreement;
(iii) Failure by the provider to remedy any deficiency with respect to required Permitted Collateral;
(iv) Failure by the provider to make a payment or observe any covenant under the agreement;
(v) The guaranty (if any) is terminated, repudiated or challenged; or
(vi) Any representation of warranty furnished to the Trustee or the issuer in connection with the agreement is false or misleading.

(l) The investment agreement must incorporate the following general criteria:

(i) “Cure periods” for payment default shall not exceed two (2) business days;
(ii) The agreement shall provide that the provider shall remain liable for any deficiency after application of the proceeds of the sale of any collateral, including costs and expenses incurred by the Trustee;
(iii) Neither the agreement or guaranty agreement, if applicable, may be assigned (except to a provider that would otherwise be acceptable under these guidelines);
(iv) If the investment agreement is for a debt service reserve fund, reinvestments of funds shall be required to bear interest at a rate at least equal to the original contract rate.
(v) The provider shall be required to immediately notify the Trustee of any event of default or any suspension, withdrawal or downgrade of the provider’s ratings; and
(vi) The agreement shall be unconditional and shall expressly disclaim any right of set-off or counterclaim.

(11) Forward delivery agreements in which the securities delivered mature on or before each interest payment date (for debt service or debt service reserve funds) or draw down date (construction funds) that meet the following criteria:

(a) A specific written investment agreement governs the transaction.

(b) Acceptable providers shall be limited to (i) any registered broker/dealer subject to the Securities Investors’ Protection Corporation jurisdiction, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated A3/P-1 or better by Moody’s and A-/A-1 or better by S&P; (ii) any commercial bank insured by the FDIC, if such bank has an uninsured, unsecured and unguaranteed obligation rated A3/P-1 or better by Moody’s and
A-/A-1 or better by S&P; and (iii) domestic structured investment companies rated Aaa by Moody’s and AAA by S&P.

(c) The forward delivery agreement shall provide for termination or assignment (to a qualified provider hereunder) of the agreement if the provider’s ratings are suspended, withdrawn or fall below A3 or P-1 from Moody’s or A- or A-1 from S&P. Within ten (10) days, the provider shall fulfill any obligations it may have with respect to shortfalls in market value. There shall be no breakage fee payable to the provider in such event.

(d) Permitted securities shall include the investments listed in 1, 2 and 3 above.

(e) The forward delivery agreement shall include the following provisions:

(i) The permitted securities must mature at least one (1) business day before a debt service payment date or scheduled draw. The maturity amount of the permitted securities must equal or exceed the amount required to be in the applicable fund on the applicable valuation date.

(ii) The agreement shall include market standard termination provisions, including the right to terminate for the provider’s failure to deliver qualifying securities or otherwise to perform under the agreement. There shall be no breakage fee or penalty payable to the provider in such event.

(iii) Any breakage fees shall be payable only on debt service payment dates and shall be subordinated to the payment of debt service and debt service reserve fund replenishments.

(iv) The provider must submit at closing a bankruptcy opinion to the effect that upon any bankruptcy, insolvency or receivership of the provider, the securities will not be considered to be a part of the provider’s estate.

(v) The agreement may not be assigned (except to a provider that would otherwise be acceptable under these guidelines).

(12) Forward delivery agreements in which the securities delivered mature after the funds may be required but provide for the right of the City or the Trustee to put the securities back to the provider under a put, guaranty or other hedging arrangement.

(13) Maturity of investments shall be governed by the following:

a. Investments of monies (other than reserve funds) shall be in securities and obligations maturing not later than the dates on which such monies will be needed to make payments.

b. Investments shall be considered as maturing on the first date on which they are redeemable without penalty at the option of the holder or the
date on which the Trustee may require their repurchase pursuant to repurchase agreements.

c. Investments of monies in reserve funds not payable upon demand shall be restricted to maturities of five years or less.

(14) Any other investment which the City is permitted by law to make, including without limitation investment in the Local Agency Investment Fund of the State of California (LAIF), provided that any investment of the type authorized pursuant to paragraphs (d), (f), (h) and (i) of Section 53601 of the California Government Code are additionally restricted as provided in the appropriate paragraph or paragraphs above applicable to such type of investment and provided further that investments authorized pursuant to paragraphs (k) and (m) of Section 53601 are not permitted.

To the extent that any of the requirements concerning Permitted Investments embodies a legal conclusion, the Trustee shall be entitled to conclusively rely upon a certificate from the appropriate party or an opinion from counsel to such party, that such requirement has been met.

“PERS” means the California Public Employees’ Retirement System.

“PERS Contract” has the meaning assigned that term in the Recitals to this Trust Agreement.

“Principal Office of the Trustee” means the office of the Trustee at the address set forth in Section 15.06 of this Trust Agreement, provided for transfer, exchange, registration, surrender and payment of Bonds means care of the corporate trust office of _____________________________ in __________, __________ or such other office designated by the Trustee.

“Rating Agencies” means Moody's and S&P.

“Rating Category” means (a) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier and (b) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

“Record Date” means the fifteenth day of each calendar month preceding any Interest Payment Date, regardless of whether such day is a Business Day.

“Redemption Fund” means the Fund of that name established pursuant to Section 6.03 hereof.

“Refunding Law” has the meaning assigned that term in the Recitals to this Trust Agreement.

“Registrar” means, for purposes of this Trust Agreement, the Trustee or its successor or assignee.

“Representation Letter” means the Letter of Representations from the City and the Trustee to DTC with respect to the Bonds.
“Requisition” or “Written Requisition” means a Requisition or Written Requisition, substantially in the form of Exhibit “B” hereto.

“Responsible Officer” means an officer of the Trustee assigned by the Trustee to administer this Trust Agreement.

“Retirement Law” has the meaning assigned that term in the Recitals to this Trust Agreement.

“Revenue Fund” means the Fund of that name established pursuant to Section 6.02(a) hereof.

“S&P” means S&P Global Ratings, LLC, a Standard & Poor’s Financial Services LLC business, and its successors, and, if such company shall for any reason no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized rating agency designated by the City.

“Securities Depositories” means any of The Depository Trust Company or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other securities depositories, or if no such depositories, as the City may indicate in a certificate of the City delivered to the Trustee.

“State” means the State of California.

“Total Bond Obligation” means, as of any date of calculation, the aggregate principal amount of the Bonds then Outstanding.

“Trust Agreement” means this Trust Agreement dated as of _______ 1, 2020 between the City and the Trustee, as it may be amended, supplemented or otherwise modified from time to time.

“Trustee” means the entity named as such in the heading of this Trust Agreement until a successor replaces it, and thereafter means such successor.

“Unfunded Liability” has the meaning assigned that term in the Recitals to this Trust Agreement.

Section 1.02 Other Definitional Provisions. Except as otherwise indicated, references to Articles and Sections are to the Articles and Sections of this Trust Agreement. Any of the terms defined in Section 1.01 may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference.

ARTICLE II

THE BONDS

Section 2.01 Issuance of Bonds; Form; Dating. Bonds may be issued by the City under the terms of this Trust Agreement only to refund the City’s Unfunded Liability under the PERS Contract and the Retirement Law and to pay the Costs of Issuance in connection with the issuance of the Bonds. The Bonds shall be designated “City of Arcadia 2020 Taxable Pension Obligation Bonds” and shall be issued in Authorized Denominations. The Bonds shall be issued hereunder in
the aggregate principal amount of $____________________. Interest on the Bonds shall be payable on each July 1 and January 1, commencing _______ 1, [2020].

Section 2.02 Description of the Bonds. Each Bond shall be issued in fully registered form and shall be numbered as determined by the Trustee. The Bonds shall be dated the Closing Date. The Bonds shall be issued in Authorized Denominations; provided, however, that the Bonds shall initially be Book-Entry Bonds.

The Bonds shall mature on the dates, in the principal amounts, and interest thereon shall be computed at the rates, as shown below:

<table>
<thead>
<tr>
<th>Maturity Date</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>(July 1)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Section 2.03 Interest on the Bonds. Interest on each Bond of each maturity shall be payable at the respective per annum rates set forth in Section 2.02 hereof and shall be payable on each Interest Payment Date until maturity or earlier redemption, computed using a year of 360 days comprised of twelve 30-day months. Interest on each Bond shall accrue from the Interest Payment Date for the Bonds next preceding the date of authentication and delivery thereof, unless (i) such date of authentication is an Interest Payment Date in which event interest shall be payable from such date of authentication; (ii) it is authenticated after a Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest thereon shall be payable from such Interest Payment Date; or (iii) it is authenticated prior to the close of business on the first Record Date, in which event interest thereon shall be payable from the Closing Date; provided, however, that if at the time of authentication of any Bond interest thereon is in default, interest thereon shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment or, if no interest has been paid or made available for payment, from the Closing Date.

Section 2.04 Medium of Payment. Principal, premium, if any, and interest on the Bonds shall be payable in currency of the United States of America which at the time of payment is legal.
tender for the payment of public and private debts. Payments of interest on any of the Bonds will be made on each Interest Payment Date by check of the Trustee sent by Mail, or by wire transfer to any Holder of $1,000,000 or more of Bonds, to the account specified by such Holder in a written request delivered to the Trustee on or prior to the Record Date for such Interest Payment Date, to the Holder thereof on the Record Date; provided, however, that payments of defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date fixed therefor by the Trustee which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest. Payment of the principal of the Bonds upon redemption or maturity will be made upon presentation and surrender of each such Bond, at the Principal Office of the Trustee.

Section 2.05 Form. The Bonds shall be substantially in the form set forth in Exhibit “A” attached hereto and by this reference incorporated herein. The Bonds may be printed, lithographed, photocopied or typewritten and shall be in such Authorized Denominations as may be determined by the City.

Section 2.06 Additional Bonds. From time to time, the City may enter into (i) one or more other trust agreements or indentures and/or (ii) one or more agreements supplementing and/or amending this Trust Agreement, for the purpose of providing for the issuance of Additional Bonds to refund the Bonds or to refund all or any portion of any Unfunded Liability under the PERS Contract arising subsequent to the issuance of the Bonds or any other obligations due to PERS. Such Additional Bonds may be issued on a parity with the Bonds.

ARTICLE III
EXECUTION, AUTHENTICATION AND EXCHANGE OF BONDS; BOOK ENTRY BONDS

Section 3.01 Execution and Authentication; Registration.

(a) The Bonds will be signed for the City with the manual or facsimile signature of the Mayor of the City Council of the City. The City may deliver to the Trustee or its agent duly executed Bonds for authentication from time to time by the Trustee or its agent as such Bonds may be required. Bonds executed and so delivered and authenticated will be valid. In case any officer of the City whose signature or whose facsimile signature shall appear on any Bonds shall cease to be such officer before the authentication of such Bonds, such signature or the facsimile signature thereof shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until authentication. Also, if a person signing a Bond is the proper officer on the actual date of execution, the Bond will be valid even if that person is not the proper officer on the nominal date of action and even though, at the date of this Trust Agreement, such person was not such officer.

(b) A Bond will not be valid until the Trustee or its agent executes the certificate of authentication on such Bond by manual signature. Such signature will be conclusive evidence that such Bond has been authenticated under this Trust Agreement. The Trustee may appoint an authenticating agent acceptable to the City to authenticate Bonds. An authenticating agent may authenticate Bonds whenever the Trustee may do so. Each reference in this Trust Agreement to authentication by the Trustee includes authentication by such agent.
(c) Bonds may be presented at the Principal Office of the Trustee, unless a different office has been designated for such purpose, for registration, transfer and exchange. The Registrar will keep a register of such Bonds and of their transfer and exchange.

Section 3.02 Transfer or Exchange of Bonds. Subject to Section 3.03:

(a) All Bonds shall be issued in fully registered form. Upon surrender for transfer of any Bond at the Principal Office of the Trustee, the Trustee shall deliver in the name of the transferee or transferees a new fully authenticated and registered Bond or Bonds of Authorized Denominations of the same maturity for the aggregate principal amount which the Bondholder is entitled to receive.

(b) All Bonds presented for transfer, redemption or payment shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the City, duly executed by the Bondholder or by his duly authorized attorney. The Trustee also may require payment from the Bondholder of a sum sufficient to cover any tax, or other governmental fee or charge that may be imposed in relation thereto. Such taxes, fees and charges shall be paid before any such new Bond shall be delivered.

(c) Bonds delivered upon any transfer as provided herein, or as provided in Section 3.04, shall be valid obligations of the City, evidencing the same debt as the Bond surrendered, shall be secured by this Trust Agreement and shall be entitled to all of the security and benefits hereof to the same extent as the Bond surrendered.

(d) The City, the Trustee and the Paying Agent shall treat the Bondholder, as shown on the registration books kept by the Trustee, as the person exclusively entitled to payment of principal, premium, if any, and interest with respect to such Bond and to the exercise of all other rights and powers of the Bondholder, except that all interest payments will be made to the party who, as of the Record Date, is the Bondholder.

Section 3.03 Book-Entry Bonds.

(a) Except as provided in paragraph (c) of this Section 3.03, the registered owner of all of the Bonds shall be DTC and the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Except as provided in paragraph (d) of this Section 3.03, payment of principal, interest and premium, if any, for any Bonds registered in the name of Cede & Co. shall be made as provided in the Representation Letter.

(b) The Bonds shall be initially issued in the form of a separate single authenticated fully registered Bond for each separate stated maturity of the Bonds. The Trustee, the Registrar and the City may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal or redemption price of, or interest on, the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Trust Agreement, registering the transfer of Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and neither the Trustee, the Registrar nor the City shall be affected by any notice to the contrary. Neither the Trustee, the Registrar nor the City shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant or any other person which is not shown on the registration books as being a
Bondholder, with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any amount in respect of the principal or redemption price of or interest on the Bonds, (iii) any notice which is permitted or required to be given to Bondholders under this Trust Agreement, (iv) the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds, or (v) any consent given or other action taken by DTC as a Bondholder. The Trustee shall pay, from funds held under the terms of this Trust Agreement or otherwise provided by the City, all principal or redemption price of and interest on the Bonds only to DTC as provided in the Representation Letter and all such payments shall be valid and effective to satisfy and discharge fully the City’s obligations with respect to the principal or redemption price of and interest on the Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive authenticated Bonds evidencing the obligation of the City, to make payments of principal or redemption price and interest pursuant to this Trust Agreement. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the name “Cede & Co.” in this Trust Agreement shall refer to such new nominee of DTC.

(c) In the event the City determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bond certificates and notifies DTC, the Trustee and the Registrar of such determination, then DTC will notify the Participants of the availability through DTC of Bond certificates. In such event, the Trustee shall authenticate and the Registrar shall transfer and exchange Bonds certificates as requested by DTC and any other Bondholders in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the City and the Trustee shall be obligated to deliver Bond certificates as described in this Trust Agreement. In the event Bond certificates are issued, the provisions of this Trust Agreement shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the City and the Trustee to do so, the Trustee and the City will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Bonds to any Participant having Bonds credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

(d) Notwithstanding any other provision of this Trust Agreement to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal or redemption price of and interest on such Bonds and all notices with respect to such Bonds shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to this Trust Agreement by the City or the Trustee with respect to any consent or other action to be taken by Bondholders, the City or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible. Notice to DTC shall be given only when DTC is the sole Bondholder.

(f) If the City purchases, or causes the Trustee to purchase, any of the Bonds, such purchase of Bonds shall be deemed to have occurred upon the purchase of beneficial ownership interests in the Bonds from a Participant. Upon receipt by DTC of notice from the City and a
Participant that a purchase of beneficial ownership interests in the Bonds has been made by the City from such Participant, DTC shall surrender to the Trustee the Bonds referenced in such notice and, if the principal amount referenced in said notice is less than the principal amount of the Bonds so surrendered, the Trustee shall authenticate and deliver to DTC, in exchange for the Bonds so surrendered, a new Bond or Bonds, as the case may be, in Authorized Denominations and in a principal amount equal to the difference between (i) the principal amount of the Bonds so surrendered and (ii) the principal amount referenced in said notice.

(g) Notwithstanding any provision herein to the contrary, the City and the Trustee may agree to allow DTC, or its nominee, Cede & Co., to make a notation on any Bond redeemed in part to reflect, for informational purposes only, the principal amount and date of any such redemption.

(h) In the event that DTC notifies the City that it is discontinuing the book-entry system for the Bonds, the City may either appoint another entity to hold the Bonds in book-entry form or deliver Bond certificates to the beneficial owners or Participants, as directed by DTC.

Section 3.04 Mutilated, Lost, Stolen or Destroyed Bonds.

(a) In the event any Bond is mutilated or defaced but identifiable by number and description, the City shall execute and the Trustee shall authenticate and deliver a new Bond of like date, maturity and denomination as such Bond, upon surrender thereof to the Trustee; provided that there shall first be furnished to the City and the Trustee proof satisfactory to the Trustee that the Bond is mutilated or defaced. The Bondholder shall accompany the above with a deposit of money required by the City for the cost of preparing the substitute Bond and all other expenses connected with the issuance of such substitute. The City shall then cause proper record to be made of the cancellation of the original, and thereafter the substitute shall have the validity of the original.

(b) In the event any Bond is lost, stolen or destroyed, the City may execute and the Trustee may authenticate and deliver a new Bond of like date, maturity and denomination as that Bond lost, stolen or destroyed; provided that there shall first be furnished to the Trustee evidence of such loss, theft or destruction satisfactory to the Trustee, together with indemnity satisfactory to it.

(c) The City and the Trustee shall charge the Holder of such Bond all transfer taxes, if any, and their reasonable fees and expenses in this connection. All substitute Bonds issued and authenticated pursuant to this Section shall be issued as a substitute and numbered, if numbering is provided for by the Trustee, as determined by the Trustee. In the event any such Bond has matured or has been called for redemption, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee.

Section 3.05 Destruction of Bonds. Whenever any Outstanding Bonds shall be delivered to the Trustee for cancellation pursuant to this Trust Agreement, upon payment of the principal amount and interest represented thereby or for replacement pursuant to Section 3.04 or transfer pursuant to Section 3.02, such Bond shall be cancelled and destroyed by the Trustee and counterparts of a certificate of destruction evidencing such destruction shall, upon the City’s request, be furnished by the Trustee to the City.
Section 3.06 Temporary Bonds.

(a) Pending preparation of definitive Bonds, the City may execute and the Trustee shall authenticate and deliver, in lieu of definitive Bonds and subject to the same limitation and conditions, interim receipts, certificates or temporary bonds which shall be exchanged for the Bonds.

(b) If temporary Bonds shall be issued, the City shall cause the definitive Bonds to be prepared and to be executed and delivered to the Trustee, and the Trustee, upon presentation to it of any temporary Bond, shall cancel the same and deliver in exchange therefor at the place designated by the Bondholder, without charge to the Bondholder thereof, definitive Bonds of an equal aggregate principal amount, of the same series, maturity and bearing interest at the same rate or rates as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefit and security of this Trust Agreement as the definitive Bonds to be issued and authenticated hereunder.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01 Notices to Trustee; Notices to Bondholders; Notices to DTC.

(a) Notice of redemption shall be given by the Trustee, not less than 30 nor more than 60 days prior to the redemption date: (i) in the case of Bonds not registered in the name of a Securities Depository or its nominee, to the respective Holders of the Bonds designated for redemption at their addresses appearing on the registration books of the Trustee; (ii) in the case of Bonds registered in the name of a Securities Depository or its nominee, to such Securities Depository for such Bonds; and (iii) to the Information Services. Notice of redemption to the Holders pursuant to (i) above shall be given by mail at their addresses appearing on the registration books of the Trustee, or any other method agreed upon by such Holder and the Trustee. Notice of redemption to the Securities Depositories pursuant to (ii) above and the Information Services pursuant to (iii) above shall be given by electronically secure means, or any other method agreed upon by such entities and the Trustee.

(b) Each notice of redemption shall state the Bonds or designated portions thereof to be redeemed, the date of redemption, the place of redemption, the redemption price, the CUSIP number (if any) of the Bonds to be redeemed, the distinctive numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or part. Each such notice shall also state that on said date there will become due and payable on each of the Bonds to be redeemed the redemption price, and redemption premium, if any, thereof, and that from and after such redemption date interest thereon shall cease to accrue.

(c) Failure to give the notices described in this Section 4.01 or any defect therein shall not in any manner affect the redemption of any Bonds. Any notice sent as provided herein will be conclusively presumed to have been given whether or not actually received by the addressee.
(d) The City shall have the right to rescind any notice of optional redemption previously sent pursuant to this Section 4.01. Any such notice of rescission shall be sent in the same manner as the notice of redemption. Neither the City nor the Trustee shall incur any liability, to Bond Owners, DTC, or otherwise, as a result of a rescission of a notice of redemption.

**Section 4.02 Optional Redemption of Bonds.** The Bonds maturing on or after July 1, 20__ may be redeemed at the option of the City from any source of funds on any date on or after July 1, 20__ in whole or in part from such maturities as are selected by the City and by lot within a maturity at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the date of redemption, without premium.

**Section 4.03 Mandatory Sinking Fund Redemption of Bonds.** The Bonds maturing July 1, 20__ (the “20__ Term Bonds”) are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium. The 20__ Term Bonds shall be so redeemed on the following dates and in the following amounts:

<table>
<thead>
<tr>
<th>Redemption Date (July 1)</th>
<th>Principal Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>*</td>
</tr>
</tbody>
</table>

* Final maturity.

The Bonds maturing July 1, 20__ (the “20__ Term Bonds”) are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium. The 20__ Term Bonds shall be so redeemed on the following dates and in the following amounts:

<table>
<thead>
<tr>
<th>Redemption Date (July 1)</th>
<th>Principal Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>*</td>
</tr>
</tbody>
</table>

* Final maturity.

On or before each [April] 15 next preceding any mandatory sinking fund redemption date, the Trustee shall proceed to select for redemption pro-rata from all Term Bonds subject to mandatory sinking fund redemption at that time, an aggregate principal amount of such Term Bonds equal to the amount for such year as set forth in the table above and shall call such Term Bonds or portions thereof for redemption and give notice of such redemption in accordance with the terms of Section 4.01. At the option of the City, to be exercised by delivery of a written certificate to the Trustee on or before April 1 next preceding any mandatory sinking fund redemption date, it may
(a) deliver to the Trustee for cancellation Term Bonds or portions thereof (in the amount of an Authorized Denomination) of the stated maturity subject to such redemption or (b) specify a principal amount of such Term Bonds or portions thereof (in the amount of an Authorized Denomination) which prior to said date have been purchased or redeemed (otherwise than under the provisions of this Section 4.03) and cancelled by the Trustee at the request of the City and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. Each such Term Bonds or portion thereof so delivered or previously redeemed shall be credited by the Trustee at 100% of the principal amount of the Term Bonds so delivered to the Trustee by the City against the obligation of the City on such mandatory sinking fund redemption date.

Section 4.04 Payment of Bonds Called for Redemption; Effect of Redemption Call.

(a) Upon surrender to the Trustee or the Trustee’s agent, Bonds called for redemption shall be paid at the redemption price stated in the notice, plus interest accrued to the redemption date.

(b) On the date so designated for redemption, notice having been given in the manner and under the conditions provided herein relating to such Bonds as are to be redeemed and moneys for payment of the redemption price being held in trust to pay the redemption price, the Bonds so called for redemption shall become and be due and payable on the redemption date, interest on such Bonds shall cease to accrue, such Bonds shall cease to be entitled to any lien, benefit or security under this Trust Agreement and the owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price and accrued interest to the redemption date.

(c) Bonds which have been duly called for redemption under the provisions of this Article IV and for the payment of the redemption price of which moneys shall be deposited in the Redemption Fund or otherwise held in trust for the Holders of the Bonds to be redeemed, all as provided in this Trust Agreement, shall not be deemed to be Outstanding under the provisions of this Trust Agreement.

Section 4.05 Selection of Bonds for Redemption; Bonds Redeemed in Part. Bonds are subject to redemption pro rata within a maturity. Upon surrender of a Bond to be redeemed in part, the Trustee will authenticate for the registered owner a new Bond or Bonds of the same maturity and tenor equal in principal amount to the unredeemed portion of the Bond surrendered.

ARTICLE V

APPLICATION OF PROCEEDS; SOURCE OF PAYMENT OF BONDS

Section 5.01 Application of Proceeds and City Contribution. The net proceeds of the sale of the Bonds received by the Trustee, $___________ ($___________ principal amount, less $___________ underwriter’s discount), shall be deposited by the Trustee as follows:

(i) the sum of $___________ shall be deposited into the Costs of Issuance Fund;
(ii) the sum of $__________ representing capitalized interest on the Bonds through the first two Bond Years shall be deposited into the Bond Interest Account of the Revenue Fund;

(iii) the sum of $__________, together with $_____ transferred by the City to the Trustee, shall be transferred to PERS and used to pay the Unfunded Liability relating the Fire Safety Plan;

(iv) [the sum of $__________, together with $_____ transferred by the City to the Trustee, shall be transferred to PERS and used to pay the Unfunded Liability]; and

(v) the sum of $__________, together with $_____ transferred by the City to the Trustee, shall be transferred to PERS and used to pay the Unfunded Liability relating to the Miscellaneous Plan.

Section 5.02 Sources of Payment of Bonds; Semi-Annual Payments by the City.

(a) The City shall provide for payment of principal or redemption price of and interest on the Bonds from any source of legally available funds of the City. If any Bonds are Outstanding, the City shall, no later than three Business Days preceding each Interest Payment Date beginning _____ 1, [2020], deliver funds to the Trustee for deposit to the Revenue Fund in an aggregate amount equal to the portion of the Annual Debt Service coming due on such Interest Payment Date (less amounts on deposit in the Revenue Fund).

(b) The Bonds shall be obligations of the City payable from any lawfully available funds, shall not be limited as to payment to any special source of funds of the City, and shall be subject to appropriation in accordance with Section 8.01 hereof. The Bonds do not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation.

ARTICLE VI

CREATION OF CERTAIN FUNDS AND ACCOUNTS

Section 6.01 Creation of Costs of Issuance Fund. There is hereby created a Fund to be held by the Trustee designated “City of Arcadia 2020 Taxable Pension Obligation Bonds Costs of Issuance Fund” (the “Costs of Issuance Fund”). Funds on deposit in the Costs of Issuance Fund shall be used to pay or to reimburse the City for the payment of Costs of Issuance. Amounts in the Costs of Issuance Fund shall be disbursed by the Trustee upon Written Requisition in the form of Exhibit “B” executed by an Authorized City Representative.

At such time as the City delivers to the Trustee written notice that all Costs of Issuance have been paid or otherwise notifies the Trustee in writing that no additional amounts from the Costs of Issuance Fund will be needed to pay Costs of Issuance, the Trustee shall transfer all amounts then remaining in the Costs of Issuance Fund to the Bond Interest Account of the City unless otherwise directed by the City. At such time as no amounts remain in the Costs of Issuance Fund, such Fund shall be closed.
Section 6.02  Creation of Revenue Fund and Certain Accounts. There is hereby created a Fund to be held by the Trustee designated “City of Arcadia 2020 Taxable Pension Obligation Bonds Revenue Fund” (the “Revenue Fund”). There are hereby created in the Revenue Fund two separate Accounts designated “Bond Interest Account” and “Bond Principal Account”.

(a) All amounts received by the Trustee from the City in respect of interest payments on the Bonds shall be deposited in the Bond Interest Account and shall be disbursed to the applicable Bondholders to pay interest on the Bonds. All amounts held at any time in the Bond Interest Account (including amounts deposited pursuant to Section 6.03) shall be held for the security and payment of interest on the Bonds pursuant to this Trust Agreement. If at any time funds on deposit in the Bond Interest Account are insufficient to provide for the payment of such interest, the City shall promptly deposit funds to such Account to cure such deficiency. On June 2 of each year beginning in [2020], so long as no Event of Default has occurred and is continuing, the Trustee shall transfer all amounts on deposit in the Bond Interest Account to the Revenue Fund to be used for any lawful purpose.

(b) All amounts received by the Trustee from the City in respect of principal payments on the Bonds shall be deposited in the Bond Principal Account and all amounts in the Bond Principal Account will be disbursed to pay principal on the Bonds pursuant to this Trust Agreement. If at any time funds on deposit in the Bond Principal Account are insufficient to provide for the payment of such principal, the City shall promptly deposit funds to such Account to cure such deficiency.

(c) The moneys in such Funds and Accounts shall be held by the Trustee in trust and applied as herein provided and, pending such application, shall be subject to a lien and charge in favor of the holders of the Bonds issued and Outstanding under this Trust Agreement and for the further security of such holders until paid out or transferred as hereinafter provided.

Section 6.03  Creation of Redemption Fund. A Fund to be held by the Trustee is hereby created and designated the “City of Arcadia 2020 Taxable Pension Obligation Bonds Redemption Fund” (the “Redemption Fund”). All moneys deposited by the City with the Trustee for the purpose of redeeming Bonds shall be deposited in the Redemption Fund. All amounts deposited in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of redeeming Bonds in the manner, at the times and upon the terms and conditions specified in this Trust Agreement; provided that, at any time prior to giving such notice of redemption, the Trustee shall, upon receipt of written instructions from an Authorized City Representative, apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges) as directed by the City.

Section 6.04  Moneys Held in Redemption Fund. All moneys which shall have been withdrawn from the Revenue Fund and deposited in the Redemption Fund for the purpose of paying any of the Bonds hereby secured, either at the maturity thereof or upon call for redemption, shall be held in trust for the respective Holders of such Bonds.

Section 6.05  Unclaimed Moneys. Any moneys which shall be set aside or deposited in the Redemption Fund, the Bond Principal Account, the Bond Interest Account or any other Fund or Account for the benefit of Holders of Bonds and which shall remain unclaimed by the Holders of such Bonds for a period of one year after the date on which such Bonds shall have become due and payable (or such longer period as shall be required by State law) shall be paid to the City, and
thereafter the Holders of such Bonds shall look only to the City for payment and the City shall be obligated to make such payment, but only to the extent of the amounts so received without any interest thereon, and the Trustee and any Paying Agent shall have no responsibility with respect to any of such moneys.

ARTICLE VII

CONCERNING PAYING AGENT

Section 7.01 Paying Agent; Appointment and Acceptance of Duties. The City hereby appoints the Trustee as the Paying Agent for the Bonds.

Section 7.02 Paying Agent - General Responsibilities.

(a) The City may at any time or from time to time appoint a different Paying Agent or Paying Agents for the Bonds, and each Paying Agent, if other than the Trustee, shall be a commercial bank with trust powers and shall designate to the City and the Trustee its principal office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the City under which each such Paying Agent will agree, particularly:

(i) to hold all sums held by it for the payment of the principal of, and premium or interest on, Bonds in trust for the benefit of the Bondholders until such sums shall be paid to such Bondholders or otherwise disposed of as herein provided;

(ii) to keep such books and records as shall be consistent with prudent industry practice, to make such books and records available for inspection by the City and the Trustee at all reasonable times upon reasonable prior notice; and

(iii) upon the request of the Trustee, to forthwith deliver to the Trustee all sums so held in trust by such Paying Agent.

(b) The Paying Agent shall perform the duties and obligations set forth in this Trust Agreement, and in particular shall hold all sums delivered to it by the Trustee for the payment of principal or premium of and interest on the Bonds for the benefit of the Bondholders until such sums shall be paid to such Bondholders or otherwise disposed of as herein provided.

(c) In performing its duties hereunder, the Paying Agent shall be entitled to all of the rights, protections and immunities accorded to the Trustee under the terms of this Trust Agreement.

Section 7.03 Certain Permitted Acts. Any Fiduciary may become the owner of any Bonds, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depositary for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Trust Agreement, whether or not any such committee shall represent the owners of a majority in Total Bond Obligation of the Bonds then Outstanding.
Section 7.04  Resignation or Removal of Paying Agent and Appointment of Successor.

(a) Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Trust Agreement in accordance with the provisions set forth in this Trust Agreement for the removal of the Trustee by giving at least 60 days’ written notice to the City and the other Fiduciaries. Any Paying Agent may be removed at any time upon 30 days prior written notice by an instrument filed with such Paying Agent and the Trustee and signed by an Authorized City Representative. Any successor Paying Agent shall be appointed by the City with the approval of the Trustee and shall be a commercial bank with trust powers or trust company organized under the laws of any state of the United States, having capital stock and surplus aggregating at least $100,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Trust Agreement.

(b) In the event of the resignation or removal of any Paying Agent, such Paying Agent shall assign and deliver any moneys and Bonds, including authenticated Bonds, held by it to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

ARTICLE VIII

COVENANTS OF THE CITY

Section 8.01  Payment of Principal and Interest. The City covenants and agrees that it will duly and punctually pay or cause to be paid the principal, premium, if any, and interest on every Bond at the place and on the dates and in the manner specified herein and in the Bonds, according to the true intent and meaning thereof, and that it will faithfully do and perform all covenants and agreements contained herein and in the Bonds and the City agrees that time is of the essence of this Trust Agreement. The obligations of the City under the Bonds, including the obligation to make all payments of principal, premium, if any, and interest when due, are absolute and unconditional, without any right of set-off or counter claim.

The City shall in each Fiscal Year include in its budget a provision to provide funds in an amount sufficient to pay the principal, premium, if any, and interest on the Bonds coming due in such Fiscal Year, but only to the extent that such amounts exceed the amount of available funds then on deposit in the Revenue Fund, and shall make annual appropriations for all such amounts. If such principal, premium, if any, and interest on the Bonds coming due in any Fiscal Year exceeds the sum of amounts budgeted in respect thereof together with amounts then on deposit in the Revenue Fund, then the City shall amend or supplement the budget to provide for such excess amounts. The covenants contained in this Section shall be deemed to be and shall be duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in this Trust Agreement agreed to be carried out and performed by the City.

Section 8.02  Performance of Covenants by City; Authority; Due Execution. The City covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Trust Agreement, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto. The City covenants that it is duly authorized under the Constitution and laws of the State to issue the Bonds.
Section 8.03  Instruments of Further Assurance. The City covenants that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered such further acts, instruments and transfers as the Trustee may reasonably request for the better assuring and confirming to the Trustee all the rights and obligations of the City under and pursuant to this Trust Agreement. The City shall, upon the reasonable request of the Trustee, from time to time execute and deliver such further instructions and take such further action as may be reasonable and as may be required to effectuate the purposes of this Trust Agreement or any provisions hereof; provided, however, that no such instruments or actions shall pledge the full faith and credit or the taxing powers of the State.

Section 8.04  No Inconsistent Action. The City covenants that no contract or contracts will be entered into or any action taken by the City which shall be inconsistent with the provisions of this Trust Agreement.

Section 8.05  No Adverse Action. The City covenants that it will not take any action which will have a material adverse effect upon the rights of the Holders of the Bonds.

Section 8.06  Maintenance of Powers. The City covenants that it will at all times use its best efforts to maintain the powers, functions, duties and obligations now reposed in it pursuant to applicable law and will not at any time voluntarily do, suffer or permit any act or thing the effect of which would be to hinder, delay or imperil either the payment of the indebtedness evidenced by any of the Bonds or the performance or observance of any of the covenants herein contained.

Section 8.07  Covenants of City Binding on Successors.

(a) All covenants, stipulations, obligations and agreements of the City contained in this Trust Agreement shall be deemed to be covenants, stipulations, obligations and agreements of the City to the full extent authorized or permitted by law. If the powers or duties of the City shall hereafter be transferred by amendment of any provision of the Constitution or any other law of the State or in any other manner there shall be a successor to the City, and if such transfer shall relate to any matter or thing permitted or required to be done under this Trust Agreement by the City, then the entity that shall succeed to such powers or duties of the City shall act and be obligated in the place and stead of the City as provided in this Trust Agreement, and all such covenants, stipulations, obligations and agreements herein shall be binding upon such successor or successors thereof from time to time and upon any officer, board, body, district, authority or commission to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

(b) Except as otherwise provided in this Trust Agreement, all rights, powers and privileges conferred and duties and liabilities imposed upon the City by the provisions of this Trust Agreement shall be exercised or performed by the City or by such officers, board, body, district, authority or commission as may be required by law to exercise such powers or to perform such duties.

Section 8.08  Trust Agreement to Constitute a Contract. This Trust Agreement is executed by the City for the benefit of the Bondholders and constitutes a contract with the Bondholders.
Section 8.09  City to Perform Pursuant to Continuing Disclosure Certificate. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Trust Agreement, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default under this Trust Agreement; provided, however, the obligations of the City to comply with the provisions of the Continuing Disclosure Certificate shall be enforceable by any Participating Underwriter or any Holder of Outstanding Bonds, or by the Trustee on behalf of the Holders of Outstanding Bonds; provided, further, that the Trustee shall not be required to take any enforcement action whatsoever except at the written direction of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding who shall have provided the Trustee with security and indemnity to its satisfaction, including without limitation, attorney’s fees and expenses. The Participating Underwriters’, Holders’ and Trustee’s rights to enforce the provisions of the Continuing Disclosure Certificate shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the City’s obligations under the Continuing Disclosure Certificate. Notwithstanding the foregoing, the City shall be entitled to amend or rescind the Continuing Disclosure Certificate to the extent permitted by law.

ARTICLE IX

INVESTMENTS

Section 9.01  Investments Authorized. Money held by the Trustee in any fund or account hereunder shall be invested by the Trustee in Permitted Investments pending application as provided herein solely at the prior written direction of an Authorized City Representative, shall be registered in the name of the Trustee where applicable, as Trustee, and shall be held by the Trustee. The City shall direct the Trustee prior to 12:00 p.m. Pacific time on the last Business Day before the date on which a Permitted Investment matures or is redeemed as to the reinvestment of the proceeds thereof. In the absence of such direction, the Trustee shall invest in investments authorized under clause (8) contained in the definition of “Permitted Investments.” The Trustee may rely on the City’s certification in such investment instructions that such investments are permitted by law and by any policy guidelines promulgated by the City. Money held in any fund or account hereunder may be commingled for purposes of investment only.

The Trustee may, with the prior written approval of an Authorized City Representative, purchase from or sell to itself or any affiliate, as principal or agent, investments authorized by this Section 9.01. Any investments and reinvestments shall be made after giving full consideration to the time at which funds are required to be available hereunder and to the highest yield practicably obtainable giving due regard to the safety of such funds and the date upon which such funds will be required for the uses and purposes required by this Trust Agreement. The Trustee or any of its affiliates may act as agent in the making or disposing of any investment and may act as sponsor or advisor with respect to any Permitted Investment. For investment purposes, the Trustee may commingle the funds and accounts established hereunder, but shall account for each separately.

Section 9.02  Reports. The Trustee shall furnish monthly to the City a report of all investments made by the Trustee and of all amounts on deposit in each fund and account maintained hereunder.

Section 9.03  Valuation and Disposition of Investments. For the purpose of determining the amount in any fund or account hereunder, all Permitted Investments shall be valued at the market
value thereof not later than July 1 of each year. With the prior written approval of an Authorized City Representative, the Trustee may sell at the best price obtainable, or present for redemption, any Permitted Investment so purchased by the Trustee whenever it shall be necessary in order to provide money to meet any required payment, transfer, withdrawal or disbursement from any fund or account hereunder, and the Trustee shall not be liable or responsible for any loss resulting from such investment or sale, except any loss resulting from its own negligence or willful misconduct.

Section 9.04 Application of Investment Earnings. Investments in any Fund or Account shall be deemed at all times to be a part of such Fund or Account, and any profit realized from such investment shall be credited to such Fund or Account and any loss resulting from such investment shall be charged to such Fund or Account. Interest earnings on investments in any Fund or Account shall be deposited in the Bond Interest Account of the Revenue Fund.

ARTICLE X

DEFEASANCE

Section 10.01 Discharge of Bonds; Release of Trust Agreement. Bonds or portions thereof (such portions to be in an Authorized Denomination) which have been paid in full or which are deemed to have been paid in full shall no longer be entitled to the benefits of this Trust Agreement except for the purposes of payment from moneys and Defeasance Securities. When all Bonds which have been issued under this Trust Agreement have been paid in full or are deemed to have been paid in full, and all other sums payable hereunder by the City, including all necessary and proper fees, compensation and expenses of the Trustee and any Paying Agents, have been paid or are duly provided for, then the Trustee shall cancel, discharge and release this Trust Agreement, shall execute, acknowledge and deliver to the City such instruments of satisfaction and discharge or release as shall be requisite to evidence such release and such satisfaction and discharge and shall assign and deliver to the City any amounts at the time subject to this Trust Agreement which may then be in the Trustee’s possession, except funds or securities in which such funds are invested and held by the Trustee or the Paying Agents for the payment of the principal, premium, if any, and interest on the Bonds.

Section 10.02 Bonds Deemed Paid.

(a) A Bond shall be deemed to be paid within the meaning of this Article XI and for all purposes of this Trust Agreement when (i) payment with respect thereto of the principal, interest and premium, if any, either (1) shall have been made or caused to be made in accordance with the terms of the Bonds and this Trust Agreement or (2) shall have been provided for, as certified to the Trustee by a Consultant who is a certified public accountant, by irrevocably depositing with the Trustee in trust and irrevocably setting aside exclusively for such payment: (x) moneys sufficient to make such payment, and/or (y) Defeasance Securities maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, and (ii) all necessary and proper fees, compensation and expenses of the Trustee and any Paying Agents pertaining to the Bonds with respect to which such deposit is made shall have been paid or provision made for the payment thereof. At such times as Bonds shall be deemed to be paid hereunder, such Bonds shall no longer be secured by or entitled to the benefits of this Trust Agreement, except for the purposes of payment from such moneys and Defeasance Securities.
(b) Notwithstanding the foregoing paragraph, no deposit under clause (i)(2) of the immediately preceding paragraph shall be deemed a payment of such Bonds until (i) proper notice of redemption of such Bonds shall have been given in accordance with Section 4.01, or in the event such Bonds are not to be redeemed within the next succeeding 60 days, until the City shall have given the Trustee irrevocable instructions to notify, as soon as practicable, the holders of the Bonds in accordance with Section 4.01, that the deposit required by clause (i)(2) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Article XI and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of, premium, if any, and unpaid interest on such Bonds; or (ii) the maturity of such Bonds.

ARTICLE XI
DEFAULTS AND REMEDIES

Section 11.01 Events of Default. Each of the following events shall constitute and is referred to in this Trust Agreement as an “Event of Default”:

(a) a failure to pay the principal or premium, if any, on any of the Bonds when the same shall become due and payable at maturity or upon redemption;

(b) a failure to pay any installment of interest on any of the Bonds when such interest shall become due and payable;

(c) a failure by the City to observe and perform any covenant, condition, agreement or provision (other than as specified in clauses (a) and (b) of this Section 11.01) contained in the Bonds or in this Trust Agreement on the part of the City to be observed or performed, which failure shall continue for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the City by the Trustee; provided, however, that the Trustee shall be deemed to have agreed to an extension of such period if corrective action is initiated by the City within such period and is being diligently pursued; or

(d) if the City files a petition in voluntary bankruptcy, for the composition of its affairs or for its corporate reorganization under any state or federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or admits in writing to its insolvency or inability to pay debts as they mature, or consents in writing to the appointment of a trustee or receiver for itself.

Upon its actual knowledge of the occurrence of any Event of Default, the Trustee shall immediately give written notice thereof to the City.

Section 11.02 Remedies.

(a) Upon the occurrence and continuance of any Event of Default, the Trustee in its discretion may, and shall upon the written direction of the holders of a majority of the Total Bond Obligation of the Bonds then Outstanding and, in each case, receipt of indemnity to its satisfaction, in its own name and as the Trustee of an express trust:

(1) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders hereunder, as the case may be, and require the City to carry out
any agreements with or for the benefit of the Bondholders and to perform its or their duties under the Refunding Law or any other law to which it is subject and this Trust Agreement; provided that any such remedy may be taken only to the extent permitted under the applicable provisions of this Trust Agreement;

(2) bring suit upon the defaulted Bonds;

(3) commence an action or suit in equity to require the City to account as if it were the trustee of an express trust for the Bondholders; or

(4) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders hereunder.

(b) The Trustee shall be under no obligation to take any action with respect to any Event of Default unless the Trustee has actual knowledge of the occurrence of such Event of Default.

Section 11.03 Restoration to Former Position. In the event that any proceeding taken by the Trustee to enforce any right under this Trust Agreement shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then the City, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

Section 11.04 Bondholders’ Right to Direct Proceedings on their Behalf. Anything in this Trust Agreement to the contrary notwithstanding, Holders of a majority in Total Bond Obligation shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all remedial proceedings on their behalf available to the Trustee under this Trust Agreement to be taken in connection with the enforcement of the terms of this Trust Agreement or exercising any trust or power conferred on the Trustee by this Trust Agreement; provided that such direction shall not be otherwise than in accordance with the provisions of the law and this Trust Agreement and that there shall have been provided to the Trustee security and indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred as a result thereof by the Trustee; provided further that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

Section 11.05 Limitation on Bondholders’ Rights to Institute Proceedings. No owner of any Bond shall have the right to institute any suit, action or proceeding at law in equity, for the protection or enforcement of any right or remedy under this Trust Agreement, or applicable law with respect to such Bond, unless (a) such owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the owners of not less than a majority in Total Bond Obligation shall have made written request upon the Trustee to exercise the powers heretofore granted or to institute such suit, action or proceeding in its own name; (c) such owner or said owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have refused or failed to comply with such request for a period of 60 days after such written request shall have been received by and said tender of indemnity shall have been made to, the Trustee and (e) the Trustee shall not have
received contrary directions from the owners of a majority in aggregate principal amount of the Total Bonds Obligation.

Section 11.06  No Impairment of Right to Enforce Payment.  Notwithstanding any other provision in this Trust Agreement, the right of any Bondholder to receive payment of the principal of and interest on such Holder’s Bond, on or after the respective due dates expressed therein, or to institute suit for the enforcement of any such payment on or after such respective date, shall not be impaired or affected without the consent of such Bondholder.

Section 11.07  Proceedings by Trustee Without Possession of Bonds.  All rights of action under this Trust Agreement or under any of the Bonds secured hereby which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the equal and ratable benefit of the Bondholders, as the case may be, subject to the provisions of this Trust Agreement.

Section 11.08  No Remedy Exclusive.  No remedy herein conferred upon or reserved to the Trustee or to Bondholders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute; provided, however, that any conditions set forth herein to the taking of any remedy to enforce the provisions of this Trust Agreement or the Bonds shall also be conditions to seeking any remedies under any of the foregoing pursuant to this Section 11.08.

Section 11.09  No Waiver of Remedies.  No delay or omission of the Trustee or of any Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein and every power and remedy given by this Article XII to the Trustee and to the Bondholders, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 11.10  Application of Moneys.

(a) Any moneys received by the Trustee for the benefit of Bondholders, by any receiver or by any Bondholder pursuant to any right given or action taken under the provisions of this Article XII, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses, liabilities and advances incurred or made by the Trustee (including without limitation reasonable fees and reasonable expenses of its attorneys), shall be deposited in the Revenue Fund and all moneys so deposited in the Revenue Fund during the continuance of an Event of Default shall be applied (i) first, to the payment to the persons entitled thereto of all installments of interest then due on the Bonds, with interest on overdue installments, if lawful, at the rate per annum borne by the Bonds, as the case may be, in the order of maturity of the installments of such interest (if the amount available for such interest installments shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment), and if the amount available for such interest shall not be sufficient to make payment thereof, then to the payment thereof ratably according to the respective aggregate amounts due and (ii) second, to the payment to the persons entitled thereto of the unpaid principal, as applicable, of any of the Bonds which shall have become due with interest on such Bonds at their respective rate from the respective dates upon which they became due (if the amount available for such unpaid principal and interest shall not be sufficient to pay in full Bonds due on any
particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege among Holders of Bonds), and, if the amount available for such principal and interest shall not be sufficient to make full payment thereof, then to the payment thereof ratably according to the respective aggregate amounts due.

(b) Whenever moneys are to be applied pursuant to the provisions of this Section 11.10, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts to be paid on such date shall cease to accrue. The Trustee shall give notice of the deposit with it of any such moneys and of the fixing of any such date by Mail to all Bondholders and shall not be required to make payment to any Bondholder until such Bonds shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 11.11 Severability of Remedies. It is the purpose and intention of this Article XII to provide rights and remedies to the Trustee and the Bondholders which may be lawfully granted under the provisions of applicable law, but should any right or remedy herein granted be held to be unlawful, the Trustee and the Bondholders shall be entitled, as above set forth, to every other right and remedy provided in this Trust Agreement and by applicable law.

Section 11.12 Additional Events of Default and Remedies. So long as any Bonds are Outstanding, the Events of Default and remedies as set forth in this Article XII may be supplemented with additional Events of Default and remedies as set forth from time to time in a supplemental agreement.

ARTICLE XII

TRUSTEE; REGISTRAR

Section 12.01 Acceptance of Trusts. The Trustee hereby accepts and agrees to execute the trusts specifically imposed upon it by this Trust Agreement, but only upon the additional terms set forth in this Article XIII, to all of which the City agrees and the respective Bondholders agree by their acceptance of delivery of any of the Bonds.

Section 12.02 Duties of Trustee.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person’s own affairs.

(b) Except during the continuance of an Event of Default:

(i) the Trustee need perform only those duties that are specifically set forth in this Trust Agreement and no others; and
(ii) in the absence of negligence on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Trust Agreement. However, the Trustee shall examine the certificates and opinions to determine whether they conform to the requirements of this Trust Agreement.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section 12.02;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer unless the Trustee was negligent in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action it takes or fails to take in good faith in accordance with a direction received by it from Bondholders or the City in the manner provided in this Trust Agreement; and

(iv) no provision of this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers if repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Every provision of this Trust Agreement that in any way relates to the Trustee is subject to all the paragraphs of this Section 12.02.

(e) The Trustee may refuse to perform any duty or exercise any right or power unless it receives indemnity reasonably satisfactory to it against any loss, liability or expense.

(f) The Trustee shall not be liable for interest on any cash held by it except as the Trustee may agree with the City.

Section 12.03 Rights of Trustee.

(a) The recitals of facts contained herein and in the Bonds shall be taken as statements of the City, and the Trustee assumes no responsibility for the correctness of the same (other than the certificate of authentication of the Trustee on each Bond), and makes no representations as to the validity or sufficiency of this Trust Agreement or of the Bonds or of any Permitted Investment and shall not incur any responsibility in respect of any such matter, other than in connection with the duties or obligations expressly assigned to or imposed upon it herein or in the Bonds. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence, willful misconduct or breach of the express terms and conditions hereof. The Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Holder of a Bond may be entitled to take, with like effect as if the Trustee was not the Trustee under this Trust Agreement.
(b) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the opinion of such counsel shall be authorization for any action taken or not taken in reliance on such opinion, but the Trustee shall be answerable for the negligence or misconduct of any such attorney, agent or receiver selected by it.

(c) No permissive power, right or remedy conferred upon the Trustee hereunder shall be construed to impose a duty to exercise such power, right or remedy.

(d) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the City, personally or by agent or attorney.

(e) The Trustee shall not be responsible for the application or handling by the City of any moneys transferred to or pursuant to any requisition or request of the City in accordance with the terms and conditions hereof.

(f) Whether or not therein expressly so provided, every provision of this Trust Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article XIII.

(g) The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, facsimile transmission, electronic mail, opinion, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

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

(i) The Trustee agrees to accept and act upon facsimile transmission of written instructions and/or directions pursuant to this Trust Agreement provided, however, that: (x) subsequent to such facsimile transmission of written instructions and/or directions the Trustee shall forthwith receive the originally executed instructions and/or directions, (y) such originally executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (z) the Trustee shall
have received a current incumbency certificate containing the specimen signature of such designated person.

Section 12.04 Individual Rights of Trustee. The Trustee in its individual or any other capacity may become the owner or pledgee of Bonds and may otherwise deal with the City with the same rights it would have if it were not Trustee. Any Paying Agent or other agent may do the same with like rights.

Section 12.05 Trustee’s Disclaimer. The Trustee makes no representations as to the validity or adequacy of this Trust Agreement or the Bonds, it shall not be accountable for the City’s use of the proceeds from the Bonds paid to the City and it shall not be responsible for any statement in any official statement or other disclosure document or in the Bonds other than its certificate of authentication.

Section 12.06 Notice of Defaults. If an event occurs which with the giving of notice or lapse of time or both would be an Event of Default, and if the event is continuing and if it is actually known to the Trustee, the Trustee shall mail to each Bondholder notice of the event within 90 days after it occurs. Except in the case of a default in payment or purchase on any Bonds, the Trustee may withhold the notice to Bondholders if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Bondholders.

Section 12.07 Compensation of Trustee. The City shall from time to time, but only in accordance with a written agreement in effect with the Trustee, pay to the Trustee reasonable compensation for its services and shall reimburse the Trustee for all its reasonable advances and expenditures, including but not limited to advances to and fees and expenses of independent appraisers, accountants, consultants, counsel, agents and attorneys-at-law or other experts employed by it in the exercise and performance of its powers and duties hereunder. The Trustee shall not otherwise have any claims or lien for payment of compensation for its services against any other moneys held by it in the funds or accounts established hereunder, except as provided in Section 11.10, but may take whatever legal actions are lawfully available to it directly against the City. To the extent permitted by applicable law, the City agrees to indemnify and save the Trustee, its officers, employees, directors and agents, harmless against any costs, expenses, claims or liabilities whatsoever, including, without limitation, fees and expenses of its attorneys, that it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or willful misconduct. The agreement contained in this Section shall survive the payment of the Bonds, the discharge of this Trust Agreement and the appointment of a successor trustee.

Section 12.08 Eligibility of Trustee. This Trust Agreement shall always have a Trustee that is a trust company, a bank or association having trust powers and is organized and doing business under the laws of the United States or any state or the District of Columbia, is subject to supervision or examination by United States, state or District of Columbia authority and has a combined capital and surplus of at least $100,000,000 as set forth in its most recent published annual report of condition.

Section 12.09 Replacement of Trustee.

(a) The Trustee may resign as trustee hereunder by notifying the City in writing prior to the proposed effective date of the resignation. The Holders of a majority in Total Bond Obligation of the Bonds may remove the Trustee by notifying the removed Trustee and may appoint
a successor Trustee with the City’s consent. The City may remove the Trustee, by notice in writing delivered to the Trustee 30 days prior to the proposed removal date; provided, however, that the City shall have no right to remove the Trustee during any time when an Event of Default has occurred and is continuing unless (i) the Trustee fails to comply with the foregoing Section, (ii) the Trustee is adjudged a bankrupt or an insolvent, (iii) the Trustee otherwise becomes incapable of acting or (iv) the City determines that the Trustee’s services are no longer satisfactory to the City. No resignation or removal of the Trustee under this Section shall be effective until a new Trustee has taken office. If the Trustee resigns or is removed or for any reason is unable or unwilling to perform its duties under this Trust Agreement, the City shall promptly appoint a successor Trustee.

(b) A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the City. Immediately thereafter, the retiring Trustee shall transfer all property held by it as Trustee to the successor Trustee, the resignation or removal of the retiring Trustee shall then (but only then) become effective and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Trust Agreement. If a Trustee is not performing its duties hereunder and a successor Trustee does not take office within 60 days after the retiring Trustee delivers notice of resignation or the City delivers notice of removal, the retiring Trustee, the City or the Holders of a majority in Total Bond Obligation of the Bonds may petition any court of competent jurisdiction for the appointment of a successor Trustee.

Section 12.10 Successor Trustee or Agent by Merger. If the Trustee, any Paying Agent or Registrar consolidates with, merges or converts into, or transfers all or substantially all its assets (or, in the case of a bank or trust company, its corporate trust business) to, another corporation, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee, Paying Agent or Registrar.

Section 12.11 Registrar. The City shall appoint the Registrar for the Bonds and may from time to time remove a Registrar and name a replacement upon notice to the Trustee. The City hereby appoints the Trustee as Registrar. Each Registrar, if other than the Trustee, shall designate to the Trustee, the Paying Agent, and the City its principal office and signify its acceptance of the duties imposed upon it hereunder by a written instrument of acceptance delivered to the City and the Trustee under which such Registrar will agree, particularly, to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the City, the Trustee, and the Paying Agent at all reasonable times.

Section 12.12 Other Agents. The City or the Trustee may from time to time appoint other agents to perform duties and obligations under this Trust Agreement which agents may include, but not be limited to, authenticating agents all as provided by resolution of the City.

Section 12.13 Several Capacities. Anything in this Trust Agreement to the contrary notwithstanding, the same entity may serve hereunder as the Trustee, Registrar and any other agent as appointed to perform duties or obligations under this Trust Agreement or an escrow agreement, or in any combination of such capacities, to the extent permitted by law.

Section 12.14 Accounting Records and Reports of Trustee.

(a) The Trustee shall at all times keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of the Bonds and all Funds and Accounts established pursuant to this Trust
Agreement and held by the Trustee. Such books of record and account shall be available for
inspection by the City and any Bondholder, or his agent or representative duly authorized in writing,
at reasonable hours and under reasonable circumstances.

(b) The Trustee shall file and furnish to the City and to each Bondholder who
shall have filed his name and address with the Trustee for such purpose (at such Bondholder’s cost),
on an annual basis (or, with respect to the City, such other interval that the City may request), a
complete financial statement (which may be its regular account statements and which need not be
audited) covering receipts, disbursements, allocation and application of moneys in any of the funds
and accounts established pursuant to this Trust Agreement for the preceding year.

Section 12.15 No Remedy Exclusive. No remedy herein conferred upon or reserved to the
City is intended to be exclusive of any other remedy or remedies, and each and every such remedy
shall be cumulative, and shall be in addition to every other remedy given hereunder, or now or
hereafter existing at law or in equity or by statute.

ARTICLE XIII

MODIFICATION OF THIS TRUST AGREEMENT

Section 13.01 Limitations. This Trust Agreement shall not be modified or amended in any
respect subsequent to the first delivery of fully executed and authenticated Bonds except as provided
in and in accordance with and subject to the provisions of this Article XIV.

Section 13.02 Supplemental Agreements Not Requiring Consent of Bondholders.

(a) The City may, from time to time and at any time, without the consent of or
notice to the Bondholders, execute and deliver supplemental agreements supplementing and/or
amending this Trust Agreement as follows:

(i) to cure any defect, omission, inconsistency or ambiguity in this Trust
Agreement;

(ii) to add to the covenants and agreements of the City in this Trust
Agreement other covenants and agreements, or to surrender any right or power reserved or conferred
upon the City, and which shall not adversely affect the interests of the Bondholders;

(iii) to confirm, as further assurance, any interest of the Trustee in and to
the Funds and Accounts held by the Trustee or in and to any other moneys, securities or funds of the
City provided pursuant to this Trust Agreement or to otherwise add security for the Bondholders;

(iv) to comply with the requirements of the Trust Indenture Act of 1939,
as from time to time amended;

(v) to modify, alter, amend or supplement this Trust Agreement in any
other respect which, in the judgment of the City, is not materially adverse to the Bondholders;

(vi) to qualify the Bonds for a rating or ratings by any Rating Agency; and
(vii) to authorize the issuance of Additional Bonds in accordance with this Trust Agreement.

(b) Before the City shall, pursuant to this Section 14.02, execute any supplemental agreement there shall have been delivered to the City an opinion of Bond Counsel to the effect that such supplemental agreement (i) is authorized or permitted by this Trust Agreement and the Refunding Law, and (ii) will, upon the execution and delivery thereof, be valid and binding upon the City in accordance with its terms, subject to the typical exceptions.

Section 13.03 Supplemental Agreement Requiring Consent of Bondholders.

(a) Except for any supplemental agreement entered into pursuant to Section 14.02, the Holders of not less than a majority in Total Bond Obligation shall have the right from time to time to consent to and approve the execution by the City of any supplemental agreement deemed necessary or desirable by the City for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in this Trust Agreement or in a supplemental agreement; provided, however, that, unless approved in writing by the Holders of all the Bonds then Outstanding, nothing contained herein shall permit or be construed as permitting (i) a change in the times, amounts or currency of payment of the principal of or interest on any Outstanding Bonds or (ii) a reduction in the principal amount or redemption price of any Outstanding Bonds or the rate of interest thereon; and provided that nothing contained herein, including the provisions of Section 14.03(b) below, shall, unless approved in writing by the Holders of all the Bonds then Outstanding, permit or be construed as permitting (1) a preference or priority of any Bond or Bonds over any other Bond or Bonds or (2) a reduction in the aggregate principal amount of Bonds the consent of the Holders of which is required for any such supplemental agreement. Nothing herein contained, however, shall be construed as making necessary the approval by Holders of the execution of any supplemental agreement as authorized in Section 14.02.

(b) If at any time the City shall desire to enter into any supplemental agreement for any of the purposes of this Section 14.03, the City shall cause notice of the proposed execution of the supplemental agreement to be given by Mail to all Holders. Such notice shall briefly set forth the nature of the proposed supplemental agreement and shall state that a copy thereof is on file at the office of the City for inspection by all Holders.

(c) Within two weeks after the date of the first mailing of such notice, the City may execute and deliver such supplemental agreement in substantially the form described in such notice, but only if there shall have first been delivered to the City (i) the required consents, in writing, of Holders and (ii) an opinion of Bond Counsel stating that such supplemental agreement is authorized or permitted by this Trust Agreement and other applicable law, complies with their respective terms and, upon the execution and delivery thereof, will be valid and binding upon the City in accordance with its terms.

(d) If Holders of not less than the percentage of Bonds required by this Section 14.03 shall have consented to and approved the execution and delivery thereof as herein provided, no Holders shall have any right to object to the adoption of such supplemental agreement, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain the City from executing the same or from taking any action pursuant to the provisions thereof.
**Section 13.04 Effect of Supplemental Agreements.** Upon execution and delivery of any supplemental agreement pursuant to the provisions of this Article XIV, this Trust Agreement and all supplemental agreements shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Trust Agreement and all supplemental agreements of the City, the Trustee, the Registrar, any Paying Agent and all Holders shall thereafter be determined, exercised and enforced under this Trust Agreement and all supplemental agreements, subject in all respects to such modifications and amendments.

**Section 13.05 Supplemental Agreements to be Part of this Trust Agreement.** Any supplemental agreement adopted in accordance with the provisions of this Article XIV shall thereafter form a part of this Trust Agreement or the supplemental agreement which they supplement or amend, and all of the terms and conditions contained in any such supplemental agreement as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Trust Agreement which they supplement or amend for any and all purposes.

**ARTICLE XIV**

**MISCELLANEOUS PROVISIONS**

**Section 14.01 Parties in Interest.** Except as herein otherwise specifically provided, nothing in this Trust Agreement expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the City, the Paying Agent, the Trustee, and the Bondholders any right, remedy or claim under or by reason of this Trust Agreement, this Trust Agreement being intended to be for the sole and exclusive benefit of the City, the Paying Agent, the Trustee and the Bondholders.

**Section 14.02 Severability.** In case any one or more of the provisions of this Trust Agreement, or of any Bonds issued hereunder shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Trust Agreement or of Bonds, and this Trust Agreement and any Bonds issued hereunder shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

**Section 14.03 No Personal Liability of City Officials; Limited Liability of City to Bondholders.**

(a) No covenant or agreement contained in the Bonds or in this Trust Agreement shall be deemed to be the covenant or agreement of any present or future official, officer, agent or employee of the City in his individual capacity, and neither the members of the City Council of the City nor any person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

(b) Except for the payment when due of the payments and the observance and performance of the other agreements, conditions, covenants and terms required to be performed by it contained in this Trust Agreement, the City shall not have any obligation or liability to the Bondholders with respect to this Trust Agreement or the preparation, execution, delivery, transfer, exchange or cancellation of the Bonds or the receipt, deposit or disbursement of the payments by the Trustee, or with respect to the performance by the Trustee of any obligation required to be performed by it contained in this Trust Agreement.
Section 14.04 Execution of Instruments; Proof of Ownership.

(a) Any request, direction, consent or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by Bondholders or on their behalf by an attorney-in-fact may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by an agent or attorney-in-fact appointed by an instrument in writing or as provided in the Bonds. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Trust Agreement and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument if made in the following manner:

(i) the fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution; and

(ii) the ownership of Bonds shall be proved by the registration books kept under the provisions of Section 3.01 hereof;

(b) Nothing contained in this Section 15.04 shall be construed as limiting the Trustee to such proof. The Trustee may accept any other evidence of matters herein stated which it may deem sufficient. Any request, consent of, or assignment by any Bondholder shall bind every future Bondholder of the same Bonds or any Bonds issued in lieu thereof in respect of anything done by the Trustee or the City in pursuance of such request or consent.

Section 14.05 Governing Law; Venue. This Trust Agreement is made in the State under the Constitution and laws of the State and is to be so construed. If any party to this Trust Agreement initiates any legal or equitable action to enforce the terms of this Trust Agreement, to declare the rights of the parties under this Trust Agreement or which relates to this Trust Agreement in any manner, each such party agrees that the place of making and for performance of this Trust Agreement shall be the City of Arcadia, State of California, and the proper venue for any such action is the Superior Court of the State of California, in and for the City of Arcadia.

Section 14.06 Notices.

(a) Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver or other communication required or permitted by this Trust Agreement or the Bonds must be in writing except as expressly provided otherwise in this Trust Agreement or the Bonds.

(b) The Trustee shall give written notice to the Rating Agencies if at any time (i) a successor Trustee is appointed under this Trust Agreement, (ii) there is any amendment to this Trust Agreement, (ii) Bonds are to be redeemed pursuant to Section 4.02, (iv) notice of any defeasance of the Bonds, or (v) if the Bonds shall no longer be Book-Entry Bonds. Notice in the case of an event referred to in clause (ii) hereof shall include a copy of any such amendment.

(c) Except as otherwise required herein, all notices required or authorized to be given to the City, the Trustee and Paying Agent, and the Rating Agencies pursuant to this Trust
Agreement shall be in writing and shall be sent by registered or certified mail, postage prepaid, to the following addresses:

1. if to the City, to:

   City of Arcadia
   240 West Huntington Drive
   Arcadia, California 91066
   Attention: City Manager
   Telephone: (626) 574-5400

2. if to the Trustee and Paying Agent, to:

   __________________________________________
   __________________________________________
   __________________________________________
   __________________________________________

3. if to S&P, to:

   S&P Global Ratings
   55 Water Street
   New York, New York 10041

or to such other addresses as may from time to time be furnished to the parties, effective upon the receipt of notice thereof given as set forth above.

**Section 14.07 Holidays.** If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Trust Agreement, shall not be a Business Day, such payment may, unless otherwise provided in this Trust Agreement be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Trust Agreement, and no interest shall accrue for the period from and after such nominal date.

**Section 14.08 Captions.** The captions and table of contents in this Trust Agreement are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Trust Agreement.

**Section 14.09 Counterparts.** This Trust Agreement may be signed in several counterparts, each of which will be an original, but all of them together constitute the same instrument.
IN WITNESS WHEREOF, the parties hereto have executed this Trust Agreement by their officers thereunto duly authorized as of the date first above written.

CITY OF ARCADIA

By: ________________________________
   City Manager

ATTEST:

____________________________
City Clerk

____________________________, as Trustee

By: ________________________________
   Authorized Officer
EXHIBIT “A”
FORM OF BOND

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the City of Arcadia or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. ____ $_____________

CITY OF ARCADIA
2020 TAXABLE PENSION OBLIGATION BONDS

Neither the faith and credit nor the taxing power of the State of California or any public agency is pledged to the payment of the principal of, or interest on, this Bond.

<table>
<thead>
<tr>
<th>Maturity</th>
<th>Interest Rate Per Annum</th>
<th>Dated Date</th>
<th>CUSIP NO.</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, _____</td>
<td>_____%</td>
<td>____________, 2020</td>
<td>____________</td>
</tr>
</tbody>
</table>

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _________________ AND NO/100 DOLLARS

THE CITY OF ARCADIA, a charter city duly organized and validly existing under and pursuant to the Constitution and the laws of the State of California and its charter, for value received, hereby promises to pay to the registered owner named above or registered assigns, on the maturity date specified above, the principal sum specified above together with interest on such principal sum at the rates determined as herein provided on each Interest Payment Date (hereinafter defined) from the Interest Payment Date next preceding the date of authentication and delivery thereof, unless (i) such date of authentication is an Interest Payment Date in which event interest shall be payable from such date of authentication; (ii) it is authenticated after a Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest thereon shall be payable from its Dated Date; provided, however, that if at the time of authentication of any Bond interest thereon is in default, interest thereon shall be payable from the Interest Payment Date to which interest has previously
been paid or made available for payment or, if no interest has been paid or made available for payment, from its Dated Date. The principal hereof and premium, if any, hereon are payable when due upon presentation hereof at the Principal Office of _____________________________, as trustee (together with any successor as trustee under the Trust Agreement (hereinafter defined), the “Trustee”), in lawful money of the United States of America.

This Bond is one of a duly authorized issue of City of Arcadia 2020 Taxable Pension Obligation Bonds (the “Bonds”) of the designation indicated on the face hereof. Said authorized issue of Bonds is limited in aggregate principal amount as provided in the Trust Agreement and consists or may consist of one or more series of varying denominations, dates, maturities, interest rates and other provisions, as provided in the Trust Agreement, all issued and to be issued pursuant to the provisions of Articles 10 and 11 (commencing with Section 53570 of Chapter 3 of Division 2 of Title 5 of the California Government Code (the “Refunding Law”). This Bond is issued pursuant to the Trust Agreement dated as of _______ 1, 2020 by and between the City of Arcadia and _____________________________, as trustee, providing for the issuance of the Bonds and setting forth the terms and authorizing the issuance of the Bonds (said Trust Agreement as amended, supplemented or otherwise modified from time to time being the “Trust Agreement”). Reference is hereby made to the Trust Agreement and to the Refunding Law for a description of the terms on which the Bonds are issued and to be issued, and the rights of the registered owners of the Bonds; and all the terms of the Trust Agreement and the Refunding Law are hereby incorporated herein and constitute a contract between the City and the registered owner from time to time of this Bond, and to all the provisions thereof the registered owner of this Bond, by its acceptance hereof, consents and agrees. All capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Trust Agreement.

The City is required under the Trust Agreement to make payments on the Bonds from any source of legally available funds. The City has covenanted to make the necessary annual appropriations for such purpose.

The obligation of the City to make payments on the Bonds does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation.

This Bond is one of the Bonds described in the Trust Agreement.

Interest on Bonds

Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The Bonds or the principal portion thereof called for redemption will cease to bear interest after the specified redemption date, provided that notice has been given pursuant to the Trust Agreement and sufficient funds for redemption are on deposit at the place of payment on the redemption date.

Redemption of Bonds

Optional Redemption. The Bonds maturing on or after July 1, 20__ may be redeemed at the option of the City from any source of funds on any date on or after July 1, 20__ in whole or in part from such maturities as are selected by the City and by lot within a maturity at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the date of redemption, without premium.
Mandatory Sinking Fund Redemption of Bonds. The Bonds maturing July 1, 20__ (the “20__ Term Bonds”) are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium. The 20__ Term Bonds shall be so redeemed on the following dates and in the following amounts:

<table>
<thead>
<tr>
<th>Redemption Date</th>
<th>Principal Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>(July 1)</td>
<td></td>
</tr>
</tbody>
</table>

* Final maturity.

Certain Defined Terms

“Interest Payment Date” means July 1 and January 1 of each year, commencing ______ 1, [2020].

“Record Date” means the fifteenth day of each calendar month preceding any Interest Payment Date, regardless of whether such day is a Business Day.

Other Provisions

The rights and obligations of the City and of the holders and registered owners of the Bonds may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Trust Agreement, which provide, in certain circumstances, for modifications and amendments without the consent of or notice to the registered owners of the Bonds.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Bond, and in the issuing of this Bond, do exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California, and
that this Bond, is within every debt and other limit prescribed by the Constitution and the statutes of
the State of California, and is not in excess of the amount of Bonds permitted to be issued under the
Trust Agreement or the Refunding Law.

This Bond shall not be entitled to any benefit under the Trust Agreement, or become valid or
obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been
manually signed by the Trustee.
IN WITNESS WHEREOF, THE CITY OF ARCADIA, a charter city duly organized and validly existing under and pursuant to the Constitution and the laws of the State of California and its charter, has caused this Bond to be executed in its name and on its behalf by the Mayor of the City Council, and attested by the City Clerk, and this Bond to be dated as of the Dated Date.

CITY OF ARCADIA

By: ________________________________
Its: Mayor

ATTEST:

______________________________
City Clerk

[FORM OF CERTIFICATE OF AUTHENTICATION AND REGISTRATION]

This is one of the Bonds described in the within-mentioned Trust Agreement and authenticated the date set forth below.

Dated: __________, 20__

______________________________, as Trustee

By: ________________________________

Authorized Signatory
[FORM OF LEGAL OPINION]

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, in connection with the issuance of, and dated as of the date of the original delivery of, the Bonds. A signed copy is on file in my office.

City Clerk of the City of Arcadia
[FORM OF ASSIGNMENT]

For value received _____________________ hereby sells, assigns and transfers unto ____________________(Tax I.D. No.: ________________) the within Bond and hereby irrevocably constitute and appoints ________________ attorney, to transfer the same on the books of the City at the office of the Trustee, with full power of substitution in the premises.

NOTE: The signature to this Assignment must correspond with the name on the face of the within Registered Bond in every particular, without alteration or enlargement or any change whatsoever.

Dated: _______________

Signature Guaranteed by: ________________________

NOTE: Signature must be guaranteed by an eligible guarantor institution.
EXHIBIT “B”

FORM OF REQUISITION

TO: [Trustee]  City of Arcadia Use Only

Request No. __

DISBURSEMENT REQUEST: REGARDING $________ CITY OF ARCADIA 2020 TAXABLE PENSION OBLIGATION BONDS

You are hereby requested to pay from the Costs of Issuance Fund established by the Trust Agreement with respect to the above-referenced bonds, to the person, corporation or other entity designated below as Payee, the sum set forth below such designation, in payment of all ( ) or a portion ( ) of the Costs of Issuance described below.

Name of Payee: ________________________________
Address: _____________________________________

Amount: $________
Method of Payment: ____________________________
Service Provided: ______________________________

The undersigned hereby certifies that:

(i) s/he is an Authorized City Representative;

(ii) this requisition for payment is in accordance with the terms and provisions of Section 6.01 of the Trust Agreement;

(iii) each item to be paid with the requisitioned funds represents either incurred or due and payable Costs of Issuance;

(iv) such Costs of Issuance have not been paid from other funds withdrawn from the Costs of Issuance Fund; and

(v) to the best of the signatory’s knowledge no Event of Default has occurred and is continuing under the Trust Agreement.

Dated: _____________ CITY OF ARCADIA

By: ________________________________
   Name:
   Title:

4839-3603-3972/024217-0006
BOND PURCHASE AGREEMENT

___________, 2020

City of Arcadia
240 West Huntington Drive
Arcadia, California 91066

Ladies and Gentlemen:

The undersigned _______________ (the “Representative”), on behalf of itself and on behalf of _______________ (collectively, the “Underwriter”) offers to enter into this Bond Purchase Agreement (this “Purchase Agreement”) with the City of Arcadia, California (the “City”), which, upon the acceptance by the City, will be binding upon the City and the Underwriter. This offer is made subject to acceptance by the City by the execution of this Purchase Agreement and delivery of the same to the Underwriter prior to 11:59 P.M., California time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the City at any time prior to the acceptance hereof by the City. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Trust Agreement (defined herein).

Section 1. Purchase and Sale. Upon the terms and conditions and on the basis of the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the City, and the City hereby agrees to issue, sell and deliver to the Underwriter all (but not less than all) of the City of Arcadia Taxable Pension Obligation Bonds, Series 2020 (the “Bonds”) in the aggregate principal amount of $________. The Bonds shall be dated as of their date of delivery. Interest on the Bonds shall be payable semiannually on July 1 and January 1 in each year, commencing ________ 1, [2020] (each an “Interest Payment Date”) and will bear interest at the rates and on the dates as set forth in Exhibit A hereto. The purchase price for the Bonds shall be $________ (which represents the principal amount of the Bonds in the amount of $________, less an Underwriter’s discount of $________).

The Underwriter agrees to make a bona fide public offering of the Bonds at the initial offering yields set forth in the Official Statement (defined herein); however, the Underwriter reserves the right to make concessions to dealers and to change such initial offering yields as the Underwriter shall deem necessary in connection with the marketing of the Bonds. The Underwriter agrees that, in connection with the public offering and initial delivery of the Bonds to the purchasers thereof from the Underwriter, the Underwriter will deliver or cause to be delivered to each purchaser a copy of the final Official Statement prepared in connection with the Bonds, for the time period required under Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”). Terms defined in the Preliminary Official Statement, and to be set forth in the final Official Statement are used herein as so defined.
The City acknowledges and agrees that: (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm’s-length commercial transaction between the City and the Underwriter; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not acting as a municipal advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended), financial advisor or fiduciary; (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the City with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the City on other matters); (iv) the only obligations the Underwriter has to the City with respect to the transaction contemplated hereby expressly are set forth in this Purchase Agreement; and (v) the City has consulted its own financial and/or municipal, legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

Section 2. The Bonds. The Bonds are being issued pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the “Refunding Law”) and the Trust Agreement, dated as of __________ 1, 2020 (the “Trust Agreement”), between the City and ______________________________, as trustee (together with any successor as trustee under the Trust Agreement, the “Trustee”). The Bonds shall be obligations of the City payable from any lawfully available funds, shall not be limited as to payment to any special source of funds of the City and the payment thereof shall not be subject to appropriation. The Bonds do not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The Bonds otherwise shall be as described in the Preliminary Official Statement and the Official Statement, the Refunding Law and the Legal Documents. The Underwriter’s agreement to purchase the Bonds from the City is made in reliance upon the City’s representations, covenants and warranties and on the terms and conditions set forth in this Purchase Agreement.

The City is obligated by the Public Employees’ Retirement Law, constituting Part 3 of Division 5 of Title 2 of the California Government Code (the “Retirement Law”), and the contract between the Board of Administration of the California Public Employees’ Retirement System (“PERS”), established under Government Code sections 20000 through 21500 of (the “Retirement Law”), and the City Council of the City, effective July 1, 1948 (as amended, the “PERS Contract”), to make contributions to PERS to (a) fund pension benefits for its employees who are members of PERS, (b) amortize the unfunded actuarial liability with respect to such pension benefits, and (c) appropriate funds for the purposes described in (a) and (b). The City participates in two retirement plans (with tiers within such plans) under the PERS Contract.

The proceeds of the Bonds will be used to: (i) refund the City’s obligations to PERS evidenced by the two retirement plans in which the City participates pursuant to the PERS Contract and representing the current unfunded accrued liability (the “Unfunded Liability”) with respect to certain pension benefits under the Retirement Law, and (ii) pay certain costs associated with the issuance and delivery of the Bonds.

Section 3. Public Offering. The Underwriter agrees to make an initial public offering of all the Bonds at the public offering prices (or yields) set forth on Exhibit A attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds, provided that the Underwriter shall not change the interest rates set forth on Exhibit A. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices.
Section 4. **The Official Statement.** By its acceptance of this Purchase Agreement, the City ratifies, confirms and approves of the use and distribution by the Underwriter prior to the date hereof of the Preliminary Official Statement relating to the Bonds, dated _________, 2020 (including the cover page, all appendices and all information incorporated therein and any supplements or amendments thereto and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, the “Preliminary Official Statement”) that the City has deemed “final” as of its date, for purposes of Rule 15c2-12 except for certain omissions permitted to be omitted therefrom by Rule 15c2-12. The City hereby agrees to deliver or cause to be delivered to the Underwriter, within seven (7) business days of the date hereof, copies of the final official statement, dated the date hereof, relating to the Bonds (including all information previously permitted to have been omitted by Rule 15c2-12, the cover page, all appendices, all information incorporated therein and any amendments or supplements as have been approved by the City and the Underwriter (the “Official Statement”)) in such quantity as the Underwriter shall reasonably request to comply with Rule 15c2-12(b)(4) and the rules of the Municipal Securities Rulemaking Board (the “MSRB”). To the extent required by applicable MSRB Rules, the City hereby confirms that it does not object to distribution of the Official Statement in electronic form.

Section 5. **Closing.** At 8:00 a.m., California time, on __________, 2020, or at such other time or date as the City and the Underwriter mutually agree upon, the City shall deliver or cause to be delivered to the Trustee, and the Trustee shall deliver or cause to be delivered through the facilities of The Depository Trust Company, New York, New York (“DTC”), the Bonds in definitive form, duly executed and authenticated. Concurrently with the delivery of the Bonds, the City shall deliver the documents hereinafter mentioned at the offices of Stradling Yocca Carlson & Rauth, Newport Beach, California (“Bond Counsel”) or another place to be mutually agreed upon by the City and the Underwriter. The Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof by wire transfer in immediately available funds. This payment for and delivery of the Bonds, together with the delivery of the aforementioned documents referenced herein, is called the “Closing.”

The Bonds shall be registered in the name of Cede & Co., as nominee of DTC in denominations of $5,000 and any integral multiple thereof as provided in the Trust Agreement, and shall be made available to the Underwriter at least one (1) business day before the Closing for purposes of inspection and packaging. The City acknowledges that the services of DTC will be used initially by the Underwriter to permit the issuance of the Bonds in book-entry form, and agrees to cooperate fully with the Underwriter in employing such services.

Section 6. **Representations, Warranties and Covenants of the City.** The City represents, warrants and covenants to the Underwriter as follows.

(a) The City is a general law city and municipal corporation of the State of California (the “State”), duly organized and validly existing pursuant to the Constitution and laws of the State.

(b) The City had full legal right, power and authority to adopt the Resolution, and the City has, and at the Closing Date will have, full legal right, power and authority (i) to execute and deliver the Trust Agreement, the Continuing Disclosure Certificate relating to the Bonds (the “Continuing Disclosure Certificate”) and this Purchase Agreement (collectively, the “Legal Documents”), to perform its obligations under the Legal Documents, and has by official action duly authorized and approved the execution and delivery of, and the performance by the City of the obligations on its part contained in the Legal Documents, (ii) to issue, sell and deliver the Bonds to the Underwriter as provided herein, and (iii) to carry out, give effect to and consummate the transactions contemplated by the Legal Documents and the Resolution.
(c) The City Council has duly and validly adopted the Resolution at a meeting of the City Council duly noticed and at which a quorum was present, and the Resolution has not been modified or amended and is in full force and effect, and has duly approved the execution and delivery of the Bonds and the other Legal Documents, and the performance by the City of its obligations contained therein, and the taking of any and all action as may be necessary to carry out, give effect to and consummate the transactions contemplated by each of said documents.

(d) The Bonds and the other Legal Documents have been, on or before the Closing Date will be, duly executed and delivered by the City, and, on the Closing Date, the Bonds, when authenticated and delivered to the Underwriter in accordance with the Trust Agreement, and the other Legal Documents will constitute legally valid and binding obligations, enforceable against the City in accordance with their respective terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or similar laws or equitable principles relating to or limiting creditors’ rights generally.

(e) The City is, and at the Closing Date will be, in compliance, in all respects, with the Legal Documents.

(f) The City is not in breach of or default under any applicable law or administrative regulation of the State or the United States of America or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument, in each case which breach or default has or may have a material adverse effect on the ability of the City to perform its obligations under the Legal Documents.

(g) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the City that has not been obtained is or will be required for the issuance and delivery of the Bonds or the consummation by the City of the other transactions contemplated by the Trust Agreement.

(h) The adoption of the Resolution and the execution and delivery by the City of the Legal Documents and the approval by the City of the Official Statement and compliance with the provisions on the City’s part contained in the Legal Documents, will not conflict with, or result in a violation or breach of, or constitute a default under, any law, administrative regulation, judgment, decree, loan agreement, indenture, trust agreement, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject to, which conflict, breach or default has or may have a material adverse effect on the ability of the City to carry out its obligations under the Legal Documents, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any material lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of City under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, trust agreement, bond, note, resolution, agreement or other instrument, except as provided by the Legal Documents.

(i) Prior to the date hereof, the City has provided to the Underwriter for its review the Preliminary Official Statement, that the City has deemed final for purposes of Rule 15c2-12, has approved the distribution of the Preliminary Official Statement and the Official Statement, and has duly authorized the execution and delivery of the Official Statement (including in electronic form). The Preliminary Official Statement, at the date thereof, and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein (other than the information relating to DTC and its book-entry system, as to which no view is expressed), in light of the circumstances under which they were made, not misleading. As of the date
hereof and on the Closing, the Official Statement did not and will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein (other than the information relating to DTC and its book-entry system, as to which no view is expressed), in light of the circumstances under which they were made, not misleading.

(j) By official action of the City prior to or concurrently with the acceptance hereof, the City has duly approved the distribution of the Preliminary Official Statement and the distribution of the Official Statement (including in electronic form), and has duly authorized and approved the execution and delivery of, and the performance by the City of the obligations on its part contained, in the Legal Documents.

(k) The City will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld. The City will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental authority prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds.

(l) The financial statements relating to the receipts, expenditures and cash balances of the City as of June 30, 2019 as set forth in the Preliminary Official Statement and in the Official Statement fairly represent the financial position and results of operations of the City as of the dates and for the periods therein set forth in accordance with generally accepted accounting principles. Except as disclosed in the Preliminary Official Statement, the Official Statement or otherwise disclosed in writing to the Underwriter, there has not been any materially adverse change in the financial position and results of operations of the City or in its operations since June 30, 2019 and, except as disclosed in the Preliminary Official Statement, the Official Statement or otherwise disclosed in writing to the Underwriter, there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(m) As of the time of acceptance hereof and as of the date of Closing, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, is pending or, to the knowledge of the City, threatened (i) in any way questioning the corporate existence of the City or the titles of the officers of the City to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the execution or delivery of any of the Bonds, or in any way contesting or affecting the validity of the Bonds or the Legal Documents or the consummation of the transactions contemplated thereby or contesting the power of the City to enter into the Legal Documents; (iii) which may result in any material adverse change to the financial condition of the City or to its ability to make payment of principal or redemption price of and interest on the Bonds when due; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clause (i) through (iv) of this sentence.

(n) To the extent required by law, the City will undertake, pursuant to the Continuing Disclosure Certificate, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement. Except as otherwise disclosed in the Preliminary Official Statement, the City has not failed to comply in all material respects with any previous undertakings with regard to Rule 15c2-12 to provide annual reports or notices of enumerated events in the past five years and, the City has been in material
compliance during the past five years with its continuing disclosure obligations in accordance with Rule 15c2-12.

(o) Any certificate signed by any officer of the City authorized to execute such certificate in connection with the issuance, sale and delivery of the Bonds and delivered to the Underwriter shall be deemed a representation and warranty of the City to the Underwriter as to the statements made therein but not of the person signing such certificate.

(p) The City will promptly apply the proceeds of the Bonds to refund the Unfunded Liability as of the date of issuance of the Bonds and to pay costs associated with the issuance and delivery of the Bonds.

(q) During the period from the date hereof until the Closing Date, the City agrees to furnish the Underwriter with copies of any documents it files with any regulatory authority which are reasonably requested by the Underwriter.

(r) The City is not in material default, nor has the City been in material default at any time, as to the payment of principal or interest with respect to a material obligation issued by the City or with respect to a material obligation guaranteed by the City as guarantor.

(s) As of the date hereof, the City does not have any revenue bonds, capital lease obligations, installment payment obligations or other material financial obligation, nor other material obligations secured by payments from the general fund of the City, except as disclosed in the Preliminary Official Statement and the Official Statement.

(t) The default judgment dated __________, 2020 entered in favor of the City in connection with City of Arcadia v. All Persons Interested, etc. was duly entered, the appeal period has run without any appeal having been filed, and the default judgment is in full force and effect.

(u) The City had, prior to the adoption of the Resolution, and has, in full force and effect, a Debt Management Policy that complies with Government Code Section 8855(i).

Section 7. Conditions to the Obligations of the Underwriter. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties of the City contained herein. The obligations of the Underwriter to accept delivery of and pay for the Bonds on the date of the Closing shall be subject, at the option of the Underwriter, to the accuracy in all respects of the statements of the officers and other officials of the City, as well as authorized representatives of the City Attorney, Bond Counsel, Disclosure Counsel and the Trustee made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by the City of its obligations to be performed hereunder at or prior to the date of the Closing, and to the following additional conditions:

(a) The representations, warranties and covenants of the City contained herein shall be true, complete and correct at the date hereof and at the time of the Closing, as if made on the date of the Closing;

(b) At the time of Closing, the Legal Documents shall be in full force and effect as valid and binding agreements between or among the various parties thereto, and the Legal Documents and the Preliminary Official Statement and the Official Statement shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter, and all such reasonable actions as, in the opinion of Bond Counsel, shall reasonably deem necessary in connection with the transactions contemplated hereby;
(c) At the time of the Closing, no default shall have occurred or be existing under the Legal Documents, or any other agreement or document pursuant to which any of the City’s financial obligations were executed and delivered, and the City shall not be in default in the payment of principal or interest with respect to any of its financial obligations, which default would result in any material adverse change to the financial condition of the City or adversely impact its ability to make payment of principal or redemption price of and interest on the Bonds when due;

(d) In recognition of the desire of the City and the Underwriter to effect a successful public offering of the Bonds, and in view of the potential adverse impact of any of the following events on such a public offering, this Purchase Agreement shall be subject to termination in the absolute discretion of the Underwriter by notification, in writing, to the City prior to delivery of and payment for the Bonds, if at any time prior to such time, regardless of whether any of the following statements of fact were in existence or known of on the date of this Purchase Agreement:

(i) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of America of a national emergency or war or other calamity or crisis the effect of which on financial markets is materially adverse such as to make it, in the sole judgment of the Underwriter, impractical to proceed with the purchase or delivery of the Bonds as contemplated by the Official Statement (exclusive of any amendment or supplement thereto); or

(ii) a general banking moratorium shall have been declared by federal, State or New York authorities, or the general suspension of trading on any national securities exchange; or

(iii) any event shall occur which makes untrue any statement or results in an omission to state a material fact necessary to make the statements in the Preliminary Official Statement and the Official Statement, in the light of the circumstances under which they were made, not misleading, which event, in the reasonable opinion of the Underwriter would materially or adversely affect the ability of the Underwriter to market the Bonds; or

(iv) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State shall be rendered which materially adversely affects the market price of the Bonds; or

(v) the marketability of the Bonds or the market price thereof, in the reasonable opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States of America or by any legislation in or by the Congress of the United States of America or by the State, or the amendment of legislation pending as of the date of this Purchase Agreement in the Congress of the United States of America, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States or the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States of America, or the favorable reporting for passage of legislation to either House of the Congress of the United States of America by a Committee of such House to which such legislation has been referred for consideration; or
(vi) an order, decree or injunction shall have been issued by any court of competent jurisdiction, or order, ruling, regulation (final, temporary or proposed), official statement or other form of notice or communication issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that: (i) obligations of the general character of the Bonds, or the Bonds, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Trust Agreement is not exempt from qualification under the Trust Indenture Act of 1939; or (ii) the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Preliminary Official Statement and the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect; or

(vii) legislation shall be introduced, by amendment or otherwise, or be enacted by the House of Representatives or the Senate of the Congress of the United States of America, or a decision by a court of the United States of America shall be rendered, or a stop order, ruling, regulation or official statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made or proposed, to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, as contemplated hereby or by the Preliminary Official Statement and the Official Statement, is or would be in violation of any provision of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect, or with the purpose or effect of otherwise prohibiting the issuance, offering or sale of the Bonds or obligations of the general character of the Bonds, as contemplated hereby or by the Preliminary Official Statement and the Official Statement; or

(viii) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, which, in the Underwriter’s reasonable opinion, materially adversely affects the marketability or market price of the Bonds; or

(ix) the New York Stock Exchange, or other national securities exchange or association or any governmental authority, shall impose as to the Bonds, or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by or the charge to the net capital requirements of broker dealers; or

(x) trading in securities on the New York Stock Exchange or the American Stock Exchange shall have been suspended or limited or minimum prices have been established on either such exchange which, in the Underwriter’s reasonable opinion, materially adversely affects the marketability or market price of the Bonds; or

(xi) any rating of the Bonds or the rating of any general fund obligations of the City shall have been downgraded or withdrawn by a national rating service, which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Bonds; or

(xii) any action shall have been taken by any government in respect of its monetary affairs which, in the reasonable opinion of the Underwriter, has a material adverse effect on the United States securities market, rendering the marketing and sale of the Bonds, or enforcement of sale contracts with respect thereto impracticable; or

(xiii) the commencement of any action, suit or proceeding described in Section 6(m).
(e) at or prior to the Closing, the Underwriter shall receive or have received the following documents, in each case to the reasonable satisfaction, in form and substance, of the Underwriter and _____________________, __________, California (“Underwriter’s Counsel”):

   (i) a copy of the default judgment, dated _______, 2020, entered in favor of the City in connection with City of Arcadia v. All Persons Interested, etc., Case No _____________ filed in the Superior Court of California, County of Los Angeles;

   (ii) all resolutions relating to the Bonds adopted by the City and certified by an authorized official of the City, authorizing the execution and delivery of the Legal Documents and the delivery of the Bonds and the Official Statement;

   (iii) the Legal Documents duly executed and delivered by the respective parties thereto, with only such amendments, modifications or supplements as may have been agreed to in writing by the Underwriter; and

   (iv) the approving opinion of Bond Counsel, dated the date of Closing and addressed to the City, in substantially the form attached as Appendix [B] to the Preliminary the Official Statement and the Official Statement, together with a reliance letter thereon addressed to the Underwriter;

   (v) a supplemental opinion of Bond Counsel dated the date of Closing and addressed to the Underwriter, to the effect that:

   (A) the statements on the cover of the Official Statement and in the Official Statement under the captions [“INTRODUCTION,” “THE BONDS,” “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS,” “VALIDATION,” and “TAX MATTERS,” and in APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT,” APPENDIX D – “PROPOSED FORM OF BOND COUNSEL OPINION” and APPENDIX E – “FORM OF CONTINUING DISCLOSURE CERTIFICATE,”] and excluding any material that may be treated as included under such captions and appendices by any cross-reference, insofar as such statements expressly summarize provisions of the Bonds, the Trust Agreement, and Bond Counsel’s final opinion relating to the Bonds, are accurate in all material respects as of the date of Closing;

   (B) the Purchase Agreement has been duly authorized, executed and delivered by the City and is the valid, legal and binding agreement of the City enforceable in accordance with its terms, except that the rights and obligations under the Purchase Agreement are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors’ rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State, and provided that no opinion is expressed with respect to any indemnification or contribution provisions contained therein; and

   (C) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended;

   (vi) the Official Statement, executed on behalf of the City;

   (vii) evidence that the rating on the Bonds is as described in the Official Statement;
(viii) a certificate, dated the date of Closing, signed by a duly authorized officer of the City satisfactory in form and substance to the Underwriter to the effect that: (i) the representations, warranties and covenants of the City contained in this Purchase Agreement are true and correct in all material respects on and as of the date of Closing with the same effect as if made on the date of the Closing by the City, and the City has complied with all of the terms and conditions of the Purchase Agreement required to be complied with by the City at or prior to the date of Closing; (ii) to the best of such officer’s knowledge, no event affecting the City has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purposes for which it is to be used or which is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; (iii) the information and statements contained in the Official Statement (other than information relating to DTC and its book entry system) did not as of its date and do not as of the Closing contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect; (iv) the City is not in breach of or default under any applicable law or administrative regulation of the State or the United States of America or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, which would have a material adverse impact on the City’s ability to perform its obligations under the Legal Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a default or an event of default under any such instrument; and (v) no further consent is required for inclusion of its audited financial statements in the Preliminary Official Statement and the Official Statement;

(ix) an opinion dated the date of Closing and addressed to the Underwriter, the Trustee and the Bond Counsel, of the City Attorney of the City of Arcadia, substantially in the form attached as Exhibit B hereto;

(x) a letter of Stradling Yocca Carlson & Rauth, Newport Beach, California, Disclosure Counsel to the City dated the date of Closing and addressed to the Underwriter substantially to the effect that, on the basis of the information made available to them in the course of their participation in the preparation of the Official Statement as disclosure counsel, but without having undertaken to determine or verify independently, or assuming any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Official Statement, no facts have come to the attention of the personnel in such firm directly involved in rendering legal advice and assistance to the City in connection with the preparation of the Official Statement which caused them to believe that (A) the Preliminary Official Statement as of its date or as of ________, 2020 (excluding therefrom financial, demographic and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions; statements relating to DTC, Cede & Co. and the operation of the book-entry system; statements relating to the treatment of the Bonds or the interest, discount or premium, if any, thereon or therefrom for tax purposes under the law of any jurisdiction; and the statements contained in the Preliminary Official Statement under the captions [“TAX MATTERS,”] and in [Appendix A and Appendices C through F] to the Preliminary Official Statement; as to all of which they express no view) contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, except for such information as is permitted to be excluded from the Preliminary Official Statement pursuant to Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, including but not limited to information as to pricing, yields, interest rates, maturities, amortization, redemption provisions, debt service requirements, Underwriter’s discount and CUSIP numbers or (B) the Official Statement as of its date or as of the Closing Date (excluding therefrom financial, demographic and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions; statements relating to DTC, Cede & Co. and the operation of the book-entry system, statements relating to the treatment of the Bonds or the
interest, discount or premium, if any, thereon or therefrom for tax purposes under the law of any jurisdiction; and the statements contained in the Official Statement under the captions [“TAX MATTERS,”] and in [Appendix A and Appendices C through F] to the Official Statement; as to all of which they express no view) contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(xii) an opinion of counsel to the Trustee, addressed to the Underwriter and the City, dated the date of the Closing, to the effect that:

(A) the Trustee is a national banking association duly organized and validly existing under the laws of the United States of America, having full corporate power to undertake the trust created under the Trust Agreement;

(B) the Trust Agreement has been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery by the other parties thereto, the Trust Agreement constitutes the valid, legal and binding obligations of the Trustee enforceable in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors’ rights generally and by the application of equitable principles, if equitable remedies are sought;

(C) the Trustee has duly authenticated the Bonds upon the order of City;

(D) the Trustee’s actions in executing and delivering the Trust Agreement are in full compliance with, and do not conflict with any applicable law or governmental regulation and, to the best of such counsel’s knowledge, after reasonable inquiry with respect thereto, do not conflict with or violate any contract to which the Trustee is a party or any administrative or judicial decision by which the Trustee is bound;

(E) no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the banking or trust powers of the Trustee that has not been obtained or will be required for the execution and delivery of the Bonds or the consummation by the Trustee of its obligations under the Trust Agreement; and

(F) there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or public body pending or, to the best of such counsel’s knowledge, threatened against or affecting the Trustee, which would materially adversely impact the Trustee’s ability to complete the transactions contemplated by the Trust Agreement.

(xii) a certificate, dated the date of Closing, signed by a duly authorized officer of the Trustee satisfactory in form and substance to the Underwriter, to the effect that:

(A) the Trustee is duly organized and existing as a national banking association under the laws of the United States of America, having the full corporate power and authority to enter into and perform its duties under the Trust Agreement;

(B) the Trustee is duly authorized to enter into the Trust Agreement and has duly executed and delivered the Trust Agreement, and assuming due authorization and execution by the other parties thereto, the Trust Agreement is legal, valid and binding upon the Trustee and enforceable against such party in accordance with its terms;
(C) the Trustee has duly authenticated the Bonds under the Trust Agreement and delivered the Bonds to or upon the order of the Underwriter;

(D) no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the banking or trust powers of the Trustee that has not been obtained is required for the execution and delivery of the Bonds or the consummation by the Trustee of its obligations under the Trust Agreement; and

(E) there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or public body pending or, to the best of such counsel’s knowledge, threatened against or affecting the Trustee, which would materially adversely impact the Trustee’s ability to complete the transactions contemplated by the Trust Agreement.

(xiii) the preliminary and final forms required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 53583 of the Government Code of the State of California and Section 8855(i) and (j) of the Government Code;

(xiv) a copy of the executed Blanket Issuer Letter of Representations by and between the City and DTC relating to the book-entry system;

(xv) an opinion of ____________, __________, California, as Underwriter’s Counsel, in form and substance acceptable to the Underwriter, substantially to the effect that:

(A) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(B) based upon an examination which they have made, and without having undertaken to determine independently or assuming any responsibility for the accuracy or completeness or fairness of the statements, and based on its participation in the conferences (which did not extend beyond the date of the Official Statement), and in reliance thereon, on oral and written statements and representations of the City and others and on the records, documents, certificates, opinions and matters therein mentioned, such counsel advises the Underwriter as a matter of fact and not opinion that, during the course of such counsel’s representation of the Underwriter on this matter, (a) as of the date of the Preliminary Official Statement and as of ________, 2020, no facts had come to the attention of the attorneys in such counsel’s firm rendering legal services to the Underwriter in connection with the Preliminary Official Statement which caused it to believe that the Preliminary Official Statement contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and (b) as of the date of the Official Statement and as of the Closing Date, no facts had come to the attention of the attorneys in such counsel’s firm rendering legal service to the Underwriter in connection with the Official Statement which caused it to believe as of the date of the Official Statement and as of the Closing Date that the Official Statement contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, such counsel expressly excludes from the scope of this paragraph and expresses no view or opinion about (i) with respect to the Preliminary Official Statement, any difference in information contained therein compared to what is contained in the Official Statement, whether or not related to pricing or sale of the Bonds, and whether any such difference is material and should have been included in the Preliminary Official Statement, and (ii) with respect to both the Preliminary Official Statement and the Official Statement, any CUSIP numbers, financial, accounting, statistical or economic, engineering or demographic data or forecasts,
numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, management discussion and analysis, environmental matters, environmental litigation, any statements about compliance with prior continuing disclosure undertakings, information relating to DTC and its book-entry system, [Appendix A and Appendices C through F] thereto, and information relating to ratings, rating agencies, tax exemption, included or referred to therein or omitted therefrom, which such counsel expressly excludes from the scope of this paragraph and as to which such counsel expresses no opinion or view, and no responsibility is undertaken or view expressed with respect to any other disclosure document, materials or activity, or as to any information from another document or source referred to by or incorporated by reference in the Preliminary Official Statement or the Official Statement; and

(C) the Continuing Disclosure Certificate, together with Section 5(o) of the Purchase Agreement, satisfies the requirements contained in Rule 15c2-12 for an undertaking for the benefit of the holders of the Bonds to provide the information at the times and in the manner required by Rule 15c2-12; provided that, for purposes of such opinion, Underwriter’s Counsel will not be expressing any view regarding the content of the Official Statement that is not expressly stated in numbered clause (ii) above;

(xvi) a Rule 15c2-12 certificate, dated the date of the Preliminary Official Statement and executed by the City;

(xvii) a certificate of the PERS actuary setting forth the amount of the discounted prepayment of the annual contribution of the City to the System for Fiscal Year 2020-21 together with acknowledgment of payment of the Unfunded Liability;

(xviii) such additional legal opinions, Bonds, proceedings, instruments or other documents as the Underwriter or Underwriter’s Counsel may reasonably request.

If the City shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds contained in this Purchase Agreement, this Purchase Agreement shall terminate, and except as set forth in Section 9 hereof, neither the Underwriter nor the City shall be under further obligation hereunder.

Section 8. Changes in Official Statement. Within 90 days after the Closing or within 25 days following the “end of the underwriting period” (as defined in Rule 15c2-12), whichever occurs first, if any event relating to or affecting the Bonds, the Trustee, or the City shall occur as a result of which it is necessary, in the reasonable opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in any material respect in the light of the circumstances existing at the time it is delivered to a purchaser, the City will forthwith prepare and furnish to the Underwriter an amendment or supplement that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to purchaser, not misleading. The City shall cooperate with the Underwriter in the filing by the Underwriter of such amendment or supplement to the Official Statement with the MSRB. The Underwriter acknowledges that the “end of the underwriting period” will be the date of Closing unless the Underwriter otherwise notifies the City in writing that it still owns some or all of the Bonds.

Section 9. Expenses. (a) Whether or not the Underwriter accepts delivery of and pays for the Bonds as set forth herein, it shall be under no obligation to pay, and the City shall pay out of the proceeds of the Bonds or any other legally available funds of the City, all expenses incidental to the
performance of the City’s obligations hereunder, including but not limited to the cost of printing and delivering the Legal Documents to the Underwriter, the costs of printing and shipping and electronic distribution of the Preliminary Official Statement and the Official Statement in reasonable quantities, the fees and disbursements of the City, the Trustee and its counsel, Bond Counsel, Disclosure Counsel, City Attorney, the City’s actuary, accountants, engineers, appraisers, economic consultants and any other experts or consultants retained by the City in connection with the issuance and sale of the Bonds, rating agency fees, advertising expenses, and any other expenses not specifically enumerated in paragraph (b) of this section incurred in connection with the issuance and sale of the Bonds. The City shall pay out of the proceeds of the Bonds, for any expenses incurred by the Underwriter on behalf of the City’s employees and representatives which are incidental to implementing this Purchase Agreement, including meals, transportation, and lodging of those employees and representatives.

(b) Whether or not the Bonds are delivered to the Underwriter as set forth herein, the City shall be under no obligation to pay, and the Underwriter shall be responsible for and pay (which may be included as an expense component of the Underwriter’s discount), MSRB, CUSIP Bureau and CDIAC fees and expenses to qualify the Bonds for sale under any “blue sky” laws, and all other expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds not specifically enumerated in paragraph (a) of this section, including the cost of preparing this Purchase Agreement and other Underwriter documents, travel expenses and the fees and disbursements of Underwriter’s Counsel.

**Section 10. Notices.** Any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to ______________, ______________, ______________, California _____, Attention: __________. Any notice or communication to be given to the City under this Purchase Agreement may be given by delivering the same in writing to the City of Arcadia, at the address first set forth above, Attention: City Manager. All notices or communications hereunder by any party shall be given and served upon each other party.

**Section 11. Parties in Interest.** This Purchase Agreement is made solely for the benefit of the City and the Underwriter (including the successors or assigns thereof) and no other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the City in this Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of and payment for the Bonds.

**Section 12. Counterparts.** This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.
Section 13. **Governing Law.** This Purchase Agreement shall be governed by and construed in accordance with the laws of the State.

_________________________

By:_________________________

Authorized Officer

Accepted:

CITY OF ARCADIA

By:_________________________

City Manager

Time of Execution: ____ : ____
EXHIBIT A
MATURITY SCHEDULE

<table>
<thead>
<tr>
<th>Maturity Date (July 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>%</td>
<td>%</td>
</tr>
</tbody>
</table>

$_______ _____% Term Bond due July 1, 20__; Yield _____%; Price 100.000%
$_______ _____% Term Bond due July 1, 20__; Yield _____%; Price 100.000%
EXHIBIT B

FORM OF CITY ATTORNEY OPINION

_______, 2020

City of Arcadia
Arcadia, California

_______, California

City of Arcadia

City of Arcadia Taxable Pension Obligation Bonds, Series 2020

Ladies and Gentlemen:

We have acted as counsel to the City of Arcadia (the “City”) in connection with the issuance and sale by the City of $______ aggregate principal amount of its City of Arcadia Taxable Pension Obligation Bonds, Series 2020 (the “Bonds”). We have examined and relied upon originals (or copies certified or otherwise identified to our satisfaction) of such documents, records and other instruments as we deem necessary or appropriate for the purposes of this opinion, including, without limitation: (i) those documents relating to the existence, organization and operation of the City; (ii) Resolution No. _____, adopted by a majority of the City Council of the City (the “City Council”) on ________, 2020 (the “Resolution”); (iii) all necessary documentation of the City relating to the authorization, execution and delivery of the Trust Agreement, dated as of _______ 1, 2020 (the “Trust Agreement”), between the City and ________________________________, as trustee; (iv) the Purch A gree ment, dated ________, 2020 (the “Purchase Agreement”), executed by ____________________, as dissemination agent; and (viii) such other records, documents, certificates, opinions, and other matters as are in our judgment necessary or appropriate to enable us to render the opinions expressed herein. All capitalized terms used herein and not otherwise defined shall have the meaning given to such terms as set forth in the Trust Agreement.

Based on the foregoing, and with regard to State of California (the “State”) law and United States federal law, we are of the opinion that:

(a) The City is a charter city and municipal corporation of the State, duly organized and validly existing pursuant to the Constitution and laws of the State and its charter.

(b) The resolution of the City approving and authorizing the execution and delivery of the Bonds, the Trust Agreement, the Purchase Agreement, and the Continuing Disclosure Certificate
(collectively, the “Legal Documents”) and approving and authorizing the issuance of the Bonds and the delivery of the Official Statement and other actions of the City was duly adopted at a meeting of the governing body of the City which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the resolution is now in full force and effect and has not been amended or superseded in any way.

(c) Except as disclosed in the Preliminary Official Statement and in the Official Statement, there is no action, suit or proceeding pending, or to the best of our knowledge, threatened against the City to (i) restrain or enjoin the execution or delivery of the Legal Documents (ii) in any way contesting or affecting the validity of the Legal Documents, the Resolution or the authority of the City to enter into the Legal Documents, or (iii) in any way contesting or affecting the powers of the City in connection with any action contemplated by the Official Statement, the Resolution or the Legal Documents.

(d) The execution and delivery of the Legal Documents and compliance with the provisions thereof, do not and will not in any material respect conflict with or constitute on the part of the City a breach of or default under any agreement or other instrument to which the City is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the City is subject, which breach or default has or may have a material adverse effect on the ability of the City to perform its obligations under the Legal Documents.

(e) No authorization, approval, consent, or other order of the State or any other governmental body within the State is required for the valid authorization, execution and delivery of the Legal Documents or the consummation by the City of the transactions on its part contemplated therein, except such as have been obtained and except such as may be required under state securities or blue sky laws in connection with the purchase and distribution of the Bonds by the Underwriter.

Very truly yours,
DATE: March 17, 2020

TO: Honorable Mayor and City Council

FROM: Dominic Lazzaretto, City Manager
By: Michael Bruckner, Deputy City Manager

SUBJECT: UPDATE ON COVID-19 PREPARATIONS AND ADOPTION OF RESOLUTION NO. 7299 AMENDING THE FISCAL YEAR 2019-20 GENERAL FUND BUDGET AUTHORIZING A SUPPLEMENTAL APPROPRIATION FROM THE EMERGENCY RESERVE FUND IN THE AMOUNT OF $50,000 TO PURCHASE EMERGENCY SUPPLIES FOR COVID-19 TRANSMISSION MITIGATION ON AN AS-NEEDED BASIS

Recommendation: Adopt

SUMMARY

The Novel Coronavirus ("COVID-19") is an emergent public health concern. Recent guidelines from federal, state, and local public health officials have encouraged the public to practice good hygiene (hand washing), avoid close contact (social distancing), refrain from traveling to or from outbreak areas, and to self-quarantine pending further direction from medical professionals if you believe you have been in contact with an infected person or show symptoms of infection.

There are currently no reported cases of COVID-19 in the City of Arcadia. Per the latest information from federal, state, and local public health officials, the risk of contracting the virus remains low.

The City has been in contact with our local and regional partners regarding their mitigation efforts and strategies. Of particular concern are supply chain disruptions occurring across multiple sectors of the economy, and in particular for goods that help in COVID-19 transmission mitigation efforts. As a result of the City’s analysis of its COVID-19 response requirements, an additional purchase of goods is necessary to ensure an adequate supply of resources to not only help respond to any public health emergency but to also ensure continuity of City operations. Therefore, it is recommended that the City Council adopt Resolution No. 7299 authorizing a supplemental budget appropriation in the amount of $50,000 from the General Fund Emergency Reserve for emergency supplies for COVID-19 transmission mitigation efforts.
BACKGROUND

On March 4, 2020, Governor Gavin Newsom declared a State of Emergency to make additional resources available, formalize emergency actions already underway across multiple state agencies and departments, and help the state prepare for a broader spread of COVID-19. That same day, the Los Angeles County Board of Supervisors declared a local health emergency in response to the increased spread of COVID-19 across the County.

In response to the emerging public health concerns regarding COVID-19, out of an abundance of caution, on March 9, 2020, the City of Arcadia suspended all large scale public events featuring a high concentration of older adults in order to help slow the transmission of the COVID-19. This action was undertaken in response to additional guidance received from the California Department of Public Health (“CDPH”). The suspension includes all City-sponsored events with an expected attendance of over 100 persons featuring attendees who are mostly age 55 and over. The suspension will initially be in effect until April 12, 2020; however, the City will continue to actively evaluate this dynamic situation and may need to extend suspensions further.

Furthermore, the City’s executive leadership have met several times over the past few weeks to discuss transmission mitigation, emergency procedures, and continuity of operations should conditions change locally. Those discussions are currently ongoing and the City Council and the public will be notified of any further changes to services resulting from a governmental response to COVID-19.

DISCUSSION

On March 9, 2020, the City conducted a tabletop Emergency Operations Center (“EOC”) exercise that hypothesized a scenario in which a local outbreak of COVID-19 occurred in the City. As part of the City’s after action review, and in addition to the guidance provided by federal, state, and local public health agencies, the City took inventory of its supplies designed to help mitigate the transmission of COVID-19 both within City departments and the public at-large. Although City stores have an adequate supply of resources to support current operations, should there be a larger outbreak of COVID-19 locally, these resources would be utilized quickly and adequate reserves are not available.

Recent supply chain issues from the global impact of COVID-19 have heightened concerns that goods may not be available for supply when they are needed most. As a result, and out of an abundance of caution, a supplemental budget appropriation of $50,000 from the General Fund Emergency Reserve is requested to help support and resupply vital resources to not only ensure the continuity of City operations in the event of a broader outbreak locally but also to help provide COVID-19 transmission mitigation as part of the City’s daily service orientation.
The supplemental budget appropriation will be used to acquire additional supplies to include handwashing stations, toilet paper, sanitizing agents, water, and other consumables. Given the widespread concerns of COVID-19, many of the items are already under low supply or out of stock, with long-lead and delivery times. Therefore, the prudent thing is to acquire these supplies now so they can be available later when they would be even more difficult to obtain.

**ENVIRONMENTAL IMPACT**

The proposed action does not constitute a project under the California Environmental Quality Act (“CEQA”), and it can be seen with certainty that it will have no impact on the environment. Thus, this matter is exempt under CEQA.

**FISCAL IMPACT**

At this time, the request is for $50,000, which would allow the City to purchase specific items in demand now as well as to have a budget to quickly address needs as they develop. There are sufficient funds available in the General Fund Emergency Reserve for this purpose.

**RECOMMENDATION**

It is recommended the City Council determine that this action does not constitute a project and is therefore exempt under the California Environmental Quality Act (“CEQA”); and adopt Resolution No. 7299 amending the Fiscal Year 2019-20 General Fund Budget authorizing a supplemental budget appropriation from the Emergency Reserve Fund in the amount of $50,000 to purchase emergency supplies for COVID-19 transmission mitigation on an as-needed basis.

Attachment: Resolution No. 7299
RESOLUTION NO. 7299

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
ARCADIA, CALIFORNIA, AMENDING THE FISCAL YEAR 2019-20
GENERAL FUND BUDGET AUTHORIZING A SUPPLEMENTAL
APPROPRIATION FROM THE EMERGENCY RESERVE FUND IN
THE AMOUNT OF $50,000 TO PURCHASE EMERGENCY SUPPLIES
FOR COVID-19 TRANSMISSION MITIGATION ON AN AS-NEEDED
BASIS

WHEREAS, the Novel Coronavirus (COVID-19) has infected over 100,000
persons and killed over 4,000 persons worldwide; and

WHEREAS, on March 4, 2020, Governor Newsom declared a State of
Emergency to make resources available, formalize emergency operations, and prepare
for the broader spread of COVID-19; and

WHEREAS, on March 4, 2020, the Los Angeles County Board of Supervisors
declared a local public health emergency in response to increased spread of COVID-19
across the County; and

WHEREAS, the City of Arcadia has sufficient supplies to support current
operations but due to supply chain concerns and resources availability, in the event of
larger outbreak of COVID-19, these resources would be utilized quickly and adequate
reserves are not available; and

WHEREAS, the supplemental budget appropriation will provide additional
funding for handwashing stations, toilet paper, sanitizing agents, water, and other
consumables needed by City Departments during a response to COVID-19; and

WHEREAS, the City Manager has certified that there available funds in the
General Fund Emergency Reserve for appropriation.
NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF ARCADIA, CALIFORNIA, DOES FIND, DETERMINE AND RESOLVE AS FOLLOWS:

SECTION 1. The sum of Fifty Thousand Dollars ($50,000) is hereby appropriated in the Arcadia Fire Department Emergency Operations Division for the foregoing purpose, offset with an equal reduction in the General Fund Emergency Reserve Fund.

SECTION 2. The City Clerk shall certify to the adoption of this Resolution.

Passed, approved and adopted this 17th day of March, 2020.

______________________________
Mayor of the City of Arcadia

ATTEST:

______________________________
City Clerk

APPROVED AS TO FORM:

______________________________
Stephen P. Deitsch
City Attorney