

The City of Manford
CALIFORNIA



City Council Meeting Agenda

December 20, 2016
6:00 PM – Closed Session
7:00 PM – Regular Meeting
Council Chambers
400 N. Douty St.

6:00 PM CALL TO ORDER CLOSED SESSION:

ROLL CALL:

PUBLIC COMMENT - CLOSED SESSION:

Comments from the public are limited to items on the agenda (GC54954.3a). A maximum of five minutes is allowed for each speaker.

CLOSED SESSION FOR DISCUSSION OF THE FOLLOWING:

A. CONFERENCE WITH REAL PROPERTY NEGOTIATORS - Government Code Section 54956.8

Property: APNs 012-086-007, 012-091-006
Agency Negotiators: Darrel Pyle and Ty Mizote
Negotiating Party: Family Healthcare Network
Under Negotiation: Terms and Price

Property: APN 018-242-077
Agency Negotiators: Darrel Pyle and Ty Mizote
Negotiating Party: Jan Kahn for Helena Chemical
Under Negotiation: Terms and Price

Property: APNs 012-095-001, 012-095-011
Agency Negotiators: Darrel Pyle and Ty Mizote
Negotiating Party: Kings Community Action Organization
Under Negotiation: Terms and Price

B. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION - Government Code Section 54956.9(d)(2)

Number of Potential Cases - 1

C. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION - Government Code Section 54956.9(d)(1)

CASE NAME: Hanford Environmental Awareness Team v. City of Hanford

CASE NUMBER: Kings County No. 15C0154

7:00 PM CALL TO ORDER REGULAR SESSION:

ROLL CALL:

INVOCATION:

FLAG SALUTE:

CLOSED SESSION ACTION REPORT:

RECOGNITIONS/PROCLAMATIONS:

A. Recognition of Officer Jonathan Rivera

B. Recognition of Hanford Explorers

STAFF COMMUNICATIONS:

PUBLIC COMMENT:

This is the time for citizens to comment on subject matters not on the agenda and that are within the jurisdiction of the Hanford City Council. This is also the public's opportunity to request an item from the Consent Calendar be pulled for discussion purposes or to comment on any item on the agenda. Comments related to Public Hearing items will be heard at the time the item is discussed.

*A maximum of **five minutes** is allowed for each speaker. Please begin your comments by stating your name and providing your city of residence*

CONSENT CALENDAR:

Consent Calendar items are considered routine and will be enacted in one motion. There will be no separate discussion of these matters unless a request is made and then the item will be removed from the Consent Calendar to be discussed and voted upon by a separate motion.

A. City Clerk: Approve Minutes from the December 6, 2016 Meeting

B. City Clerk: Deny claim for damages and direct the City Clerk to send out notification of such to Anthony Flores.

- C. Public Works: Authorize the Public Works Director to execute the attached agreement with Decker Engineers for Professional Engineering Services for the Corporation Yard Wash Bay Renovation Project for an amount not to exceed \$27,689.
- D. Public Works: Notice of Completion for the Regional Water Consolidation of Three Water Systems Project
- E. Public Works: Budget Amendment to change the construction year of the Grangeville Boulevard Resurfacing (CIR) Project from 12th Avenue to Centennial Drive, and the Lacey Boulevard Resurfacing (CIR) project from Irwin Street to 11th Avenue.
- F. Public Works: Approve the Notice of Completion for Tract No. 843, Independence Subdivision, Unit III and authorize the Mayor to execute and the City Clerk to attest and file said Notice with the Kings County Recorder's Office.
- G. Public Works: Approve a Notice of Completion for this FY 16/17 Centerline Striping Project, and authorize the Mayor to execute and the City Clerk to attest and file said Notice with the Kings County Recorder's Office.
- H. Public Works: Approval of an Agreement for Future Reimbursements to Pioneer Union Elementary School District for Sewer, Water, and Storm Drain improvements within Berkshire Lane, Mustang Drive, and Stagecoach Drive adjacent to Frontier School.
- I. Finance: Annual Review and Approval of Five-Year findings of Funds Pertaining to City of Hanford Impact Fees for Parks, Transportation, Fire Protection, Police Protection, Storm Water System, Water System, Wastewater System, and Refuse/Recycling
- J. Finance: Authorization for signatures of the Mayor and Finance Director on checks written on City accounts with Wells Fargo Bank.
- K. Finance: Warrant Register

PUBLIC HEARINGS:

- A. Public Works: Continuation of the Public Hearing for the formation of Landscape Assessment District No. 16-01 Tract No.917, Woodside Homes Subdivision until January 17, 2017
- B. Administration: Authorize the Issuance of Certificates of Participation on behalf of Family Health Care Network in an amount not to exceed \$9,00,000.00 and Adopt Resolution 16-49-R Approving the Execution and Delivery by City of Hanford of an Installment Sale Agreement By and Between Family Healthcare Network and Adopt Resolution 16-50-R Approving the Form and Authorizing the Execution of Certain Documents In Connection with the Installment Sale Financing of Health Facilities for Family Healthcare Network and Directing Certain Actions with Respect Thereto

GENERAL BUSINESS:

- A. City Clerk: Review the annual Commission Attendance Record and approve the removal of Robert Shoop from the Parks & Recreation Commission.

- B. Police: Approve the purchases of Mobile Data Terminals, modems, and computer system in the amount of \$110,209.65
- C. Public Works: Approve a budget amendment and additional appropriation to purchase one 2017 replacement Hydro Vacuum Truck from Municipal Maintenance Equipment, of Sacramento, Ca., in the amount of \$463,722.75.
- D. Public Works: Purchase decorative street lights for various downtown locations in the amount of \$56,604.13 from Central Parking and Improvement District Funds.
- E. Public Works: Introduce and waive the first reading, and pass to a second reading Ordinance 16-14 to Install Two Way Stop Signs on South Street at Phillips Street
- F. Administration: Sale of 16.43 Acres to Helena Chemical Company

CONVENE AS SUCCESSOR AGENCY:

PUBLIC COMMENT - SUCCESSOR AGENCY:

Any person may directly address the Board at this time on any item on the agenda, or on any item that is within the subject matter jurisdiction of the Board. A maximum of five minutes is allowed for each speaker.

SUCCESSOR AGENCY FOR THE DISCUSSION OF THE FOLLOWING:

- A. Administration: Sale of 9.81 Acres to Helena Chemical Company

ADJOURN AS THE SUCCESSOR AGENCY:

COUNCIL REPORTS/COMMENTS:

COUNCIL FUTURE AGENDA ITEMS:

ADJOURNMENT:

Materials related to an item on this Agenda submitted to the City Council after distribution of the agenda packet are available to public inspection in the City Clerk's Office located at 319 N. Douty Street, Hanford, California 93230, during normal business hours. Such agendas are also available at the city's website, www.cityofhanfordca.com subject to staff's ability to post the agenda before the meeting.

If you need a disability-related modification or accommodation, including auxiliary aids or services, to participate in this meeting, please contact the City Clerk's office, 559-585-2515, 319 N. Douty Street, Hanford, California 93230, at least 2 days prior to the meeting {28 CFR 35.102.35.104 ADA Title II}



**AGENDA
STAFF REPORT**

MEETING DATE: 12/20/2016	AGENDA SECTION: A
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SUBJECT:

City Clerk: Approve Minutes from the December 6, 2016 Meeting

RECOMMENDATION:

Approve the minutes from the December 6, 2016 City Council Meeting.

FISCAL IMPACT:

ATTACHMENTS:

120616 Minutes



**CITY COUNCIL MEETING
MINUTES
December 6, 2016 7:00 PM
Council Chambers
400 N. Douty St.**

CALL TO ORDER REGULAR SESSION:

Mayor Justin Mendes called the meeting to order at 7:00 p.m.

ROLL CALL:

Attendee Name	Title	Status	Arrived
Russ Curry	Council Member	Present	7:00 PM
David Ayers	Council Member	Present	7:00 PM
Gary Pannett	Council Member	Present	7:00 PM
Francisco Ramirez	Vice Mayor	Present	7:00 PM
Justin Mendes	Mayor	Present	7:00 PM

INVOCATION:

Pastor Tim Howard led the invocation.

FLAG SALUTE:

City Manager Darrel Pyle led the flag salute.

RECOGNITIONS/PROCLAMATIONS:

A. Gifts to Outgoing City Council Members

Mayor Mendes presented plaques to Council Member Curry and Council Member Pannett.

PUBLIC COMMENT:

This is the time for citizens to comment on subject matters not on the agenda within the jurisdiction of the Hanford City Council or to comment on items listed under the Consent Calendar or to request an item from the Consent Calendar be pulled for discussion purposes. Comments related to General Business items or Public Hearing items will be heard at the time the item is discussed.

*A maximum of **five minutes** is allowed for each speaker. Please begin your comments by stating your name and providing your city of residence.*

Jason Williams spoke in favor of Vice Mayor Ramirez to be appointed as the next Mayor.

Paula Massey invited everyone to attend the NAACP's year end celebration. She also commented on the upcoming Martin Luther King Jr. event in January.

Maria Galante thanked the Council for their service to the community.

Bob Ramos spoke against Vice Mayor Ramirez and briefly commented on past investigations.

Glenda Dwyer commented on the coming years and challenges ahead for the new Council.

CONSENT CALENDAR:

Consent Calendar items are considered routine and will be enacted in one motion. There will be no separate discussion of these matters unless a request is made and then the item will be removed from the Consent Calendar to be discussed and voted upon by a separate motion.

Motion to approve the Consent Calendar.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Gary Pannett, Council Member
SECONDER:	Francisco Ramirez, Vice Mayor
AYES:	Curry, Ayers, Pannett, Ramirez, Mendes

- A. City Clerk: Approve Minutes from the November 15, 2016 Meeting
- B. Finance: Warrant Register
- C. Public Works: Adopt Urgency Ordinance 16-13 pertaining to the construction of Wireless Communications Facilities (4/5 vote required).

GENERAL BUSINESS:

- A. City Clerk: Adopt Resolution 16-48-R Declaring Canvass of Returns and Statement of the Election Results

City Clerk Jennifer Gomez presented the item for consideration.

Motion to adopt Resolution 16-48-R.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	David Ayers, Council Member
SECONDER:	Gary Pannett, Council Member
AYES:	Curry, Ayers, Pannett, Ramirez, Mendes

- B. Swearing In/Administer Oath of Office to Sue Sorensen and Martin Devine

City Clerk Jennifer Gomez administered the Oath of Office to Sue Sorensen and Martin Devine.

- C. Reorganization of the City Council - Selection of the Mayor and Vice Mayor

City Attorney Bob Dowd explained the procedure for the nomination and voting for the appointments of Mayor and Vice Mayor. If the first nomination receives a majority approval, then voting will not be done for any remaining nominations. Mr. Dowd requested nominations from the City Council for the position of Mayor.

Council Member Mendes nominated David Ayers.
There were no further nominations.

The appointment of David Ayers as Mayor was approved unanimously.

After the selection of Mayor was approved, Mr. Dowd requested nominations from the City Council for the position of Vice Mayor.

Council Member Ayers nominated Sue Sorensen.
There were no further nominations.

The appointment of Sue Sorensen as Vice Mayor was approved unanimously.

ADJOURNMENT:

Mayor Ayers invited everyone to the reception and adjourned the meeting at 7:21 p.m.

Respectfully submitted,

Jennifer Gomez
City Clerk

Attachment: 120616 Minutes (1753 : Minutes 120616)



**AGENDA
STAFF REPORT**

MEETING DATE: 12/20/2016	AGENDA SECTION: B
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SUBJECT:

City Clerk: Deny claim for damages and direct the City Clerk to send out notification of such to Anthony Flores.

RECOMMENDATION:

That the City Council denies the following claim for damages and direct the City Clerk to send out notification of such to the claimant.

BACKGROUND:

A claim for damages against the City was received by the following claimant: Anthony Flores.

After review by the Third Party Administrator, it is Staff's recommendation to deny the claim.

FISCAL IMPACT:

ATTACHMENTS:



AGENDA STAFF REPORT

MEETING DATE: 12/20/2016	AGENDA SECTION: C
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SUBJECT:

Public Works: Authorize the Public Works Director to execute the attached agreement with Decker Engineers for Professional Engineering Services for the Corporation Yard Wash Bay Renovation Project for an amount not to exceed \$27,689.

RECOMMENDATION:

That the City Council, by motion, authorize the Public Works Director to execute the attached agreement with Decker Engineers, of San Jose, Ca., for Professional Engineering Services for design and coordination for a not to exceed amount of **\$27,689.00**.

BACKGROUND:

The Corporation Yard Wash Bay was constructed as a single bay facility in the early 1980's as part of the development of the Public Works Department Corporation Yard. The single bay facility is heavily used on a daily basis for cleaning refuse trucks, street sweepers, and other city equipment.

This project will replace and expand the existing wash facility to provide additional vehicle cleaning capacity. The increased capacity will improve service efficiencies by reducing the time it take to clean vehicles due to capacity constraints. A bathroom facility will also be incorporated into the project.

The attached Agreement with Decker Engineers will provide Professional Engineering Services, including civil/structural engineering, preparation of construction documents and associated support services during construction.

FISCAL IMPACT:

The Corporation Yard Wash Bay Renovation Budget provides \$20,000 for engineering services. The additional funds necessary for the Professional Engineering Services will come out of budgeted construction funds. A copy of the budget page is attached for Council review.

ATTACHMENTS:

Consultant Professional Agreement - Decker Engineers Signed
Budget Page

**AGREEMENT FOR
PROFESSIONAL SERVICES
FOR
Preparation of Plans and Specifications for
Corporation Yard Wash Bay Renovation**

This Agreement for Professional Services ("Agreement") is made and entered into this 1 day of December, 2016, by and between the City of Hanford, a Municipal Corporation ("City"), and Decker Engineers ("Consultant").

RECITALS

A. Consultant represents to City that they are specially trained, experienced, licensed and competent to perform the services which will be required by this Agreement; and

B. Consultant represents to City that they possesses the skill, experience, ability, background, certification and knowledge to provide the services described in this Agreement on the terms and conditions described herein.

C. City desires to retain Consultant to render professional architectural services as set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants set forth herein for such other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

1. **Retention of Consultant.** Subject to the terms and conditions set forth herein, City retains Consultant to perform the services identified in this Agreement, as an independent contractor and Consultant hereby accepts this independent contractor appointment.

2. **Scope of Services.** The Consultant shall perform the services described as Tasks in the Scope of Work, attached hereto and made a part hereof and identified as Exhibit "A", in accordance with all the provisions of this Agreement. Exhibit "A" may be amended from time to time as agreed, in writing, by City and Consultant. All of the services identified in the Scope of Work listed below shall hereinafter be collectively referred to as "Services". Consultant shall correct any and all errors and/or omissions in the performance of the Services and any documents resulting therefrom even though City has accepted said Services or documents. Consultant shall make such corrections upon City's request and at no cost or expense to City.

3. **Time of Performance.** The Services of Consultant are to commence upon execution of this Agreement and shall continue until all authorized work is approved by the City. All such work shall be completed no later than **65 days** from commencement.

4. **Compensation.** Compensation to be paid to Consultant for the services rendered hereunder shall be on a time and material basis based upon the fee schedule in Exhibit "B" attached hereto and incorporated by reference. In no event shall Consultant's compensation exceed \$27,689.00 without additional written authorization from City. Payment by City under this Agreement shall not be deemed a waiver of defects, even if such defects were known to the City at the time of payment.

5. **Method of Payment.** Consultant shall submit monthly billings to City describing the work performed during the preceding month. Consultant's bills shall include a brief description of the Services performed and the date the Services were performed the number of hours spent and by whom, and a description of any reimbursable expenditures. City shall pay Consultant no later than 60 days after the date of submittal of a complete invoice for completed tasks and approval of the invoice by City staff. When payments made by City equal 90% of the maximum fee provided for in this Agreement, no further payments shall be made until the final work under this Agreement has been accepted by City.

6. **Extra Work.** At any time during the term of this Agreement, City may request that Consultant perform Extra Work. As used herein, "Extra Work" means any work which is determined by City to be necessary for the proper completion of the Services, but which the parties did not reasonably anticipate would be necessary on the date of execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization from City.

7. **Termination.** This Agreement may be terminated by the City immediately and without notice for cause or by City without cause upon ten (10) days' written notice of termination to Consultant. Upon termination, Consultant shall be entitled to compensation for Services performed up to the effective date of termination, unless this Agreement is terminated for cause, in which case, City may withhold compensation due Consultant in order to reimburse City for any losses, damages or expenses caused by Consultant's default under this Agreement.

8. **Ownership of Documents.** All plans, studies, documents and other writings and electronic disks containing drawings prepared by and for Consultant, its officers, employees, agents and subcontractors in the course of implementing this Agreement, except working notes and internal documents, shall become the property of the City, and the City shall have the sole right to use such materials in its discretion without further compensation to Consultant or to any other party. Consultant shall, at Consultant's expense, provide such reports, plans, studies, documents and other writings to City upon written request.

However, the City's use of completed documents for other projects and/or the use of uncompleted documents without the written authorization of Consultant, will be at the City's sole risk.

9. **Licensing of Intellectual Property.** This Agreement creates a non-exclusive and perpetual license for City to use, modify, reuse or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data electronic or otherwise recorded on computer diskettes which are prepared or caused to be prepared by Consultant under this Agreement ("Documents & Data"). Consultant shall require all subcontractors to agree in writing that City is granted non-exclusive and

perpetual license for any Documents & Data the subcontractor prepared under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. City shall not be limited in any way in its use of the Documents & Data at any time, provided that any such use not within the purpose intended by this Agreement shall be at City's sole risk.

10. **Confidentiality.** All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents & Data either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Such materials shall not, without the prior written consent of City, be used by Consultant for any purposes other than the performance of the Services under this Agreement, nor shall such materials be disclosed to any person or entity not connected with the performance of the Services under this Agreement. Nothing furnished to Consultant which is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use City's name, insignia, photographs, or the project for which Consultant's Services are rendered, or any publicity pertaining to the Consultant's Services under this Agreement in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent by City.

11. **Equal Opportunity Employment.** Consultant represents that it is an equal opportunity employer and it shall not discriminate against any subconsultant, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. 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. Consultant shall also comply with all relevant provisions of City's programs or guidelines currently in effect or hereinafter enacted regarding equal opportunity employment.

12. **Insurance Requirements.**

a. Consultant, at Consultant's own cost and expense, shall procure and maintain, for the duration of this Agreement, the following insurance policies.

i. **Workers Compensation Coverage.** Consultant shall maintain Worker's Compensation Insurance or Employer's Liability Insurance for its employees in accordance with the laws of the State of California. In addition, Consultant shall require each subconsultant to similarly maintain worker's compensation insurance or employer's liability insurance in accordance with the laws of the State of California for all of subconsultant's employees. Any notice of cancellation, non-payment of premium, non-renewal or modification of any Workers' compensation policies must be received by the City at least ten (10) days prior to such cancellation, non-renewal or modification.

ii. **General Liability Coverage.** Consultant shall maintain commercial general liability insurance in an amount not less than one million dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage. If a commercial general liability insurance form or other form with a general aggregate limit is used, either the general aggregate limit shall apply

separately to the Services to be performed under this Agreement or the general aggregate limit shall be at least twice the required occurrence limit identified in this paragraph.

iii. Automobile Liability Coverage. Consultant shall maintain automobile liability insurance covering bodily injury and property damage for all activities of the Consultant arising out of or in connection with the Services to be performed under this Agreement, including coverage for owned, hired and non-owned vehicles, in an amount of not less than two million dollars (\$2,000,000) combined single limit for each occurrence.

iv. Professional Liability Coverage. Consultant shall maintain professional errors and omissions liability insurance for protection against claims alleging negligent acts, errors or omissions which may arise from Consultant's Services under this Agreement, whether such Services be by the Consultant or by its employees, subcontractors, or subconsultants. The amount of this insurance shall not be less than one million dollars (\$1,000,000) on a combined single-limit per occurrence basis.

b. Endorsements. Each general liability and automobile liability insurance policy shall be with insurers possessing a Best's rating of no less than A:VII and which are licensed to conduct business in California, and shall be endorsed with the following specific language:

i. The City, its elected or appointed officers, officials, employees, agents and volunteers shall be covered as additional insureds on all such policies of insurance with respect to liability arising out of Services performed by or on behalf of the Contractor, including materials, parts or equipment furnished in connection with such Services or operations.

ii. These policies of insurance shall be considered primary insurance as respects the City, its elected or appointed officers, officials, employees, agents and volunteers. Any insurance maintained by the City, including any self-insured retention the City may have, shall be considered excess insurance only and shall not contribute with the policies of insurance obtained by Consultant.

iii. These policies of insurance shall act for each insured and additional insured as though a separate policy had been written for each, except with respect to the limits of liability of the insuring company.

iv. The insurer shall agree to waive all rights of subrogation against City, its officials, officers, agents, employees and volunteers for losses arising from work performed by Consultant for City.

v. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the City, its elected or appointed officers, officials, employees, agents or volunteers.

vi. The insurance provided by these policies shall not be suspended, voided, canceled, modified or reduced in coverage or in limits except after thirty (30) days written notice has been received by the City.

vii. The general liability insurance coverage shall be at least as broad as Insurance Services Office commercial general liability coverage (occurrence form CG0001 1188). The automobile liability insurance coverage shall be at least as broad as Insurance Services Office form number CA 0001 0692 Code 1 (any auto).

c. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by the City. At the City's option, Consultant shall demonstrate financial capability for payment of such deductibles or self-insured retentions.

d. Certificates of Insurance. Consultant shall provide certificates of insurance and amendatory endorsements affecting coverage to City as evidence of the insurance coverage required herein. Certificates of such insurance shall be filed with the City on the date of execution of this Agreement by Consultant. Current certification of insurance shall be kept on file with the City at all times during the term of this Agreement. City reserves the right to require and Consultant shall provide within five (5) days of City's request, complete certified copies of all insurance policies and endorsements affecting coverage which are required by this Agreement.

13. Indemnification. To the fullest extent allowable by law, Consultant agrees to indemnify, defend and hold harmless the City and its officials, officers, employees, agents and volunteers from and against all claims, demands, actions, injuries, liabilities, losses, costs or damages, direct or indirect, and any and all attorneys' fees and other expenses which City or its officials, officers, employees, agents or volunteers may sustain or incur as a consequence of or are in any way related to Consultant's or its owners, directors, officers, managers, employees, agents and subcontractor's willful or negligent acts or omissions in the performance of the services and Consultant's responsibilities and obligations to be performed under this agreement or its failure to perform or comply with any of its obligations or responsibilities contained in this agreement; excluding, however, such liability, claims, losses, damages or expenses arising from City's sole negligence or willful acts. This duty to indemnify, defend, and hold harmless shall survive the termination of this agreement.

14. Independent Contractor Status. It is understood and agreed that Consultant, in the performance of the Services to be performed pursuant to this Agreement, shall act as and be an independent contractor and shall not act as an agent or employee of City. Consultant shall obtain no retirement benefits or other benefits which accrue to City's employees and Consultant hereby expressly waives any claim it may have to any such rights. Nothing in this Agreement shall create or be construed as creating a partnership, joint venture or any other relationship between City and Consultant.

15. **Consultant's Books and Records.**

a. Consultant shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services, or expenditures and disbursements charged to City for a minimum period of three (3) years, or for any longer period required by law, from the date of final payment to Consultant under this Agreement.

b. Consultant shall maintain all documents and records that demonstrate performance under this Agreement for a minimum period of three (3) years, or for any longer period required by law, from the date of termination or completion of this Agreement.

c. Any records or documents required to be maintained pursuant to this Agreement shall be made available for inspection or audit, at any time during regular business hours, upon written request by the City. Copies of such documents shall be provided to the City for inspection at the City offices.

d. Where City has reason to believe that such records or documents may be lost or discarded due to dissolution, disbandment or termination of Consultant's business, City may, by written request, require that custody of the records be given to the City and that the records and documents be maintained in the City offices. Access to such records and documents shall be granted to any party authorized by Consultant, Consultant's representatives, or Consultant's successor-in-interest.

16. **Interest of Consultant.** Consultant (including principals, associates and employees) covenants and represents that it does not now have any investment or interest in real property and shall not acquire any interest, direct or indirect, in the area covered by this Agreement or any other source of income, interest in real property or investment which would be affected in any manner or degree by the performance of Consultant's Services hereunder. Consultant further covenants and represents that in the performance of the Services hereunder, no person having any such interest shall perform any Services under this Agreement.

Consultant is not a designated employee within the meaning of the Political Reform Act because Consultant:

a. will conduct research and arrive at conclusions with respect to rendition of information, advice, recommendation or counsel independent of the control and direction of the City or of any City official, other than normal agreement monitoring; and

b. possesses no authority with respect to any City decision beyond rendition of information, advice, recommendation or counsel. FPPC Reg.18700(aX2).)

17. **Professional Ability of Consultant.** City has relied upon Consultant's representations regarding its training and ability to perform the Services hereunder as a material inducement to enter into this Agreement. Consultant shall therefore provide properly skilled personnel to perform all Services under this Agreement. The primary provider of the Services called

for by this Agreement shall be Greg Ray, who shall not be replaced without the written consent of the City. All work performed by Consultant under this Agreement shall be in accordance with applicable legal requirements and shall meet the standard of quality ordinarily to be expected of competent persons in Consultant's field of expertise.

18. **Compliance with Laws.** Consultant shall use the proper standard of care in performing the Services and shall comply with all applicable federal, state and local laws, codes, ordinances and regulations. In addition, if the request for proposal to provide professional services which are the subject of this Agreement cited any federal or state financial assistance involved in the project for which the Services are provided, the Consultant shall perform all services in accordance with all applicable federal and state laws, rates and regulations.

19. **Licenses.** Consultant represents and warrants to City that it has all licenses, permits, qualifications, insurance and approvals of whatsoever nature which are legally required of Consultant to lawfully and competently perform the Services. Consultant represents and warrants to City that Consultant shall, at its sole cost and expense, keep in effect or obtain at all times during the term of this Agreement, any licenses, permits, insurance and approvals which are legally required of Consultant to lawfully and competently perform the Services. Consultant shall maintain a City of Hanford business license.

20. **Assignment and Subcontracting.** The parties recognize that a substantial inducement to City for entering into this Agreement is the reputation, experience and competence of Consultant. Assignments of any or all rights, duties or obligations of the Consultant under this Agreement will be permitted only with the express consent of the City, which consent may be withheld in the sole and absolute discretion of City. Consultant shall not subcontract any portion of the Services to be performed under this Agreement without the written consent of the City, which consent may be withheld in the sole and absolute discretion of City. If City consents to such subcontract, Consultant shall be fully responsible to City for all acts or omissions of the subcontractor. Nothing in this Agreement shall: (i) create any contractual relationship between City and subcontractor; (ii) create any obligation on the part of the City to pay or to see to the payment of any monies due to any such subcontractor; (iii) or relieve Consultant of any of its obligations and responsibilities under this Agreement.

21. **Attorneys' Fees.** If an action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other reasonable relief to which he may be entitled. With respect to any suit, action or proceeding arising out of or related to this Agreement, or the documentation related hereto, the parties hereby submit to the jurisdiction and venue of the Superior or Municipal Court, whichever is applicable, in the County of Kings, State of California for any proceeding arising hereunder.

22. **Sole and Only Agreement.** This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the matters set forth herein and contains all of the covenants and agreements between the parties regarding said matters. Each party to this Agreement acknowledges that no representations, inducements, promises or agreements, orally or in writing, have been made by any party or anyone acting on behalf of any party

which are not embodied in this Agreement and no other agreement, statement or promise shall be valid or binding.

23. **Invalidity.** If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force and effect without being impaired or invalidated in any way.

24. **Amendment.** No change, amendment or modification of this Agreement shall be valid unless the same be in writing and signed by the parties hereto.

25. **Governing Law.** This Agreement shall be construed and governed pursuant to the laws of the State of California.

26. **Waiver.** Waiver of a breach or default under this Agreement shall not constitute a continuing waiver of a subsequent breach of the same or any other provision under this Agreement.

27. **Mediation.** The parties agree to make a good faith attempt to resolve any disputes arising out of this Agreement through mediation prior to commencing litigation. The parties shall mutually agree upon the mediator and shall divide the costs of mediation equally. If the parties are unable to agree upon a mediator, the dispute shall be submitted to JAMS/ENDISPUTE ("JAMS") or its successor in interest. JAMS shall provide the parties with the names of five qualified mediators. Each party shall have the option to strike two of the five mediators selected by JAMS and thereafter the mediator remaining shall hear the dispute. If the dispute remains unresolved after mediation, either party may commence litigation.

28. **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 result 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 member, 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.

29. **Authority to Enter Agreement.** Consultant has all requisite power and authority to conduct its business and to execute, deliver and perform the Agreement. Each party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and to bind each respective party.

30. **Notice.** Except as otherwise expressly provided herein, any notice, consent, authorization or other communication to be given hereunder shall be in writing and shall be deemed duly given and received when delivered personally, when transmitted by facsimile or e-mail if receipt is acknowledged by the addressee, one business day after being deposited for next-day delivery with a nationally recognized overnight delivery service, or three business days after being mailed by first class mail, charges and postage prepaid, property addressed to the party to receive such notice at the

last address furnished for such purpose by the party to whom notice is directed and addressed as follows:

City of Hanford
900 S. 10th Avenue
Hanford, California 93230

Decker Engineers
1261 Lincoln Avenue #220
San Jose, CA 95125

IN WITNESS WHEREOF, the parties have executed this Agreement effective on the day and in the year first set forth above.

CITY OF HANFORD,
a Municipal Corporation

By: _____
Darrel Pyle, City Manager Date

CONSULTANT

By: Willard Decker 12/1/2016
Willard Decker, President Date

APPROVED AS TO CONTENT:

ATTEST:

Johnathan Doyel,
Deputy Public Works Dir./City Engineer

Jennifer Gomez, City Clerk

EXHIBIT "A"

CIVIL ENGINEERING & PLANS

**CORPORATION YARD WASH BAY PROJECT
900 S. 10TH AVENUE
HANFORD, CA 93230**

Prepared for:
**CITY OF HANFORD
PUBLIC WORKS DEPARTMENT
900 S. 10TH AVENUE
HANFORD, CA 93230**



Prepared by:
**DECKER ENGINEERS
1261 Lincoln Avenue, #220
San Jose, CA 95125
(408) 885-1599**

Revised November 29, 2016



decker engineers
1261 Lincoln Avenue
Suite 220
San Jose, CA 95125
O: 408.885.1599
F: 408.885.163

November 29, 2016

Public Works Department
City of Hanford
900 S. 10th Avenue
Hanford, CA 93230
Attn.: Luqman Ragabi, EIT

Re: Corp Yard Wash Bay Project

Dear Luqman:

Submitted herewith is a proposal to provide civil/structural engineering and plans for preparation of construction documents and associated support services for construction of an existing new truck wash bay and associated restroom.

SCOPE OF WORK

Task 1, Meeting & Communication Allowance:

Allowance to cover telephone and email communications as well as on-site meetings and associated travel.

Assumptions:

- Two meetings at the City of Hanford Public Works Department

Task 2, Truck Wash Civil/Structural Construction Plans:

Decker Engineers will prepare Construction Plans of the proposed new wash bay and restrooms suitable for construction and permitting.

Decker Engineers will provide: the following deliverable items:

- Restroom Foundation & Floor Plan
- Restroom Exterior Elevations
- Restroom Interior Elevations
- Concrete wash pad & equipment pad layout.
- Paving plan.
- Sewer/drain piping to point of connection with treatment system/under-ground utility.
- Water supply piping from on-site point of connection to the treatment system and from treatment system to truck wash.
- On-site electrical power supply routing from point of connection of on-site panel to treatment system.
- Details & sections required for permitting and construction.

Assumptions:

- Title 24 calculations and plans will not be required for the restrooms.
- Topographic mapping will not be required for the project.

- Storm water drainage calculations and report will not be required.
- A soils report will not be required for the project. Allowable soil loadings based on California Building Code maximum loads in the absence of a soils report.

Task 3, Technical Specifications:

Decker Engineers anticipates the need to prepare technical specifications for the following CSI divisions:

- Div. 2-Site Work
- Div. 3-Concrete
- Div. 4-Masonry
- Div. 5-Structural Metal Framing
- Div. 6-Wood, Plastics, and Composites
- Div. 7-Thermal and Moisture Protection
- Div. 8-Openings
- Div. 9-Finishes
- Div. 10-Specialties
- Div. 21-Fire Suppression
- Div. 22-Plumbing
- Div. 23-HVAC
- Div. 26-Electrical
- Div. 31-Earthwork
- Div. 32-Exterior Improvements
- Div. 33-Utilities

Assumptions:

- ClearBlu will supply Equipment specifications, (CSI Div. 11, and 46).
- City of Hanford Public Works will prepare Bid Documents and assemble complete Bid Package using Technical Specifications supplied by Decker Engineers.

Task 4, Engineers Estimate:

Decker Engineers will an engineers estimate for construction of the new wash pad using Means Construction Costs applied to material and labor quantities shown on the construction documents.

Assumptions:

- ClearBlu will be supplying equipment and labor costs for supply and installation of their equipment.

Task 5, Bidding Assistance (Allowance):

Decker Engineers will be available on a Time & Materials basis as needed to provide responses to bidder questions and clarification of contract documents.

Task 6, Construction Administration Support (Allowance):

Decker Engineers will be available on a Time & Materials basis as needed to provide responses to contractor RFI's, Review of Submittals, and clarification of contract documents.

BUDGET

The work described above will be completed for the following fees:

<u>Description</u>	<u>Fees</u>
1. Meeting & Communication Allowance	\$4,463
2. Construction Documents	\$13,726
3. Specifications	\$7,000
4. Engineers Estimate	\$2,500
5. Bidding Assistance	T & M
6. Construction Administration Support	T & M
Total, T & M, Not-to-Exceed	<u>\$27,689</u>

Plotting and reproduction will be billed as extras at a 15% markup.

Additional work not described above to be billed on an hourly basis per the attached Schedule of Charges.

Quoted fee is valid for 90 days.

SCHEDULE

- Construction Documents6 weeks
- Specifications2 weeks
- Engineers Estimate 1 week
- Bidding Assistance2 weeks
- Construction Administration Support T.B.D.

Decker Engineers appreciates the opportunity to work with you on this project.

Please call if you have questions.

Sincerely,



Willard Decker, P.E.
Decker Engineers

ACCEPTANCE

Indicate acceptance of the described scope of work, budget, and terms by signing below:

Name: _____

Title: _____

Date: _____

Attachments: Schedule of Charges
Standard Terms and Conditions

EXHIBIT "B"

SCHEDULE OF CHARGES

<u>Professional</u>	<u>Rate Per Hour</u>
Principal Engineers	\$175
Professional Engineers	\$150
Project Engineer	\$125
Staff Engineer	\$110
Drafting	\$85
Clerical	\$55

Depositions and expert witness testimony, including preparation time, will be charged at 150% of the above rates.

Travel time will be charged in accordance with the above rates.

Outside Services

Charges for special outside services, equipment, and facilities not furnished directly by Decker Engineers will be billed at cost plus 15%. Such charges may include, but shall not be limited to the following services:

- Printing and photographic reproduction
- Transportation on public carriers
- Sub-consultants
- Special fees, permits, insurance, etc.
- Rented vehicles
- Shipping Charges
- Meals and lodging
- Consumable materials

Direct Charges

Auto mileage, per mile \$0.60

Corporation Yard Wash Bay Renovation

Project Background:

This project will renovate and expand the existing Corporation Yard wash bay to increase capacity and eliminate delays and clean the equipment at the facility.

Existing Conditions:

The Corporation Yard wash bay was constructed as a single bay facility in the early 1980's as part of development of the Public Works Department Corporation Yard. The single bay facility is heavily used on a daily basis for cleaning refuse trucks, Street sweepers, and other city equipment. The facility is inadequate for the number of vehicles the City currently has and has outlived its useful life.

Project Justification:

This project will replace and expand the existing wash bay facility to provide additional vehicle cleaning capacity. The increased capacity will improve service efficiencies by reducing the time it takes to clean vehicles due to capacity constraints. A bathroom facility will also be incorporated into the project.

Fiscal Implications:

Funding for this project will be allocated from the Refuse Enterprise Reserves.

Project Budget Summary:

		6-Year Funding Allocation					
		2017	2018	2019	2020	2021	2022
Expenditure	Program or Project	Construction					
	Engineering / Inspection	20,000					
	Construction	235,000					
	Contingency	23,500					
	Department Overhead	6,500					
Total Expenditure		\$285,000	\$0	\$0	\$0	\$0	\$0
		Funding					
Revenue	306 Refuse Enterprise	285,000					
Total Funding		\$285,000	\$0	\$0	\$0	\$0	\$0



AGENDA STAFF REPORT

MEETING DATE: 12/20/2016	AGENDA SECTION: D
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SUBJECT:

Public Works: Notice of Completion for the Regional Water Consolidation of Three Water Systems Project

RECOMMENDATION:

That the City Council, by motion, approve a Notice of Completion and authorize the Mayor to execute and the City Clerk to attest and file said Notice with the Kings County Recorder's Office.

BACKGROUND:

In 2014, the City was awarded a Proposition 84 Safe Drinking Water/Water Quality Grant by the State of California in the amount of \$4,051,730.00. The funds were provided to perform Preliminary Engineering, Construction, Inspections, and Quality Control for the consolidation of three small, private, county island water systems into the City's water system due to water quality problems with their existing private water wells. The three private water systems (Four Seasons Mobile Home Park, Lacey Courts Mobile Home Park, and Hamblin Subdivision), were out of compliance with arsenic standards and were too small to absorb the costs of such remediation. The Grant additionally provided funding for the construction of a new City Water Well #50 located at the intersection of Hanford Armona Road at 9th Avenue.

On August 19, 2014, the City Council awarded the Regional Water Consolidation of Three Water Systems project to Steve Dovali Construction, of Fresno, CA. The project consisted of drilling and equipping a new water supply well at the intersection of Hanford Armona at 9th Avenue; installing transmission and distribution water mains, installing new water services for Hamblin Subdivision, Lacey Courts, and Four Seasons mobile home parks, installing new fire hydrants; constructing a discharge flushing main and structure from the well site to Lakeside Ditch; and abandoning four existing private water wells.

There were ten change orders to the Regional Water Consolidation of Three Water Systems project.

FISCAL IMPACT:

The construction funding, including contingencies, for the project was provided through a State of California Proposition 84 Safe Drinking Water/Water Quality Grant in the amount of \$3,617,730.00.

The total construction cost to complete the project was \$3,328,458.06. Attached is the Final Project Construction and Finance History for Council review.

ATTACHMENTS:

Financial Summary

NOC - Water Consolidation

FINAL PROJECT CONSTRUCTION AND FINANCE HISTORY

PROJECT: Regional Water Consolidation of Three Water Systems project

CONTRACTOR: Steve Dovali Construction
8461 E. Olive Avenue
Fresno, CA 93737

CONTRACT DATES:	Bid Date	July 22, 2014
	Council Award	August 19, 2014
	Contractor Started Work	November 3, 2014
	Contract Extended Time of Completion	November 24, 2016
	Contractor Completed Work	November 9, 2016

CONTRACT CHANGE ORDERS:

Construct force main to Lakeside Ditch; on site water service connections for Lacey Courts and Four Seasons Mobile Home Parks; repair culverts at Lakeside Ditch; place AC on driveways at Hamblin Subd.; install one commercial water service; install guard rail at Lakeside Ditch; modify water connection at 9th and Third St.; install AC on Lacey at Four Seasons; Redevelop Well 50 after initial drilling; install SCE conduits per SCE plans; install Chlorination Station house at well site; additional grading; and balance of quantities.

For a net increase of \$345,806.16

FINANCIAL HISTORY:

<u>SOURCE OF BUDGET FUNDING</u>	AMOUNT
FY 13/14 Capital Improvement Program Budget	\$ 3,617,730.00
• Proposition 84 Construction Funds - • Local Funds -	\$ 3,617,730.00 \$ 0
Contract – Total Bid Award	\$ 2,982,651.90
Change Orders	\$ 345,806.16
Total Project Construction Cost	<u>\$ 3,328,458.06</u>
Fund Balance	\$ 289,271.94
• Proposition 84 Construction Funds - • Local Funds -	\$ 289,271.94 \$ 0

RECORDING REQUESTED BY:
CITY OF HANFORD

When recorded return to:

City Clerk
City of Hanford
315 North Douty Street
Hanford, California 93230-3951

G.C. 27361.3 - Fee NIL

NOTICE OF COMPLETION

TO WHOM IT MAY CONCERN:

YOU ARE HEREBY NOTIFIED AS FOLLOWS:

1. The work of Improvement is located at: the Southwest corner of Hanford Armona Road and 9th Avenue, and various locations in the City of Hanford (APN's 016-160-047)
2. The Improvement is particularly described as: Regional Water Consolidation of Three Water Systems and Water Well 50.
3. The date of completion of the work of Improvement: November 9, 2016.
4. The Owner of the work of Improvement: City of Hanford.
5. The nature of the owner's interest or estate: Fee Simple Title.
6. The name of the original contractor for the work of Improvement: Steve Dovali Construction
7. The surety for the work of Improvement: Philadelphia Indemnity Insurance Company
8. All work for this project has been completed.
9. Accepted by minute action of the City Council of the City of Hanford on: December 20, 2016.

I certify under penalty of perjury that the foregoing is true and correct.
Dated this 20th day of December, 2016

BY: _____
David G. Ayers, Mayor
City of Hanford, County of Kings, State of California

I, the undersigned, say:

I am the person who signed the foregoing notice. I have read the above notice and know its contents, and the facts stated therein are true of my own knowledge.

I declare under penalty of perjury that the foregoing is true and correct.

Executed at Hanford, California, this _____ day of _____, 2016.

BY: _____
David G. Ayers, Mayor
City of Hanford, County of Kings, State of California

Authority: Section 1181 Civil Code



AGENDA STAFF REPORT

MEETING DATE: 12/20/2016

AGENDA SECTION: E

SUBJECT:

Public Works: Budget Amendment to change the construction year of the Grangeville Boulevard Resurfacing (CIR) Project from 12th Avenue to Centennial Drive, and the Lacey Boulevard Resurfacing (CIR) project from Irwin Street to 11th Avenue.

RECOMMENDATION:

That the City Council, by motion, approve a budget amendment to:

1. Adjust the funding year from FY 2016/2017 to FY 2017/2018 for the Lacey Boulevard Resurfacing (CIR) Project, from Irwin Street to 11th Avenue in the amount of \$525,000.
2. Adjust the funding year from FY 2017/2018 to FY 2016/2017 for the Grangeville Boulevard Resurfacing (CIR) Project, from 12th Avenue to Centennial Drive Project in the amount of \$690,000.

BACKGROUND:

These projects involve the recycling and resurfacing of street pavement to provide a longer pavement life. The improvements will include recycling and rejuvenating of the existing pavement, adjusting the manhole and gate valve covers to new pavement grade, upgrading the handicap access ramps within the project limits to be ADA compliant, applying an asphalt concrete paving overlay, and restriping of the roadway.

The roadway surface of Grangeville Boulevard between 12th Avenue and Centennial Drive is showing advanced signs of deterioration and is in need of resurfacing. Staff is recommending that the Grangeville Boulevard Project, from 12th Avenue Centennial Drive be moved to the FY 2016/2017 budget due to the increasing deterioration of the pavement surface, and that the Lacey Boulevard Project from Irwin Street to 11th Avenue be moved to the FY 2017/2018 budget.

FISCAL IMPACT:

The acceleration of the Grangeville Boulevard Resurfacing Project will require additional gas tax funding in FY 16/17 and likewise decrease proposed funding in FY 17/18 in the amount of \$165,000. There are sufficient funds in gas tax reserves to accommodate this budget modification and not affect other gas transportation projects planned for FY 16/17 and FY 17/18. The projected unencumbered gas tax fund balance at the end of fiscal year 17/18 (June 30,2018) is estimated at \$1,474,000.

ATTACHMENTS:

Budget Page Amended - Grangeville Blvd CIR

Budget Page Amended - Lacey Blvd CIR from Irwin St to 11th Ave

FISCAL YEAR 2017 "AMENDED"**Grangeville Boulevard Resurfacing (CIR), 12th Avenue to Centennial Drive****Project Background:**

This project will involve the resurfacing of street pavement within Grangeville Boulevard, from 12th Avenue to Centennial Drive. Improvements to include recycling of existing pavement, adjusting manhole and gate valve covers, installation of accessibility ramps, asphalt concrete paving and restriping of the roadway.

Existing Conditions:

Grangeville Boulevard is a two lane arterial street with a protected left turn lane. Current average daily traffic volume is approximately 10,000 vehicles per day. The existing roadway surface is deteriorating due to traffic loads and weather impacts and is in need of resurfacing.

Project Justification:

This project will extend the useful life of the street by approximately 12-15 years.

Fiscal Implications:

Funding for this project will be allocated from gas tax reserves.

Project Budget Summary:

	Amended					
	2017	2018	2019	2020	2021	2022
	Construction	Construction				
Expenditure	Program or Project					
	Engineering / Inspection	25,000	0			
	Construction	600,000	0			
	Contingency	60,000	0			
	Department Overhead	5,000	0			
Total Expenditure		\$690,000	\$0	\$0	\$0	\$0
Revenue	Funding					
	044 Gas Tax (2103)	350,000	0			
	052 RSTP Reserves	340,000	0			
Total Funding		\$690,000	\$0	\$0	\$0	\$0

FISCAL YEAR 2018 "AMENDED"**Lacey Boulevard Resurfacing (CIR), Irwin Street to 11th Avenue****Project Background:**

This project will involve the resurfacing of street pavement within Lacey Boulevard, from Irwin Street to 11th Avenue. Improvements to include recycling of existing pavement, adjusting manhole and gate valve covers, installation of accessibility ramps, asphalt concrete paving and restriping of the roadway.

Existing Conditions:

Lacey Boulevard is a four lane arterial street with a protected left turn lane. Current average daily traffic volume is approximately 17,000 vehicles per day. The existing roadway surface is deteriorating due to traffic loads and weather impacts and is in need of resurfacing.

Project Justification:

This project will extend the useful life of the street by approximately 12-15 years.

Fiscal Implications:

Funding for this project will be allocated from gas tax reserves.

Project Budget Summary:

		Amended					
		2017	2018	2019	2020	2021	2022
Expenditure	Program or Project	Construction	Construction				
	Engineering / Inspection	0	25,000				
	Construction	0	450,000				
	Contingency	0	45,000				
	Department Overhead	0	5,000				
Total Expenditure		\$0	\$525,000	\$0	\$0	\$0	\$0
Funding							
Revenue	044 Gas Tax (2103)	0	525,000				
Total Funding		\$0	\$525,000	\$0	\$0	\$0	\$0



AGENDA STAFF REPORT

MEETING DATE: 12/20/2016	AGENDA SECTION: F
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SUBJECT:

Public Works: Approve the Notice of Completion for Tract No. 843, Independence Subdivision, Unit III and authorize the Mayor to execute and the City Clerk to attest and file said Notice with the Kings County Recorder's Office.

RECOMMENDATION:

That the City Council, by motion, approve a Notice of Completion for Tract No. 843, Independence Subdivision, Unit III and authorize the Mayor to execute and the City Clerk to attest and file said Notice with the Kings County Recorder's Office.

BACKGROUND:

On May 20, 2014, the City Council approved the final map and subdivision agreement for Tract No. 843 Unit III, a 75-lot Planned Unit Development subdivision located as shown on the attached map. The subdivision is being developed by Lennar Fresno Inc, a California Corporation. The developer has completed all required public infrastructure improvements for the subdivision, and has deposited a 10% warranty bond with the city, which will remain in effect for a minimum of one year after the attached Notice of Completion is recorded.

FISCAL IMPACT:

The public infrastructure improvements for Tract No. 843 Unit III have been constructed by the developer as required by the conditions of approval for the subdivision. No fiscal impact will result from approval of the attached Notice of Completion.

ATTACHMENTS:

NOC - Recording Original (Tract 843 - Unit 3)
Vicinity Map

RECORDING REQUESTED BY:
CITY OF HANFORD

When recorded return to:

City Clerk
City of Hanford
315 North Douty Street
Hanford, California 93230-3951

G.C. 27361.3 - Fee NIL

NOTICE OF COMPLETION

TO WHOM IT MAY CONCERN:

YOU ARE HEREBY NOTIFIED AS FOLLOWS:

1. The work of Improvement is located at: Tract No. 843, Lennar Independence Subdivision, Unit III
2. The Improvement is particularly described as: Subdivision Infrastructure Improvements
3. The date of completion of the work of Improvement: November 22, 2016
4. The Owner of the work of Improvement: City of Hanford
5. The nature of the owner's interest or estate: Fee Simple Title
6. The name of the original contractor for the work of Improvement: Lennar Fresno Inc, a California Corporation
7. The surety for the work of Improvement: National Union Fire Insurance Company of Pittsburgh, PA
8. Accepted by minute action of the City Council of the City of Hanford on: December 20, 2016.

I certify under penalty of perjury that the foregoing is true and correct.
Dated this 20th day of December, 2016.

BY: _____
David G. Ayers, Mayor
City of Hanford, County of Kings, State of California

Attachment: NOC - Recording Original (Tract 843 - Unit 3) (1761 : PW: Tract 843, Unit III, Notice of Completion)

I, the undersigned, say:

I am the person who signed the foregoing notice. I have read the above notice and know its contents, and the facts stated therein are true of my own knowledge.

I declare under penalty of perjury that the foregoing is true and correct.

Executed at Hanford, California, this _____ day of _____ 2016.

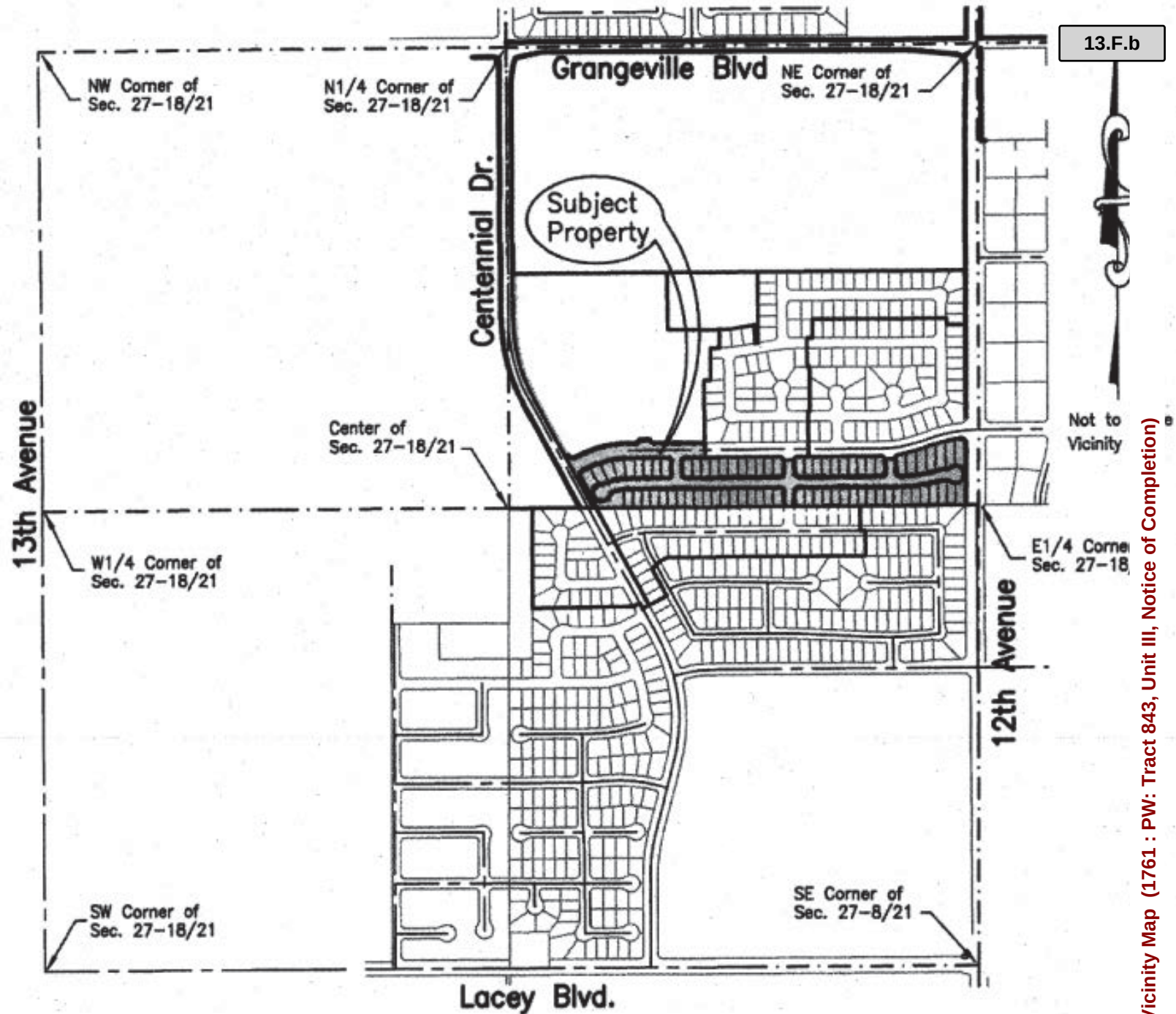
BY: _____

David G. Ayers, Mayor
City of Hanford, County of Kings, State of California

Authority: Section 1181 Civil Code

Attachment: NOC - Recording Original (Tract 843 - Unit 3) (1761 : PW: Tract 843, Unit III, Notice of Completion)

Vicinity Map for Tract 843 Unit III P.U.D. (Lennar Independence Subdivision)





AGENDA STAFF REPORT

MEETING DATE: 12/20/2016	AGENDA SECTION: G
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SUBJECT:

Public Works: Approve a Notice of Completion for this FY 16/17 Centerline Striping Project, and authorize the Mayor to execute and the City Clerk to attest and file said Notice with the Kings County Recorder's Office.

RECOMMENDATION:

That the City Council, by motion, approve a Notice of Completion for this FY 16/17 Centerline Striping Project, and authorize the Mayor to execute and the City Clerk to attest and file said Notice with the Kings County Recorder's Office.

BACKGROUND:

On August 2nd, 2016, the Council awarded the FY 16/17 Centerline Striping Project to Safety Striping Services, Inc. of Goshen, CA. to paint street centerlines, edge lines, bike lanes and pavement markings throughout the City. Painting of traffic lane lines is necessary to facilitate efficient and safe transportation throughout our community.

There were two contract change orders on this project. The first change order, which was approved at the time of award, revised the original bid quantities and unit costs. The second change order was issued to include extra work performed and the Balance of Quantity adjustment.

FISCAL IMPACT:

The FY 15/16 Capital Improvement Program Budget provides \$71,500.00 for construction, including contingencies, for this project. An additional appropriation of \$24,294.02 was needed from the Gas Tax Reserves to fully fund this project. A copy of Budget Page 226 is attached for Council review.

The total cost to complete the project was \$84,586.06. Attached is a Final Project Construction and Finance History Report for Council review.

ATTACHMENTS:

Final Project Construction and Finance History
NOC - Recording Original

FINAL PROJECT CONSTRUCTION AND FINANCE HISTORY

PROJECT: FY 16/17 Centerline Striping Project

CONTRACTOR: Safety Striping Services, Inc.
6868 Ave 305
P.O. Box 1020
Goshen, CA 93277

CONTRACT DATES:	Bid Date	July 12, 2016
	Council Award	August 2, 2016
	Contractor Started Work	September 9, 2016
	Contract Time of Completion	November 16, 2016
	Contractor Completed Work	November 16, 2016

CONTRACT CHANGE ORDERS:

Contract Change Order No.1: (Approved at time of award)

1. Revise bid quantities and unit costs per attached itemized list due to quantities reduction of more than 25%.

For a net decrease of \$60,587.33

Contract Change Order No. 1 total decrease: \$60,587.33

Contract Change Order No. 2:

1. Pavement Markers on:

Location	Quantity (EA)	Unit Price	Total
Kings County Drive	113	\$6.00	\$678.00
Idaho Avenue	295	\$6.00	\$1770.00
TOTAL			\$2,448.00

For a net increase of \$2,448.00

2. Transition Stripe (One Way Pass)

Description	Quantity (LF)	Unit Price	Total
Transition Stripe (One Way Pass)	1494	\$0.13	\$194.22

For a net increase of \$194.22

3. Balance of Quantities

For a net decrease of \$9,290.18

Contract Change Order No. 2 total decrease: \$6,647.96

FINANCIAL HISTORY:

SOURCE OF BUDGET FUNDING

AMOUNT

FY 15/16 Capital Improvement Program Budget
 Additional appropriation from Tax Reserves

\$ 71,500.00
 \$ 24,294.02

CONSTRUCTION COSTS

Contract – Total Bid Award

\$ 151,821.35

CCO # 1

\$ -60,587.33

CCO # 2

\$ - 6,647.96

Total Construction Cost

\$ 84,586.06

Fund Balance

\$ 11,207.96

RECORDING REQUESTED BY:
CITY OF HANFORD

When recorded return to:

City Clerk
City of Hanford
315 North Douty Street
Hanford, California 93230-3951

G.C. 27361.3 - Fee NIL

NOTICE OF COMPLETION

TO WHOM IT MAY CONCERN:

YOU ARE HEREBY NOTIFIED AS FOLLOWS:

1. The work of Improvement is located at: Various streets in the City of Hanford
2. The Improvement is particularly described as: FY 16/17 Centerline Striping Project
3. The date of completion of the work of Improvement: November 16, 2016.
4. The Owner of the work of Improvement: City of Hanford.
5. The nature of the owner's interest or estate: Fee Simple Title.
6. The name of the original contractor for the work of Improvement: Safety Striping Service, Inc.
7. The surety for the work of Improvement: United Fire & Casualty Company
8. All work for this project has been completed.
9. Accepted by minute action of the City Council of the City of Hanford on:
December 20, 2016.

I certify under penalty of perjury that the foregoing is true and correct.
Dated this 20th day of December, 2016.

BY: _____

David G. Ayers, Mayor
City of Hanford, County of Kings, State of California

Attachment: NOC - Recording Original (1762 : PW: Notice of Completion for FY 16/17 Centerline Striping Project)

I, the undersigned, say:

I am the person who signed the foregoing notice. I have read the above notice and know its contents, and the facts stated therein are true of my own knowledge.

I declare under penalty of perjury that the foregoing is true and correct.

Executed at Hanford, California, this _____ day of _____, 2016.

BY: _____
David G. Ayers, Mayor
City of Hanford, County of Kings, State of California

Authority: Section 1181 Civil Code



AGENDA STAFF REPORT

MEETING DATE: 12/20/2016	AGENDA SECTION: H
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SUBJECT:

Public Works: Approval of an Agreement for Future Reimbursements to Pioneer Union Elementary School District for Sewer, Water, and Storm Drain improvements within Berkshire Lane, Mustang Drive, and Stagecoach Drive adjacent to Frontier School.

RECOMMENDATION:

That the Council, by motion, approve the attached Agreement for Future Reimbursements to Pioneer Union Elementary School District for Sewer, Water, and Storm Drainage improvements within Berkshire Lane, Mustang Drive, and Stagecoach Drive adjacent to Frontier School and authorize the City Manager to execute the Agreement and the City Clerk to record the Agreement with the Kings County Recorder's Office.

BACKGROUND:

Concurrent with the development of Frontier Elementary School in 2008, Pioneer Union Elementary School District constructed sewer, water, and storm drainage improvements along the school frontage and along Berkshire Lane to get utilities to the school site.

Subject to an Agreement with the city, Municipal Code Section 13.04.130 provides for payment of future reimbursements for the cost of privately constructed water system improvements which will provide service to other properties located adjacent to the water main and Municipal Code Section 13.08.140 provides for payment of future reimbursements for the cost of privately constructed sewer and storm drainage system improvements which will provide service to other properties located adjacent to the sewer and storm drainage mains.

Since the work was completed in 2008, the 10 year period allowed for the developer to seek reimbursement under the Municipal Code will expire on July 15, 2018.

FISCAL IMPACT:

There is no cost to the city associated with approval of the Agreement for future reimbursements, because the reimbursement amounts will be paid by adjacent developers on a front footage basis at such time as their properties are connected to the city's system.

ATTACHMENTS:

Pioneer Reim Agreement

Recording Requested By:

CITY OF HANFORD

When Recorded Return To:

CITY OF HANFORD

ATTN: City Clerk

319 N. Douty Street

Hanford, CA 93230

APN: 009-030-125

REIMBURSEMENT AGREEMENT

THIS REIMBURSEMENT AGREEMENT ("Agreement") is made and entered into as of the ____ day of _____, 2016, by and between the CITY OF HANFORD, a Municipal Corporation ("City"), and Pioneer Union Elementary School District, a California Charter District, ("Owners").

RECITALS

A. Owners have an interest in the real property located at 1888 N. Mustang Drive, Hanford, California, as depicted on Exhibit A (Location Map) attached hereto, ("Property").

B. Owners have constructed offsite water, sewer, and storm drain main improvements ("Improvements") within Berkshire Lane, Mustang Drive, and Stagecoach Drive adjacent to the Property, located as shown on construction plans prepared by the firm of Zumwalt- Hansen Inc., approved by the Public Works Department on April 10, 2007, and on file in the office of the City Engineer ("Plans").

C. The Improvements will benefit property owners adjacent to the Improvements who utilize the Improvements at the time of future development of their property.

D. The parties to this agreement desire to establish a procedure whereby Owners shall receive reimbursement of a portion of Owners' costs of purchase and installation of the Improvements.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, and for the good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

Attachment: Pioneer Reim Agreement (1765 : PW: Reimbursement Agreement for PUESD)

1. Reimbursement to Owners. The parties hereto agree that as adjacent properties develop so as to require use of and benefit from the Improvements, a reimbursement amount will be collected based upon the final installed cost of the Improvements, applied to the front footage of each property as follows:

- For water main infrastructure Improvements within Berkshire Lane, Mustang Drive, and Stagecoach Drive, as shown on Plans, reimbursement amount shall be \$14.80 per lineal front foot. The maximum reimbursement amount shall be \$90,716.53 plus interest accrued from the date of this Agreement.
- For sanitary sewer main infrastructure Improvements within Berkshire Lane, Mustang Drive, and Stagecoach Drive, as shown on Plans, reimbursement amount shall be \$21.23 per lineal front foot. The maximum reimbursement amount shall be \$104,188.28 plus interest accrued from the date of this Agreement.
- For storm drain infrastructure Improvements within Mustang Drive and Stagecoach Drive, as shown on Plans, reimbursement amount shall be \$2,498.52 per acre. The maximum reimbursement amount shall be \$239,533.50 plus interest accrued from the date of this Agreement. Adjacent properties subject to this reimbursement are identified on Exhibit "B".

Calculated reimbursement costs shall be collected by the City from such adjacent property owners and held pursuant to the terms and conditions of this agreement. In addition, an interest amount calculated at a rate equal to the Local Agency Investment Fund interest rate in effect on the date of this Agreement (0.67%) shall be assessed on the calculated reimbursement amount from the date of the Agreement until notification of Owners.

2. Method of Reimbursement to Owners. Upon collection of a reimbursement amount from a benefiting adjacent property owner, City shall provide written notice to Owners of said amount. Once City has provided such notice to Owners, City shall be relieved of any further obligation to collect additional interest on reimbursement funds received. Owners may request reimbursement of the amount identified in said notice at any time during the term of this Agreement and for a period of one (1) year from the date or expiration of the term of this agreement. Should no request for reimbursement be made within said period, funds held by the City pursuant to the terms and conditions of this Agreement shall automatically become the property of the City and may be utilized by the City for any purposes with no further obligation of reimbursement to the Owners.

3. Obligation of the City to Collect Reimbursement Amount. The City shall use its best efforts to collect any reimbursement amount from adjacent property owners receiving benefit from the Improvements installed by the Owners; however, should any such adjacent property owner for any reason fail to pay said reimbursement amount, the City shall not be obligated to take any further action including, without limitation, the filing of legal action in order to collect said reimbursement amount from an adjacent property owner. The City, however, will assign any rights it may have to collect such reimbursement amount from an adjacent property owner to the Owners, should the Owners desire to take legal action in order to collect the reimbursement amount from such adjacent property owner.

4. Terms of Agreement. It is agreed that this agreement shall terminate ten (10) years from July 15, 2008 and that if the full amount of the cost of the Improvements has not been repaid to Owners at the end of said ten (10) year period, no further refund payment shall be paid by City to Owners. City shall have no further obligations under the terms and conditions of this Agreement.

5. Attorney's Fees. If an action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other reasonable relief to which said party may be entitled. With respect to any suit, action or proceeding arising out of or related to this Agreement or the documentation related hereto, the parties hereby submit to the jurisdiction and venue of the Superior Court in the County of Kings, State of California, for any proceeding arising hereunder.

6. Sole and Only Agreement. This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the matters set forth herein and contains all of the covenants and agreements between the parties regarding said matters. Each party to this Agreement acknowledges that no representations, inducements, promises or agreements, orally or in writing, have been made by any party, or anyone acting on behalf of any party, which are not embodied in this Agreement and no other agreement, statement or promises shall be valid or binding.

7. Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force and effect without being impaired or invalidated in any way.

8. Amendment. No change, amendment or modification of this Agreement shall be valid unless the same be in writing and signed by the parties hereto.

9. Governing Law. This Agreement shall be construed and governed pursuant to the laws of the State of California.

10. Binding on Heirs. This Agreement shall be binding upon and shall inure to the benefit of the respective heirs, personal representatives, successors and assigns of the parties hereto.

11. Indemnity. Owners hereby agrees to indemnify and hold harmless the City of Hanford, its officials, officers, employees and agents from and against any and all claims in any way related to, or arising from, the terms and conditions of this Agreement, including, without limitation, the reimbursement of funds by the City of Hanford to Owners as set forth herein and shall further indemnify and hold harmless the City of Hanford, its officials, officers, employees and agents from and against all costs, attorney's fees, expenses and liabilities incurred in or about such claim or any action or prosecution brought thereon and in case any action or proceeding be brought against the City of Hanford, its officials, officers, employees and agents by reason of such claims. Owners, upon notice from the City of Hanford, shall defend the City of Hanford, its officials, officers, employees and agents at the expense of Owners and by counsel reasonably satisfactory to the City of Hanford.

12. Time of the Essence. Time is of the essence in this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement effective on the day and in the year first set forth above.

CITY OF HANFORD
A Municipal Corporation

OWNERS:
Pioneer Union Elementary School District

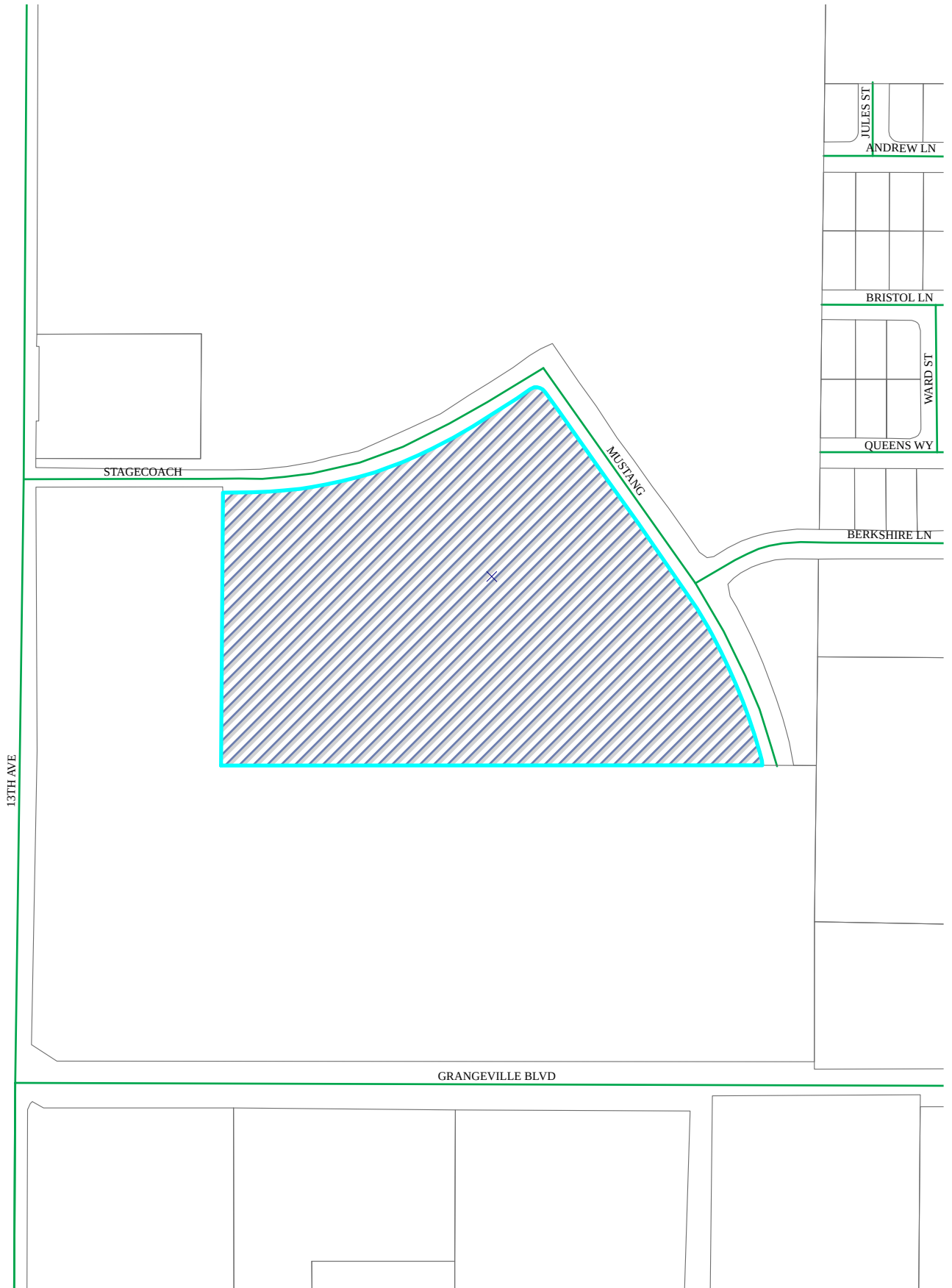
By: _____
Darrel L. Pyle, City Manager

Paul van Loon, Authorized Agent

APPROVED AS TO CONTENT:

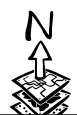
By: _____
Johnathan L. Doyel, P.E., P.L.S.
Deputy Director of Public Works/
City Engineer

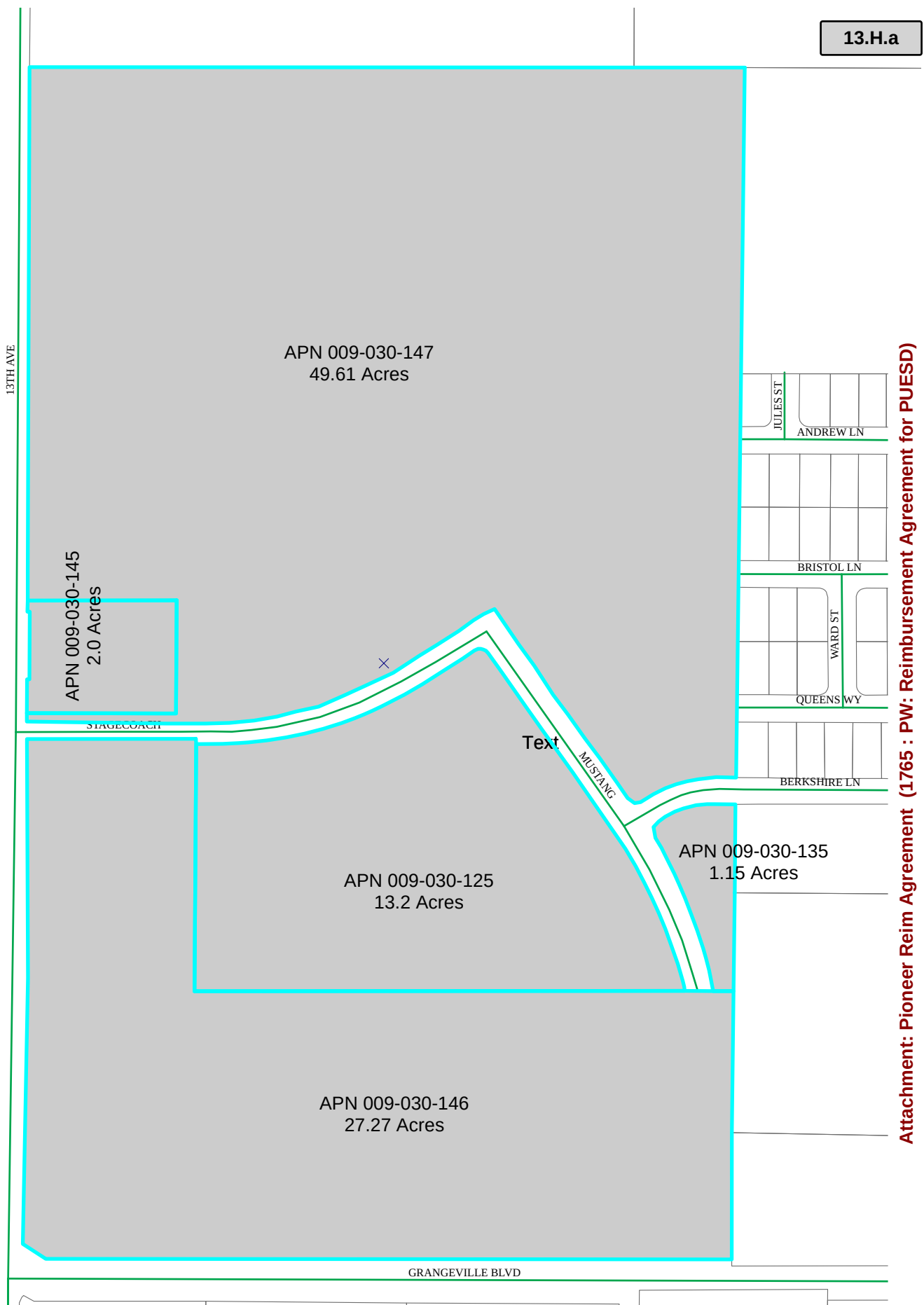
Attachment: Pioneer Reim Agreement (1765 : PW: Reimbursement Agreement for PUESD)



Attachment: Pioneer Reim Agreement (1765 : PW: Reimbursement Agreement for PUESD)

Exhibit "A" Subject Property

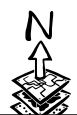




Attachment: Pioneer Reim Agreement (1765 : PW: Reimbursement Agreement for PUESD)

Exhibit "B"

Subject to S.D. Reimbursement



Frontier Elementary School Water Main Reimbursement (Water)

Extension of off-site Water Main for current and future development

Costs* of Water installation to be reimbursed (Facilities along Mustang Dr., Berkshire Ln., and Stagecoach Dr.)

	Quantity	Units	Cost per Unit	% Reimb ***	Total
Off-Site Water Material	1	LS	\$47,328.00	66.67	\$31,553.58
Off-Site Water Labor	1	LS	\$70,992.00	66.67	\$47,330.37
			Subtotal		\$78,883.94
			15% Allowance**		\$11,832.59
			Total Reimbursement		\$90,716.53
			Lineal Footage of Main line		3065
			Reimbursement per lineal foot (2 sides)		\$14.80

NOTES:

- * All Cost Amounts per 6-30-08 Dave Bush Construction Bid
- ** 15% Allowance (For Engineering & Surveying Costs)
- *** 12 inch line installed, City Ordinance allows for 8 inch line

Frontier Elementary School Sanitary Sewer Reimbursement (S.S.)

Extension of off-site Sanitary Sewer structures
for current and future development

Costs* of S.S. Installation to be reimbursed (Facilities along Mustang Dr., Berkshire Ln., and Stagecoach Dr.)

	Quantity	Units	Cost per Unit	% Reimb ***	Total
Off-Site Sanitary Sewer Material	1	LS	\$48,319.00	75	\$36,239.25
Off-Site Sanitary Sewer Labor	1	LS	\$72,479.00	75	\$54,359.25
			Subtotal		\$90,598.50
			15% Allowance**		\$13,589.78
			Total Reimbursement		\$104,188.28
			Lineal Footage of Main line		2454
			Reimbursement per lineal foot (2 sides)		\$21.23

NOTES:

- * All Cost Amounts per 6-30-08 Dave Bush Construction Bid
- ** 15% Allowance (For Engineering & Surveying Costs)
- *** 8 inch line installed, City Ordinance allows for 6 inch line

Frontier Elementary School Storm Drain Reimbursement (S.D.)

Extension of off-site storm drainage structures
for current and future development

Costs* of S.D. Installation to be reimbursed (Facilities along Mustang Express Dr. and Stagecoach Dr.)

	Quantity	Units	Cost per Unit	Total
Off-Site Storm Drain Material	1	LS	\$81,024.00	\$81,024.00
Off-Site Storm Drain Labor	1	LS	\$121,536.00	\$121,536.00
Off-Site Outfall Material	1	LS	\$2,279.00	\$2,279.00
Off-Site Outfall Labor	1	LS	\$3,415.00	\$3,451.00
			Subtotal	\$208,920.00
			15% Allowance**	\$31,243.50
			Total Reimbursement	\$239,533.50
			Acreage Served	95.87
			Reimbursement per Acre***	\$2,498.52

NOTES:

- * All Cost Amounts per 6-30-08 Dave Bush Construction Bid
- ** 15% Allowance (For Engineering & Surveying Costs)
- *** Amount per acre of property to be paid at time adjacent properties per map utilize storm drain



AGENDA STAFF REPORT

MEETING DATE: 12/20/2016

AGENDA SECTION: I

SUBJECT:

Finance: Annual Review and Approval of Five-Year findings of Funds Pertaining to City of Hanford Impact Fees for Parks, Transportation, Fire Protection, Police Protection, Storm Water System, Water System, Wastewater System, and Refuse/Recycling

RECOMMENDATION:

That the City Council: 1) review and file the report and information concerning types of fees, amounts of fees, cash balances, fees received, interest earned, and annual expenditures for the City of Hanford's Park Impact Fees, Transportation Impact Fees, Fire Protection Impact Fees, Police Protection Impact Fees, Storm Water Impact Fees, Water Impact Fees, Wastewater Impact Fees, and Refuse/Recycling Impact Fees, and 2) by motion, approve the five-year findings contained in the Parks, Transportation, and Refuse/Recycling Impact Fee Reports.

BACKGROUND:

California Government Code Section 66006 requires the city to annually review at a regular scheduled public meeting the types of fees, amounts of fees, the beginning and ending balances, fees, interest, other income, annual expenditures and other matters concerning the above subject funds.

Government Code Section 66001(d) requires the City to make certain findings for the fifth fiscal year following the first deposit into each of the impact fee funds and every five years thereafter. Staff recommends that the City Council approve the five-year findings presented in the Fire, Police, Storm Water System, Water System, and Wastewater Impact Fee Reports.

A notice of the availability of the information and the time and place of the public meeting has been mailed to the Building Industry Association (BIA) of Tulare/Kings Counties as requested.

Attachments "A", "B", "C", "D", "E", "F", "G", and "H" summarize the activity of the subject funds.

FISCAL IMPACT:

This report does not impact the fiscal year budget.

ATTACHMENTS:

Attachment "A-H"

CITY OF HANFORD

Park Impact Fee Fund Summary

Attachment "A"

Fiscal Year	Fees Collected	Interest Earned	Other Revenue	Credits/ Refunds ***	Total Revenue	Expenditures	Beginning/ Ending Balance
91-97	1,052,106.64	133,856.00	0.00	0.00	1,185,962.64	(575,731.53)	1,139,904.52
97-98	153,910.35	38,476.09	0.00	0.00	192,386.44	(229,527.87)	573,089.68
98-99	156,399.46	25,548.04	0.00	0.00	181,947.50	(212,719.36)	542,317.82
99-00	110,440.79	17,556.84	0.00	0.00	127,997.63	(539,074.86)	131,240.59
00-01	179,726.43	8,298.61	0.00	0.00	188,025.04	(35,460.00)	283,805.63
01-02	292,208.25	17,692.12	0.00	0.00	309,900.37	(10,000.00)	583,706.00
02-03	388,835.76	21,425.89	0.00	0.00	410,261.65	(100,000.00)	893,967.65
03-04	336,491.80	19,715.99	0.00	0.00	356,207.79	(399,414.40)	850,761.04
04-05	504,047.68	28,751.36	0.00	0.00	532,799.04	(23,913.08)	1,359,647.00
05-06	889,119.86	55,209.62	0.00	0.00	944,329.48	(124,196.98)	2,179,779.50
06-07	716,489.16	127,358.38	0.00	0.00	843,847.54	(1,756,186.34)	1,267,440.70
07-08	328,181.16	62,013.79	0.00	0.00	390,194.95	(6,187.66)	1,651,447.99
08-09	115,453.52	34,233.16	0.00	0.00	149,686.68	(233,028.20)	1,568,106.47
09-10	343,651.28	22,075.42	0.00	0.00	365,726.70	(9,658.97)	1,924,174.20
10-11	156,242.63	9,666.03	0.00	0.00	165,908.66	(200,745.48)	1,889,337.38
11-12	155,382.97	13,772.43	0.00	0.00	169,155.40	(95,727.47)	1,962,765.31
12-13	301,278.83	8,713.95	(10,020.54)	0.00	299,972.24	(433,113.28)	1,829,624.27
13-14	437,132.64	13,380.74	0.00	0.00	450,513.38	(127,236.70)	2,152,900.95
14-15	410,297.67	13,464.95	0.00	0.00	423,762.62	(2,000.00)	2,574,663.57
15-16	997,193.84	25,872.15	0.00	0.00	1,023,065.99	0.00	3,597,729.56
Totals	8,024,590.72	697,081.56	(10,020.54)	0.00	8,711,651.74	(5,113,922.18)	3,597,729.56

***Note: Pertains to Section 66001(e) of the Government Code regarding unexpended and uncommitted funds five (5) years after deposit.

1) Five year findings (G.C. 66001(d)) - Parks Facility Impact Fees

- **Purpose of Fee:** The purpose of the fee is identified in City Council Resolution No. 04-21-R (Resolution), which is incorporated herein by reference. The purpose of the fee remains unchanged.
- **Reasonable Relation Between Fee and Purpose:** The facts and findings contained in the Ralph Anderson Report dated November 17, 1998, entitled "Development Impact Fee Report, City of Hanford", and the report prepared by City staff entitled "Development Impact Fees Update Report" dated March 2004, which are incorporated herein by reference, and adopted by the City Council, identify the reasonable relationship between the fee and the purpose for which the fee is charged. There

have been no changes in circumstances that affect the relationship between the fee and the purpose for which it is charged.

- **Identify Sources and Amounts of Funding for Incomplete Improvements:** The Five Year Capital Improvement Plan (CIP) that was approved by the City Council on June 21, 2016, through Resolution 16-28-R, which is incorporated herein by reference, identifies anticipated sources and amounts of funding for incomplete improvements.
 - **Designate Approximate Dates on which Funding will be Deposited:** The CIP identifies the fiscal years in which it is anticipated that funds will be deposited.
- 2) **Fee Description and Purpose (G.C. 66006 (b) (1) (A))**
The purpose of the Parks Impact Fee is to acquire and/or develop public park facilities in order to reduce the impacts of overcrowding of existing park facilities caused by new development within the Hanford General Plan Area.
 - 3) **Amount of Fee (G.C. 66006 (b) (1) (B))**
The fee, effective 7/1/2016 (Resolution 16-15-R), is calculated at 100% of the per dwelling unit cost of \$3,083.06. Senior Citizen Housing calculated at 50% of the per dwelling unit cost is \$1,541.54 (\$3,083.06 x .5 = \$1,541.54/dwelling unit).
 - 4) **Improvements Funded Yet Not Completed (G.C. 66006 (b) (1) (E))**
There are no projects in this category.
 - 5) **Interfund Transfers/Loans (G.C. 66006 (b) (1) (G))**
There are no interfund transfers or loans.
 - 6) The Capital Improvement Program proposes use of \$17,162,000 in Park Impact Fees from 1998 through the year 2025.

CITY OF HANFORD

Park Impact Fee Fund

Expenditures Summary

Project	Combined 1990-91 to 2014-15		2015-2016		Totals	Percent Project Funds From Fees
Longfield Center Weight Room Construction	103,351.90				103,351.90	100%
Recreation Field Development at JFK Jr. High School	250,084.01				250,084.01	100%
Harris Street Ball Park & Youth Athletic Complex - Electrical & Lighting Upgrade	1,144.13				1,144.13	100%
Shenwood Park Development	85,930.73				85,930.73	100%
Youth Athletic Complex - Expansion	1,066,004.70				1,066,004.70	84%
Athletic Practice Fields Development (E. Campus HUHs)	107,397.93				107,397.93	100%
Skate Park Construction	107,500.00				107,500.00	75%
Centennial Park - Picnic Arbor	42,490.74				42,490.74	24%
Stonecrest Park	5,992.75				5,992.75	100%
Lacey Park Playground Equipment	10,000.00				10,000.00	21%
Recreational/Educational Facility (Sports Complex-13th Av @ Grgv)	1,160,766.75		0.00		1,160,766.75	19%
Stonecrest/Glacier Playground Construction	33,681.11		0.00		33,681.11	100%
Softball Field Restrooms - HUHs @ 10th Ave	15,000.00		0.00		15,000.00	19%
Vineyards Park Land Acquisition & Development	316,879.67		0.00		316,879.67	100%
Freedom Park Development	784,128.86		0.00		784,128.86	20%
Centennial Park - Water Spray	164,745.97		0.00		164,745.97	100%
Youth Athletic Complex Football Field Expansion	37,770.35		0.00		37,770.35	100%
Hidden Valley Park - Water Spray	182,783.01		0.00		182,783.01	100%
Dog Parks at Centennial Park and Hidden Valley Parks	113,764.72		0.00		113,764.72	100%
Hidden Valley Park Picnic Arbor	166,304.05		0.00		166,304.05	100%
10th Ave @ Highway 43 - Fence	40,778.49		0.00		40,778.49	100%
Youth Athletic Complex Snack Bar/Restroom	260,717.22		0.00		260,717.22	100%
Coe Park Splash Pad	44,841.01		0.00		44,841.01	12%
Rotary Field Renovation	9,864.08		0.00		9,864.08	100%

Attachment "A-1"

Packet Pg. 66

CITY OF HANFORD

Attachment "B"

Transportation Impact Fee Fund Summary

Fiscal Year	Fees Collected	Interest Earned	Other Revenue	Credits/Refunds ***	Total Revenue	Expenditures	Beginning/Ending Balance
91-97	2,033,596.29	202,888.23	188,419.00	0.00	2,424,903.52	(1,269,188.57)	1,997,842.68
97-98	280,620.62	58,827.62	48,324.00	0.00	387,772.24	(879,768.50)	663,718.69
98-99	329,912.47	34,646.52	60,000.00	0.00	424,558.99	(429,083.68)	659,194.00
99-00	292,412.88	43,047.82	3,700.00	0.00	339,160.70	(453,386.30)	544,968.40
00-01	310,614.84	57,665.21	252,818.26	0.00	621,098.31	(370,184.90)	795,881.81
01-02	466,290.54	41,996.55	0.00	0.00	508,287.09	(50,525.69)	1,253,643.21
02-03	687,073.69	42,294.55	0.00	0.00	729,368.24	(546,351.50)	1,436,659.95
03-04	481,119.37	31,171.29	0.00	0.00	512,290.66	(890,051.98)	1,058,898.63
04-05	2,351,130.46	21,967.13	0.00	0.00	2,373,087.59	(1,277,859.43)	2,154,126.79
05-06	1,302,267.68	89,849.77	0.00	0.00	1,392,117.45	(199,634.00)	3,346,610.24
06-07	1,136,896.00	199,939.30	17,303.66	0.00	1,354,138.96	(686,140.13)	4,014,609.07
07-08	2,299,054.39	184,124.27	0.00	0.00	2,483,178.66	(748,312.47)	5,749,475.26
08-09	564,430.25	101,203.73	0.00	0.00	665,633.98	(1,920,111.59)	4,494,997.65
09-10	463,294.50	57,006.17	0.00	0.00	520,300.67	(387,413.84)	4,627,884.48
10-11	1,792,848.81	14,236.34	0.00	0.00	1,807,085.15	(1,734,594.23)	4,700,375.40
11-12	185,476.90	23,105.29	0.00	0.00	208,582.19	(1,857,789.00)	3,051,168.59
12-13	220,920.37	3,701.31	(10,902.41)	0.00	213,719.27	(1,568,512.54)	1,696,375.32
13-14	625,632.12	10,332.17	200.00	0.00	636,164.29	(956,227.28)	1,376,312.33
14-15	766,505.20	9,419.39	74,363.82	(5,080.64)	845,207.77	(499,996.31)	1,721,523.79
15-16	2,435,797.49	13,238.56	46,384.91	0.00	2,495,420.96	(3,111,069.72)	1,105,875.03
Totals	19,025,894.87	1,240,651.22	680,611.24	(5,080.64)	20,942,076.69	(19,836,201.66)	1,105,875.03

***Note: Pertains to Section 66001(e) of the Government Code regarding unexpended and uncommitted funds five (5) years after deposit.

1) Five year findings (G.C. 66001 (d)) - Transportation Facility Impact Fees

- Purpose of Fee: The purpose of the fee is identified in City Council Resolution No. 04-21-R (Resolution), which is incorporated herein by reference. The purpose of the fee remains unchanged.
- Reasonable Relation Between Fee and Purpose: The facts and findings contained in the Ralph Anderson Report dated November 17, 1998, entitled "Development Impact Fee Report, City of Hanford", and the report prepared by City staff entitled "Development Impact Fees Update Report" dated March 2004, which are incorporated herein by reference, and adopted by the City Council, identify the reasonable relationship between the fee and the purpose for which the fee is charged. There have been no changes in circumstances that affect the relationship between the fee and the purpose for which it is charged.

Prepared By: Finance Department
November 30, 2016

PFI TRANS FUND SUMM

• **Identify Sources and Amounts of Funding for Incomplete Improvements:** The Five Year Capital Improvement Plan (CIP) that was approved by the City Council on June 21, 2016, through Resolution 16-28-R, which is incorporated herein by reference, identifies anticipated sources and amounts of funding for incomplete improvements.

• **Designate Approximate Dates on which Funding will be Deposited:** The CIP identifies the fiscal years in which it is anticipated that funds will be deposited.

2) Fee Description and Purpose (G.C. 66006 (b) (1) (A))

The purpose of the Transportation Impact Fee is to finance infrastructure and facilities in order to reduce the impacts of traffic congestion and air pollution caused by new development within the Hanford General Plan Area.

3) Amount of Fee (G.C. 66006 (b) (1) (B))

The fee, effective 7/1/2016 (Resolution No. 16-17-R), is calculated at 100% of total cost per each new tripend of \$330.69.

Trips within the Central Parking and Improvement District are calculated at 20% less.

4) Improvements Funded Yet Not Completed (G.C. 66006 (b) (1) (F))

There are no projects in this category.

5) Interfund Transfers/Loans (G.C. 66006 (b) (1) (G))

There are no interfund transfers or loans.

6) The Capital Improvement Program proposes use of \$41,864,369 in Transportation Facility Impact Fees from 1998 through the year 2025.

CITY OF HANFORD

Transportation Impact Fee Fund

Expenditures Summary

Project	Combined 1990-91 to 2014-15		2015-16		Totals	Percent Project Funds From Fees
10th Avenue @ Birch & Fargo - Widen Street	15,277.42	0.00	15,277.42			41%
Traffic Signal Construction - 10th Ave. @ Fargo	260,219.70	0.00	260,219.70			91%
Hanford Armona Rd. Construction - 10th Ave. to 12th Ave.	255,916.73	0.00	255,916.73			13%
11th Ave. @ Fargo Reconstruction & Widen Intersection	36,566.00	0.00	36,566.00			85%
R/W Design & Construction - Grangeville Blvd. - 10th Ave. to 11th Ave.	418,825.50	0.00	418,825.50			39%
10th Ave. Design & R/W Acq.-Grangeville Bl. to Hanford Armona Rd	32,440.63	0.00	32,440.63			6%
11th Ave. Widening @ LDS Church	7,096.00	0.00	7,096.00			45%
Traffic Signal Upgrade @ Lacey & Campus & 11th Ave. @ Hanford Armona Rd.	102,126.91	0.00	102,126.91			47%
Traffic Signals @ 11th & Lacey Lacey & Greenfield and Median Const on Lacey-11th Ave. to Greenfield	100,000.00	0.00	100,000.00			56%
7th St. - Mail to Downtown Connection	10,089.15	0.00	10,089.15			2%
Traffic Signal Const - 11th Ave. @ Davis St.	185,445.45	0.00	185,445.45			95%
Traffic Signal Upgrade - 11th Ave. @ Elm & Florida	63,155.86	0.00	63,155.86			70%
Fargo @ Peoples Ditch - Widen Culvert	21,000.00	0.00	21,000.00			100%
10th Ave. @ Pinecastle - Widen Street	6,790.95	0.00	6,790.95			100%
Traffic Signal Design & Construction 3rd St. 4th St/11th Ave. & 198	220,940.25	0.00	220,940.25			100%
Fargo-West of 11th Ave. - Widen	73,037.52	0.00	73,037.52			100%
Traffic Signal/Construction - 7th St. @ 11th Ave.	65,799.65	0.00	65,799.65			100%
Sub totals	1,874,727.72	0.00	1,874,727.72			

CITY OF HANFORD

Attachment "B-2"

Transportation Impact Fee Fund
Expenditures Summary

Project	Combined 1990-91 to 2014-15		2015-16	Totals	Percent Project Funds From Fees
10th Ave - Moffat to Birch	159,030.00	0.00	159,030.00		20%
11th Ave @ Fargo & @ Grvly - Traf Signals	106,543.28	0.00	106,543.28		100%
Traffic Signal - 11th Ave @ Cortner	4,914.00	0.00	4,914.00		100%
Traffic Signal - Grvly Blvd @ Rodgers Rd	47,489.00	0.00	47,489.00		26%
10th Ave @ Fargo - Widen	77,625.95	0.00	77,625.95		100%
Lacey Blvd @ Heritage Park Development - Widen	65,834.05	0.00	65,834.05		100%
11th Ave - Grangeville To Cortner - Reconstruct Plus Traf Signal	241,876.75	0.00	241,876.75		35%
Arterial Upgrades 2000 - J. Miller, Cortex, Ennis, Hfd Med Plaza, Phillips	119,160.20	0.00	119,160.20		100%
11th Ave Widen - Ivy to Grangeville	117,725.84	0.00	117,725.84		14%
11th Ave Widen - Iona to Industry Ave	216,500.26	0.00	216,500.26		100%
Grangeville Blvd - Widen From Emma Lee Lane To 12th Ave	361,438.90	0.00	361,438.90		42%
Lacey Blvd @ Centennial Dr Widen - RAW & Curb & Gutter	8,746.00	0.00	8,746.00		100%
11th Ave Widen N. of Houston Ave @ Tract #759 (Mtn View Estates No.3)	12,291.79	0.00	12,291.79		55%
Centennial Dr Constr @ Tract #743 (Country Crossing #3)	34,233.90	0.00	34,233.90		37%
11th Ave Widen - RAW 7410 N. 11th Ave	4,000.00	0.00	4,000.00		26%
11th Ave Widen @ Tract #770 (Cambridge Homes No.1)	23,579.62	0.00	23,579.62		100%
Grangeville Blvd - 10th Ave To 9th Ave Reconstruction	918,569.03	0.00	918,569.03		100%
Centennial Dr @ Learning Center - RAW Acquisition	82,124.46	0.00	82,124.46		20%
12th Ave @ Lacey Blvd - Traffic Signal Reimb	17,194.97	0.00	17,194.97		25%
Grangeville Blvd - University Ave to 12th Ave - Widen	259,580.00	0.00	259,580.00		41%
Subtotal	4,753,185.72	0.00	4,753,185.72		

CITY OF HANFORD

Transportation Impact Fee Fund

Expenditures Summary

Project	Combined 1990-91 to 2014-15		2015-16	Totals	Percent Project Funds From Fees
10th Ave Construction - Birch To Mission	328,141.72	0.00	328,141.72		47%
11th Ave Widen - Industry Ave To Idaho Ave	359,840.00	0.00	359,840.00		45%
Lacey Blvd Widen @ Country Crossing Tract 772 (Reimb Ennis Homes)	122,956.48	0.00	122,956.48		100%
11th Ave Widen @ Cambridge Homes #2 Tract 770 (Reimb Lennar Fresno, Inc.)	37,669.03	0.00	37,669.03		100%
Traffic Signal @ 12th Ave & Hanford Armona Road	456,096.54	0.00	456,096.54		64%
Fargo Ave Widen @ BNSF RR	484,080.58	0.00	484,080.58		100%
11th Ave Widen - Hfd Arm Rd to Houston Ave	1,140,512.26	0.00	1,140,512.26		27%
11th Ave Widen @ Furlong Dr - Cambridge Homes Tract 799 (Reimb Lennar Fresno, Inc.)	121,715.16	0.00	121,715.16		100%
Douty St Widen - Grangeville Blvd To Cortner St	319,631.65	0.00	319,631.65		35%
12th Ave Widen - Grangeville Blvd To Liberty St	1,130,956.24	0.00	1,130,956.24		97%
Greenfield Ave Extension - Della St To 12th Ave	403,261.50	0.00	403,261.50		50%
Centennial Dr @ Ashton Park Subd (Tract 776)	128,982.18	0.00	128,982.18		100%
Traffic Signal @ 11th Ave & Hume Ave	21,741.88	0.00	21,741.88		6%
Traffic Signal @ Douty St & Fargo Ave	32,439.47	0.00	32,439.47		13%
12th Ave @ 198 FWY Expansion	6,982.33	0.00	6,982.33		100%
13th Ave Construction - Grangeville Blvd To 1/3 Mile South (At Learning Center)	299,045.67	0.00	299,045.67		11%
Grangeville Blvd-12th Ave To Centennial Drive (Traf Sig & Widen)	616,013.45	0.00	616,013.45		66%
Traffic Signals-13th Ave @ Grangeville Blvd & 13th Ave @ Lacey Blvd	28,679.74	0.00	28,679.74		100%
11th Ave @ Fargo Ave-Longs Development Reimbursement	251,167.05	0.00	251,167.05		100%
Centennial Dr @ Lacey Blvd-Lowes Development Reimbursement	1,272,509.65	0.00	1,272,509.65		100%
198 Crossing Upgrades @ 12th Ave & 13th Ave	82,408.01	0.00	82,408.01		100%
12th Ave/198 Fwy Interchange RW	1,668,429.62	0.00	1,668,429.62		100%
Subtotal	14,066,445.93	0.00	14,066,445.93		

Attachment "B-4"

Packet Pg. 72

Prepared By: Finance Department
November 30, 2016

CITY OF HANFORD

Attachment "C"

Fire Protection Impact Fee Fund Summary

Fiscal Year	Fees Collected	Interest Earned	Other Revenue	Credits/ Refunds ***	Total Revenue	Expenditures	Beginning/ Ending Balance
98-99	1,934.38	7.62			1,942.00	0.00	1,942.00
99-00	8,576.53	368.32			8,944.85	0.00	10,886.85
00-01	19,865.29	1,267.55			21,132.84	0.00	32,019.69
01-02	40,382.45	1,957.84			42,340.29	0.00	74,359.98
02-03	32,331.50	2,518.54			34,850.04	0.00	109,210.02
03-04	50,417.10	2,745.03			53,162.13	0.00	162,372.15
04-05	78,634.44	4,977.98			83,612.42	0.00	245,984.57
05-06	74,098.91	8,860.46			82,959.37	(21,333.00)	307,610.94
06-07	69,493.78	17,834.47			87,328.25	(12,667.00)	382,272.19
07-08	63,354.82	17,083.00			80,437.82	(4,700.00)	458,010.01
08-09	18,450.96	9,325.98			27,776.94	(110,611.85)	375,175.10
09-10	56,596.09	4,967.81			61,563.90	(34,308.75)	402,430.25
10-11	48,208.99	2,223.33			50,432.32	0.00	452,862.57
11-12	13,953.64	3,333.77			17,287.41	0.00	470,149.98
12-13	21,094.63	2,200.12	(2,611.54)		20,683.21	0.00	490,833.19
13-14	37,625.65	3,531.06			41,156.71	0.00	531,989.90
14-15	61,228.29	3,166.56			64,394.85	0.00	596,384.75
15-16	217,273.07	5,847.16			223,120.23	0.00	819,504.98
Totals	913,520.52	92,216.60	(2,611.54)	0.00	1,003,125.58	(183,620.60)	819,504.98

***Note: Pertains to Section 66001(e) of the Government Code regarding unexpended and uncommitted funds five (5) years after deposit.

- 1) Government Code Section 66001 (d) 5-Year Findings - Fire Protection Impact Fees
Five year findings are next required in Fiscal Year 2019.
- 2) Fee Description and Purpose (G.C. 66006 (b) (1) (A))
The purpose of the Fire Protection Impact Fee is to finance the construction of Fire Facilities and purchase of fire fighting equipment in order to reduce the impacts on fire facilities and equipment caused by new development.
- 3) Amount of Fee (G.C. 66006 (b) (1) (B))
The fee, effective 7/1/2016 (Resolution No. 16-14-R), is calculated at 100% of the per single family dwelling unit cost of \$530.72. Multi-family Housing is calculated at 100% of the per unit cost of \$467.05.

4) Improvements Funded Yet Not Completed (G.C. 66006 (b) (1) (F))
There are no projects in this category.

5) Interfund Transfers/Loans (G.C. 66006 (b) (1) (G))
There are no interfund transfers or loans.

6) The Capital Improvement Program proposes use of \$1,859,000 in Fire Protection Impact Fees from 1998 through the year 2025.

CITY OF HANFORD

Attachment "D"

Police Protection Impact Fee Fund Summary

Fiscal Year	Fees Collected	Interest Earned	Other Revenue	Credits/ Refunds ***	Total Revenue	Expenditures	Beginning/ Ending Balance
98-99	4,378.95	17.33			4,396.28	0.00	4,396.28
99-00	19,279.36	830.71			20,110.07	0.00	24,506.35
00-01	45,636.97	2,880.62			48,517.59	0.00	73,023.94
01-02	92,901.05	4,478.77			97,379.82	0.00	170,403.76
02-03	74,730.74	5,783.41			80,514.15	0.00	250,917.91
03-04	115,846.65	6,305.71			122,152.36	0.00	373,070.27
04-05	159,968.79	10,861.77			170,830.56	(26,719.26)	517,181.57
05-06	144,431.99	18,499.13			162,931.12	0.00	680,112.69
06-07	133,043.75	39,558.73			172,602.48	0.00	852,715.17
07-08	120,655.80	37,930.52			158,586.32	0.00	1,011,301.49
08-09	28,474.00	21,418.50			49,892.50	0.00	1,061,193.99
09-10	112,295.64	14,398.79			126,694.43	0.00	1,187,888.42
10-11	92,007.20	6,307.41			98,314.61	0.00	1,286,203.03
11-12	26,649.63	9,401.42			36,051.05	0.00	1,322,254.08
12-13	40,279.62	6,135.90	(7,268.00)		39,147.52	0.00	1,361,401.60
13-14	71,830.65	9,723.34			81,553.99	0.00	1,442,955.59
14-15	90,360.93	8,480.85			98,841.78	(5,500.00)	1,536,297.37
15-16	229,960.99	9,512.08			239,473.07	(734,991.38)	1,040,779.06
Totals	1,602,732.71	212,524.99	(7,268.00)	0.00	1,807,989.70	(767,210.64)	1,040,779.06

***Note: Pertains to Section 66001(e) of the Government Code regarding unexpended and uncommitted funds five (5) years after deposit.

- 1) Government Code Section 66001 (d) 5-Year Findings - Police Protection Impact Fees
Five year findings are next required in Fiscal Year 2019.
- 2) Fee Description and Purpose (G.C. 66006 (b) (1) (A))
The purpose of the Police Protection Impact Fee is to finance the construction of Police Facilities and purchase police equipment in order to reduce impacts on police facilities and equipment caused by new development.
- 3) Amount of Fee (G.C. 66006 (b) (1) (B))
The fee, effective 7/1/2016 (Resolution No. 16-13-R), is calculated at 100% of the per single family dwelling unit cost of \$334.23. Multi-family Housing is calculated at 100% of the per dwelling unit cost of \$294.13.

Prepared By: Finance Department
November 30, 2016

Attachment "D"

4) Improvements Funded Yet Not Completed (G.C. 66006 (b) (1) (F))
There are no projects in this category.

5) Interfund Transfers/Loans (G.C. 66006 (b) (1) (G))
There are no interfund transfers or loans.

6) The Capital Improvement Program proposes use of \$4,277,180 in Police Protection Impact Fees from 1998 through the year 2025.

CITY OF HANFORD

Storm Water System Impact Fee Fund Summary

Attachment "E"

Fiscal Year	Fees Collected	Interest Earned	Other Revenue	Credits/ Refunds ***	Total Revenue	Expenditures	Beginning/ Ending Balance
98-99	500.00	4.23			504.23	0.00	504.23
99-00	48,970.38	2,025.59			50,995.97	0.00	51,500.20
00-01	81,403.57	5,731.74			87,135.31	0.00	138,635.51
01-02	57,562.48	4,994.74			62,557.22	(42,937.46)	158,255.27
02-03	108,224.23	3,925.73			112,149.96	(230,307.67)	40,097.56
03-04	122,604.06	2,142.33			124,746.39	0.00	164,843.95
04-05	483,589.28	8,105.44			491,694.72	(126,486.00)	530,052.67
05-06	188,467.54	19,185.18			207,652.72	(7,095.20)	730,610.19
06-07	167,762.33	39,945.27			207,707.60	(154,423.10)	783,894.69
07-08	172,897.57	25,301.39			198,198.96	(450,089.65)	532,004.00
08-09	16,202.47	6,836.77			23,039.24	(283,992.60)	271,050.64
09-10	38,601.20	3,603.14			42,204.34	0.00	313,254.98
10-11	30,657.55	1,681.21			32,338.76	(5,498.85)	340,094.89
11-12	19,445.08	2,546.69			21,991.77	0.00	362,086.66
12-13	108,557.88	1,685.67	(1,992.80)		108,250.75	0.00	470,337.41
13-14	99,742.47	3,074.29			102,816.76	(173.30)	572,980.87
14-15	126,550.68	3,695.55			130,246.23	(6,422.63)	696,804.47
15-16	224,295.18	6,825.77			231,120.95	(123,128.99)	804,796.43
Totals	2,096,033.95	141,310.73	(1,992.80)	0.00	2,235,351.88	(1,430,555.45)	804,796.43

***Note: Pertains to Section 66001(e) of the Government Code regarding unexpended and uncommitted funds five (5) years after deposit.

- 1) Government Code Section 66001 (d) 5-Year Findings - Storm Water System Impact Fees
Five year findings are next required in Fiscal Year 2019.
- 2) Fee Description and Purpose (G.C. 66006 (b) (1) (A))
The purpose of the Storm Water System Impact Fee is to finance the construction of Storm Water Facilities in order to reduce the impacts on storm water facilities caused by new development.
- 3) Amount of Fee (G.C. 66006 (b) (1) (B))
The fee, effective 7/1/2016 (Resolution No. 16-20-R), is calculated at \$2,791.73/Acre within original city limits.
The fee, effective 7/1/2016 (Resolution No. 16-20-R), is calculated at \$5,583.45/Acre outside of original city limits.

Prepared By: Finance Department
November 30, 2016

PFI_BLANK FORM STORM WTR FUND SUMM

- 4) Improvements Funded Yet Not Completed (G.C. 66006 (b) (1) (F))
There are no projects in this category.
- 5) Interfund Transfers/Loans (G.C. 66006 (b) (1) (G))
There are no Interfund transfers or loans.

- 6) The Capital Improvement Program proposes use of \$29,385,000 in Storm Water System Impact Fees from 1998 through the year 2025.

Attachment "E-1"

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Prepared By: Finance Department
November 30, 2016

CITY OF HANFORD

Water System Impact Fee Fund Summary

Attachment "F"

Fiscal Year	Fees Collected	Interest Earned	Other Revenue	Credits/ Refunds ***	Total Revenue	Expenditures	Beginning/ Ending Balance
98-99	24,153.98	90.39			24,244.37	0.00	24,244.37
99-00	93,212.51	4,254.69			97,467.20	0.00	121,711.57
00-01	215,246.37	13,763.03			229,009.40	0.00	350,720.97
01-02	372,301.08	20,864.79			393,165.87	0.00	743,886.84
02-03	358,000.20	25,516.79			383,516.99	0.00	1,127,403.83
03-04	466,919.07	27,717.27			494,636.34	(704,398.22)	917,641.95
04-05	699,670.48	34,118.37			733,788.85	(325,818.40)	1,325,612.40
05-06	875,647.02	41,525.48			917,172.50	(721,745.29)	1,521,039.61
06-07	488,150.98	82,066.28			570,217.26	(375,799.54)	1,715,457.33
07-08	445,287.75	73,846.89			519,134.64	(688,521.04)	1,546,070.93
08-09	127,849.37	25,505.79			153,355.16	(624,454.81)	1,074,971.28
09-10	330,051.11	10,158.87			340,209.98	(628,356.88)	786,824.38
10-11	356,262.86	3,819.70			360,082.56	0.00	1,146,906.94
11-12	116,177.74	8,852.54			125,030.28	0.00	1,271,937.22
12-13	199,410.66	6,308.16	(7,539.74)		198,179.08	0.00	1,470,116.30
13-14	274,832.42	10,777.87			285,610.29	0.00	1,775,726.59
14-15	875,859.24	11,396.23			887,255.47	0.00	2,642,982.06
15-16	1,074,622.06	24,557.07			1,099,179.13	(581,520.00)	3,160,641.19
Totals	7,393,654.90	425,140.21	(7,539.74)	0.00	7,811,255.37	(4,650,614.18)	3,160,641.19

***Note: Pertains to Section 66001(e) of the Government Code regarding unexpended and uncommitted funds five (5) years after deposit.

- 1) Government Code Section 66001 (d) 5-Year Findings - Water System Impact Fees
Five year findings are next required in Fiscal Year 2019.
- 2) Fee Description and Purpose (G.C. 66006 (b) (1) (A))
The purpose of the Water System Impact Fee is to finance the construction of Water Facilities in order to reduce the impacts on Water Facilities caused by new development.
- 3) Amount of Fee (G.C. 66006 (b) (1) (B))
The fee, effective 7/1/2016 (Resolution No. 16-18-R), per single family dwelling unit is 100% of \$2,039.13.
Multi-family Housing per dwelling unit is 100% of \$1,570.29.

Prepared By: Finance Department
November 30, 2016

PFI_BLANK FORM WATER FUND SUMM

4) Improvements Funded Yet Not Completed (G.C. 66006 (b) (1) (F))

There are no projects in this category.

5) Interfund Transfers/Loans (G.C. 66006 (b) (1) (G))

There are no interfund transfers or loans.

6) The Capital Improvement Program proposes use of \$27,273,559 in Water System Impact Fees from 1998 through the year 2025.

Attachment "F"

CITY OF HANFORD

Attachment "F-1"

Water System Impact Fee Fund
Expenditures Summary

Project	Combined 1990-91 to 2014-15		2015-16	Totals	Percent Project Funds From Fees
Water Main Oversizing - Dooty St. - Grangeville To Corner	100,178.73		0.00	100,178.73	32%
Water Storage Tank, Pumps, Piping, Site Acquisition - Grigvl Blvd @					
Centennial Drive (Site #1)	386,265.63		0.00	386,265.63	100%
Water Main Oversizing - Hume Ave - 11th Ave To Courtright Ave	65,233.06		0.00	65,233.06	100%
Water Main Oversizing - Lacey Blvd - Centennial Dr To Magna Carta	44,859.20		0.00	44,859.20	100%
Water Main Construction - 12th Ave @ Hume Ave; Williams St.					
- 4th & 5th Streets	280,448.94		0.00	280,448.94	100%
Water Storage Tank, Pumps, Piping, Site Acquisition - Fargo					
Ave @ BSNF Railroad (Site #2)	93,582.38		0.00	93,582.38	48%
Water Well #43 Construction - Grigvl Blvd @ Centennial Dr	42,584.28		0.00	42,584.28	100%
Water Main Oversizing Reimb - Tr 759-5	18,314.44		0.00	18,314.44	100%
Debt Service - CSCDA Pooled Water Revenue Bonds, Series 2003	2,494,617.61		0.00	2,494,617.61	63%
Water Well #44 - Fargo Ave @ BNSF RR	257,472.00		0.00	257,472.00	33%
Water Main Oversize Reimb - Kings County - Lacey Blvd @ El Rancho Subd	31,000.00		0.00	31,000.00	100%
Water Main Oversize Reimb - Tract 802, Fargo Ave @ SH 43	5,263.13		0.00	5,263.13	100%
Water Main Oversize Reimb - Tract 795 - Muscat Place	22,998.00		0.00	22,998.00	100%
Water Main Oversize Reimb - Tract 799, 11th Ave & Flint Ave	38,611.65		0.00	38,611.65	100%
Water Main - 12 1/2 Ave : Lacey Blvd To Hanford Ammona Rd	22,746.95		0.00	22,746.95	2%
Water Main Oversizing Reimb - Tract 825 & Tract 776	93,377.42		0.00	93,377.42	100%
Water Main Oversizing Reimb - Tract 769	64,323.43		0.00	64,323.43	100%
Water Main Oversizing Reimb - E & B Transportation, 12642 HAR	7,217.33		0.00	7,217.33	100%
Debt Service - 2013 Water Revenue Refunding Bonds	0.00		581,520.00	581,520.00	51%
Totals	4,069,094.18		581,520.00	4,650,614.18	

CITY OF HANFORD

Attachment "G"

Wastewater System Impact Fee Fund Summary

Fiscal Year	Fees Collected	Interest Earned	Other Revenue	Credits/Refunds ***	Total Revenue	Expenditures	Beginning/Ending Balance
98-99	84,897.98	369.64			85,267.62	0.00	85,267.62
99-00	211,822.35	12,851.80			224,674.15	0.00	309,941.77
00-01	291,905.72	28,657.06			320,562.78	0.00	630,504.55
01-02	516,185.66	37,430.31			553,615.97	0.00	1,184,120.52
02-03	435,171.74	31,523.73			466,695.47	(1,587,812.92)	63,003.07
03-04	450,139.28	6,463.54			456,602.82	(35,000.00)	484,605.89
04-05	810,847.83	24,134.73			834,982.56	(49,788)	1,319,538.67
05-06	922,880.78	57,130.25			980,011.03	(1,647,357.07)	652,192.63
06-07	640,332.33	38,760.03			679,092.36	(620,886.80)	710,398.19
07-08	510,207.05	25,983.94			536,190.99	(615,509.01)	631,080.17
08-09	340,983.26	2,811.26			343,794.52	(792,822.57)	182,052.12
09-10	386,279.01	4,338.17			390,617.18	(258,300.00)	314,369.30
10-11	385,618.24	3,395.73			389,013.97	(7,524.94)	695,858.33
11-12	115,302.16	2,274.69			117,576.85	(586,175.00)	227,260.18
12-13	209,860.29	1,556.64	(1,959.60)		209,457.33	0.00	436,717.51
13-14	333,773.32	3,618.89			337,392.21	(1,150.91)	772,958.81
14-15	772,913.28	5,859.50			778,772.78	(49,345.00)	1,502,386.59
15-16	1,175,079.80	14,280.39			1,189,360.19	(581,990.05)	2,109,756.73
Totals	8,594,200.08	301,440.30	(1,959.60)	0.00	8,893,680.78	(6,783,924.05)	2,109,756.73

***Note: Pertains to Section 66001(e) of the Government Code regarding unexpended and uncommitted funds five (5) years after deposit.

- 1) Government Code Section 66001 (d) 5-Year Findings - Wastewater System Impact Fees
Five year findings are next required in Fiscal Year 2019.
- 2) Fee Description and Purpose (G.C. 66006 (b) (1) (A))
The purpose of the Wastewater System Impact Fee is to finance the construction of Wastewater Facilities in order to reduce the impacts on Wastewater Facilities caused by new development.
- 3) Amount of Fee (G.C. 66006 (b) (1) (B))
The fee, effective 7/1/2016 (Resolution No. 16-19-R), per single family dwelling unit is 100% of \$2,513.75.
Multi-family Housing per dwelling unit is 100% of \$2,294.14.

Prepared By: Finance Department
November 30, 2016

- 4) Improvements Funded Yet Not Completed (G.C. 66006 (b) (1) (F))
There are no projects in this category.
- 5) Interfund Transfers/Loans (G.C. 66006 (b) (1) (G))
There are no interfund transfers or loans.
- 6) The Capital Improvement Program proposes use of \$25,957,451 in Wastewater System Impact Fees from 1998 through the year 2025.

Attachment "G-1"

Packet Pg. 87

Prepared By: Finance Department
November 30, 2016

CITY OF HANFORD

Attachment "H"

Refuse/Recycling Impact Fee Fund Summary

Fiscal Year	Fees Collected	Interest Earned	Other Revenue	Credits/Refunds ***	Total Revenue	Expenditures	Beginning/Ending Balance
05-06	38,984.03	331.15			39,315.18	0.00	39,315.18
06-07	101,968.09	4,384.68			106,352.77	(55,662.76)	90,005.19
07-08	62,577.59	5,450.89			68,028.48	0.00	158,033.67
08-09	33,726.18	3,692.08			37,418.26	0.00	195,451.93
09-10	52,255.84	2,966.01			55,221.85	0.00	250,673.78
10-11	25,625.58	1,349.94			26,975.52	0.00	277,649.30
11-12	16,209.15	2,077.24			18,286.39	0.00	295,935.69
12-13	27,025.47	1,415.97	(1,685.13)		26,756.31	0.00	322,692.00
13-14	47,962.79	2,358.67			50,321.46	(39,166.30)	333,847.16
14-15	53,691.99	2,039.29			55,731.28	(47,607.00)	341,971.44
15-16	116,481.73	3,396.64			119,878.37	(85,880.21)	375,969.60
Totals	576,508.44	29,462.56	(1,685.13)	0.00	604,285.87	(228,316.27)	375,969.60

***Note: Pertains to Section 66001(e) of the Government Code regarding unexpended and uncommitted funds five (5) years after deposit.

1)

Five year findings (G.C. 66001 (d)) - Refuse/Recycling Impact Fees

- **Purpose of Fee:** The purpose of the fee is identified in City Council Resolution No. 04-21-R (Resolution), which is incorporated herein by reference. The purpose of the fee remains unchanged.
- **Reasonable Relation Between Fee and Purpose:** The facts and findings contained in the Ralph Anderson Report dated November 17, 1998, entitled "Development Impact Fee Report, City of Hanford", and the report prepared by City staff entitled "Development Impact Fees Update Report" dated March 2004, which are incorporated herein by reference, and adopted by the City Council, identify the reasonable relationship between the fee and the purpose for which the fee is charged. There have been no changes in circumstances that affect the relationship between the fee and the purpose for which it is charged.
- **Identify Sources and Amounts of Funding for Incomplete Improvements:** The Five Year Capital Improvement Plan (CIP) that was approved by the City Council on June 21, 2016, through Resolution 16-28-R, which is incorporated herein by reference, identifies anticipated sources and amounts of funding for incomplete improvements.
- **Designate Approximate Dates on which Funding will be Deposited:** The CIP identifies the fiscal years in which it is anticipated that funds will be deposited.

- 2) Fee Description and Purpose (G.C. 66006 (b) (1) (A))
The purpose of the Refuse/Recycling Impact Fee is to finance the acquisition of Refuse and Recycling Vehicles and Equipment in order to reduce the impacts on costs of additional Refuse and Recycling Vehicles and Equipment caused by new development.
- 3) Amount of Fee (G.C. 66006 (b) (1) (B))
The fee, effective 7/1/2016 (Resolution No. 16-16-R), is calculated at 100% of the per single family dwelling unit cost of \$342.50. Multi-family Housing is calculated at 100% of the per dwelling unit cost of \$154.71. Commercial and other non-residential is determined by the service provided.
- 4) Improvements Funded Yet Not Completed (G.C. 66006 (b) (1) (E))
There are no projects in this category.
- 5) Interfund Transfers/Loans (G.C. 66006 (b) (1) (G))
There are no interfund transfers or loans.
- 6) The Refuse and Recycling Development Impact Fees are determined annually as a per unit cost related to vehicle and refuse container acquisition cost.

CITY OF HANFORD

Refuse/Recycling Impact Fee Fund Expenditures Summary

Project	Combined		Totals	Percent Project Funds From Fees
	2005-06 to 2014-15	2015-16		
Acquisition of 500 Black & 500 Green 100 G Containers - New Residences	55,662.76	0.00	55,662.76	100%
2014 Acquisition of 720 Automated 100 Gallon Containers-New Services	39,166.30	0.00	39,166.30	100%
2015 Acquisition of 450 100 Gallon Auto & 40 1yd, 2yd, 3yd Containers-New Svcs	47,607.00	0.00	47,607.00	100%
2015 Acquisitions = 46% of New Container Acquisitions (\$186,696.11 x .46)	0.00	85,880.21	85,880.21	100%

Prepared By: Finance Department
November 30, 2016

PF1 BLANK FORM REFUSE_RECYCLING EXP SUMM (2)



AGENDA STAFF REPORT

MEETING DATE: 12/20/2016	AGENDA SECTION: J
---------------------------------	--------------------------

SUBJECT:

Finance: Authorization for signatures of the Mayor and Finance Director on checks written on City accounts with Wells Fargo Bank.

RECOMMENDATION:

That the City Council, by motion, authorize the Addendum to Certificate of Authority for bank accounts and signatures on the following bank accounts with Wells Fargo Bank and authorize the City Clerk to execute and deliver the Addendum. 1) General Account - Facsimile signatures of David G. Ayers, Mayor; Tom Dibble, Finance Director 2) Payroll Account - Facsimile signatures of David G. Ayers, Mayor; Tom Dibble, Finance Director.

BACKGROUND:

With the selection of a new mayor, it is necessary to redesignate by Council action those persons who are authorized to sign checks written on City bank accounts. The City's general and payroll account checks will require two facsimile signatures, that of the Mayor and of the Finance Director. It is staff recommendation that Council approve the actions presented. A copy of the Addendum to Certificate of Authority is attached.

FISCAL IMPACT:

This report does not impact the fiscal year budget.

ATTACHMENTS:

SIGNATURES

Addendum to Certificate of Authority

(Deposit Accounts Only)



Bank Name WELLS FARGO BANK - HANFORD	CCID Branch #	Date Cost Center
Officer Name	Officer Number	Phone #

Use this document when new signers are being added or deleted to a Certificate of Authority currently on file and a new, signed Certificate of Authority has not been obtained. This addendum may not be used to add or delete those persons authorized to engage in credit transactions. A new Certificate of Authority, or other proper written notification, must be obtained for that purpose.

Addendum to Certificate of Authority Dated _____

Customer Name CITY OF HANFORD

Account Number(s) 4496895186 4496895194

Authorized Signers currently on the account (sample signature not required): Attach a separate sheet if necessary.

Signer Name	DAVID G. AYERS	Signer Name	
Signer Name	TOM DIBBLE	Signer Name	
Signer Name		Signer Name	
Signer Name		Signer Name	

Description of the Requested Change to Authorized Signers

Action Requested (Check One)	Print Name and Title	Sample Signature (Required only for persons being added as authorized signers)
☒ Add ☐ Delete	DAVID G. AYERS	
☐ Add ☒ Delete	JUSTIN MENDES	
☐ Add ☐ Delete		

The person(s) signing below

- direct the Bank to recognize the signature(s) and/or written, telephone, electronic and oral instructions of any person who has been added as an authorized signer;
- direct the Bank to discontinue acting on the instructions of any person who has been deleted as an authorized signer;
- acknowledge that these modifications become effective only after this addendum has been received by the Bank and the Bank has had a reasonable opportunity to act on instructions it contains;
- certifies that the account owner has taken all action under its organizational documents, if any, including passage of resolutions by its board of directors, trustees, or other governing body, required to make these modifications and to authorize the undersigned to execute and deliver this addendum;
- direct the Bank that the additional authorized signers identified above shall have all of the authority granted to the persons identified as authorized signers on the Certificate of Authority.

Accurate as of DECEMBER 20, 2016
(Date)

Certified / Agreed To By

Signature _____	Signature _____
Name <u>JENNIFER GOMEZ</u>	Name _____
Title <u>CITY CLERK</u>	Title _____

Documentation supporting the addendum is attached, if applicable.

COMPLETE THIS SECTION FOR MINNESOTA APPLICATIONS ONLY

Minnesota - Check Reporting Agency - Information on Individuals (For a Sole Proprietor, all authorized signers of an unincorporated association, and any partner of a Partnership of 3 or fewer partners who will have signing authority.)

Name	TIN	Date of Birth	Check Reporting Agency Information
Name	TIN	Date of Birth	Check Reporting Agency Information
Name	TIN	Date of Birth	Check Reporting Agency Information



**AGENDA
STAFF REPORT**

MEETING DATE: 12/20/2016

AGENDA SECTION: K

SUBJECT:

Finance: Warrant Register

RECOMMENDATION:

Approve warrant register for \$1,921,080.79 dated 12/01/16 to 12/14/16.

BACKGROUND:

FISCAL IMPACT:

ATTACHMENTS:

119057-119280

Check Register

City of Hanford

Department of Finance

COUNCIL MEETING:

12/20/16

[illegible]

Warrant Register

Report: S:\Cognos\ACCOUNTS PAYABLE\CHECKS\WARRANT REGISTER-AGENDA.imr

Division # and Name	Acct # and Name	Check Date	Check Number	Vendor Name	Transaction Amt	Inv#	Transaction Description	Void
2040 FLEET MAINTENANCE	7495 PROF AND SPEC SERVICES	12/6/16	119057	W BANKS MOORE, INC DBA BANKS & CO	100.00	73730	2016-11 UST INSPECT	
					100.00			
2040 FLEET MAINTENANCE	7433 FUEL AND LUBE MAINTENANCE	12/6/16	119058	BUFORD OIL COMPANY INC BUFORD OIL COMPANY INC	16,112.76	54515	FUEL BLANKET PO	
					16,112.76			
1511 POLICE-SUPPORT SERVICE	7780 UTILITIES-ELECTRICITY	12/6/16	119059	SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	1,998.39		2016-10	
1610 FIRE-ADMIN/SUPPRESS ION	7780 UTILITIES-ELECTRICITY	12/6/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	677.98		2016-10 #1	
1610 FIRE-ADMIN/SUPPRESS ION	7780 UTILITIES-ELECTRICITY	12/6/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	1,141.14		2016-10 #2	
1610 FIRE-ADMIN/SUPPRESS ION	7780 UTILITIES-ELECTRICITY	12/6/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	1,715.94		2016-10 #2	
1711 PARKS & REC-SPORTS	7780 UTILITIES-ELECTRICITY	12/6/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	289.88		2016-11 BABE RUTH	
1711 PARKS & REC-SPORTS	7780 UTILITIES-ELECTRICITY	12/6/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	664.26		2016-11 BROWN	
1711 PARKS & REC-SPORTS	7780 UTILITIES-ELECTRICITY	12/6/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	26.04		2016-11 CAMPUS	

Warrant Register

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Division # and Name	Acct # and Name	Check Date	Check Number	Vendor Name	Transaction Amt	Inv#	Transaction Description	Void
1711 PARKS & REC-SPORTS	7780 UTILITIES-ELECTRICITY	12/6/16	119059...	SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	1,110.00		2016-11 GREENFIELD	
1711 PARKS & REC-SPORTS	7780 UTILITIES-ELECTRICITY	12/6/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	19.55		2016-11 HARRIS	
1711 PARKS & REC-SPORTS	7780 UTILITIES-ELECTRICITY	12/6/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	669.27		2016-11 LACEY	
1711 PARKS & REC-SPORTS	7780 UTILITIES-ELECTRICITY	12/6/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	1,090.89		2016-11 SOFTBALL COMP	
1713 PARKS & REC-LONGFIELD	7780 UTILITIES-ELECTRICITY	12/6/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	1,275.90		2016-10	
1714 PARKS & REC-POOL/SKATE	7780 UTILITIES-ELECTRICITY	12/6/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	2,159.61		2016-10	
1722 PARKS & REC-PARKS	7780 UTILITIES-ELECTRICITY	12/6/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	1,682.32		2016-10	
2071 WASTEWATER TREATMENT PLNT	7780 UTILITIES-ELECTRICITY	12/6/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	931.53		2016-10	
2091 INTERMODAL-OPERATIN G	7780 UTILITIES-ELECTRICITY	12/6/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	228.50		2016-10	
2100 BUILDING MAINTENANCE	7780 UTILITIES-ELECTRICITY	12/6/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	5,384.55		2016-10	

Warrant Register

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Division # and Name	Acct # and Name	Check Date	Check Number	Vendor Name	Transaction Amt	Inv#	Transaction Description	Void
2131 COURTHOUSE SQUARE-OPERTNG	7780 UTILITIES-ELECTRICITY	12/6/16	119059...	SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	1,641.33		2016-10	
240 LAD 90-1 T606 PINECASTLE	7780 UTILITIES-ELECTRICITY	12/6/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	121.14		2016-11	
242 LAD 90-3 T595 MANS #7 & 8	7780 UTILITIES-ELECTRICITY	12/6/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	24.96		2016-11	
245 LAD 92-1 PORTOFINO 1 & 2	7780 UTILITIES-ELECTRICITY	12/6/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	25.75		2016-11	
246 LAD 92-2 CIELO EN TIERRA	7780 UTILITIES-ELECTRICITY	12/6/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	25.11		2016-11	
247 LAD 93-1 T634 VINTAGE EST	7780 UTILITIES-ELECTRICITY	12/6/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	40.73		2016-11	
251 LAD 94-3 T696 QUAIL RUN	7780 UTILITIES-ELECTRICITY	12/6/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	26.37		2016-11	
252 LAD 97-1 T711 ROSEWOOD	7780 UTILITIES-ELECTRICITY	12/6/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	26.54		2016-11	
255 LAD 98-1 T747 CRYSTL SPR	7780 UTILITIES-ELECTRICITY	12/6/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	25.77		2016-11	
259 LAD 01-3 T771 POPPY HILL	7780 UTILITIES-ELECTRICITY	12/6/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	24.96		2016-11	

Warrant Register

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Division # and Name	Acct # and Name	Check Date	Check Number	Vendor Name	Transaction Amt	Inv#	Transaction Description	Void
265 LAD 04-3 T795 CAMBRIDGE	7780 UTILITIES-ELECTRICITY	12/6/16	119059...	SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	200.05		2016-11	
269 LAD 06-1 T794 QUAIL PARK	7780 UTILITIES-ELECTRICITY	12/6/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	98.70		2016-11	
270 LAD 09-1 T877 VICTORY	7780 UTILITIES-ELECTRICITY	12/6/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	24.98		2016-11	
					23,372.14			
400 CITY PAYROLL REVOLVING	2074 TRANSAMERICA	12/6/16	119060	TRANSAMERICA LIFE INSURANCE CO TRANSAMERICA LIFE INSURANCE CO	1,229.22		TRANSAM 2016-12	
					1,229.22			
400 CITY PAYROLL REVOLVING	2057 EMP GROUP INS-PR DEDUCTNS	12/6/16	119061	UNITED HEALTHCARE INSUR CO UNITED HEALTHCARE INSUR CO	41,516.28	909962 12/16	DEP MEDICAL PREMIUM	
					41,516.28			
1610 FIRE-ADMIN/SUPPRESS ION	7495 PROF AND SPEC SERVICES	12/6/16	119062	RUDY LOPEZ DBA V Q FITNESS	260.00	FIRE 09/16	2016-08 26 EMP @\$10	
1610 FIRE-ADMIN/SUPPRESS ION	7495 PROF AND SPEC SERVICES	12/6/16		RUDY LOPEZ DBA V Q FITNESS	260.00	FIRE 10/16	2016-09 26 EMP @\$10	
1610 FIRE-ADMIN/SUPPRESS ION	7495 PROF AND SPEC SERVICES	12/6/16		RUDY LOPEZ DBA V Q FITNESS	270.00	FIRE 11/16	2016-10 27 EMP @\$10.	
1610 FIRE-ADMIN/SUPPRESS ION	7495 PROF AND SPEC SERVICES	12/6/16		RUDY LOPEZ DBA V Q FITNESS	270.00	FIRE 12/16	2016-11 27 EMP @ \$10.	

Warrant Register

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Division # and Name	Acct # and Name	Check Date	Check Number	Vendor Name	Transaction Amt	Inv#	Transaction Description	Void
					1,060.00			
1722 PARKS & REC-PARKS	7320 COMMUNICATIONS	12/6/16	119063	VERIZON WIRELESS VERIZON WIRELESS	3.24	9775281512	2016-11	
2010 PW-ADMINISTRATION & ENGR	7320 COMMUNICATIONS	12/6/16		VERIZON WIRELESS VERIZON WIRELESS	79.56	9775281512	2016-11	
2011 PW-STREET MAINTENANCE	7320 COMMUNICATIONS	12/6/16		VERIZON WIRELESS VERIZON WIRELESS	10.89	9775281512	2016-11	
2031 REFUSE	7320 COMMUNICATIONS	12/6/16		VERIZON WIRELESS VERIZON WIRELESS	48.86	9775281512	2016-11	
2071 WASTEWATER TREATMENT PLNT	7320 COMMUNICATIONS	12/6/16		VERIZON WIRELESS VERIZON WIRELESS	110.10	9775281512	2016-11	
2072 SANITARY SEWER COLLECTION	7320 COMMUNICATIONS	12/6/16		VERIZON WIRELESS VERIZON WIRELESS	51.66	9775281512	2016-11	
2081 WATER-OPERATIONS	7320 COMMUNICATIONS	12/6/16		VERIZON WIRELESS VERIZON WIRELESS	169.64	9775281512	2016-11	
2100 BUILDING MAINTENANCE	7320 COMMUNICATIONS	12/6/16		VERIZON WIRELESS VERIZON WIRELESS	58.57	9775281512	2016-11	
					532.52			
1610 FIRE-ADMIN/SUPPRESS ION	7320 COMMUNICATIONS	12/6/16	119064	VERIZON WIRELESS VERIZON WIRELESS	483.78	9774955874	272128171 WIRELESS	
					483.78			

Warrant Register

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Division # and Name	Acct # and Name	Check Date	Check Number	Vendor Name	Transaction Amt	Inv#	Transaction Description	Void
400 CITY PAYROLL REVOLVING	2073 AMERICAN FIDELITY-DEFERRD	12/9/16	119065	AMERICAN FIDELITY ASSURANCE-FLEX AMERICAN FIDELITY ASSURANCE-FLEX	1,987.77		DED:396 AMFID FLEX	
					1,987.77			
400 CITY PAYROLL REVOLVING	2063 EMPLOYEES ATTACHMENT PAY	12/9/16	119066	CALIF STATE DISBURSEMENT UNIT CALIF STATE DISBURSEMENT UNIT	1,142.40		DED:206 ATTACHMENT	
					1,142.40			
400 CITY PAYROLL REVOLVING	2063 EMPLOYEES ATTACHMENT PAY	12/9/16	119067	FRANCHISE TAX BOARD FRANCHISE TAX BOARD	708.00		DED:210 ATTACHMENT	
					708.00			
400 CITY PAYROLL REVOLVING	2059 EMPLOYEES ASSOCNS PAYABLE	12/9/16	119068	G E M A G E M A	750.00		DED:621 GEMA DUES	
					750.00			
400 CITY PAYROLL REVOLVING	2059 EMPLOYEES ASSOCNS PAYABLE	12/9/16	119069	H M E A H M E A	35.00		DED:600 HMEA DUES	
					35.00			
400 CITY PAYROLL REVOLVING	2059 EMPLOYEES ASSOCNS PAYABLE	12/9/16	119070	H P O A H P O A	2,550.00		DED:607 HPOA	
					2,550.00			
400 CITY PAYROLL REVOLVING	2059 EMPLOYEES ASSOCNS PAYABLE	12/9/16	119071	I A F F, LOCAL 3898 A/C#9129026 I A F F, LOCAL 3898	1,161.00		DED:615 I A F F	

Warrant Register

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Division # and Name	Acct # and Name	Check Date	Check Number	Vendor Name	Transaction Amt	Inv#	Transaction Description	Void
400 CITY PAYROLL REVOLVING	2059 EMPLOYEES ASSOCNS PAYABLE	12/9/16	119071...	I A F F, LOCAL 3898 A/C#9129026 I A F F, LOCAL 3898	10.50		DED:622 I A F F	
					1,171.50			
400 CITY PAYROLL REVOLVING	2071 ICMA ROTH IRA PAYABLE	12/9/16	119072	I C M A RETIREMENT TRUST-ROTH IRA I C M A RETIREMENT TRUST-ROTH IRA	685.00		DED:550 ROTH IRA	
					685.00			
400 CITY PAYROLL REVOLVING	2063 EMPLOYEES ATTACHMENT PAY	12/9/16	119073	KINGS CO SHERIFF KINGS CO SHERIFF	220.12		DED:209 ATTACHMENT	
					220.12			
400 CITY PAYROLL REVOLVING	2063 EMPLOYEES ATTACHMENT PAY	12/9/16	119074	MICHAEL H MEYER MEYER, MICHAEL H	274.62		DED:205 ATTACHMENT	
					274.62			
400 CITY PAYROLL REVOLVING	2059 EMPLOYEES ASSOCNS PAYABLE	12/9/16	119075	S E I U LOCAL 521 S E I U LOCAL 521	2,859.14		DED:601 SEIU MEMBR	
400 CITY PAYROLL REVOLVING	2059 EMPLOYEES ASSOCNS PAYABLE	12/9/16		S E I U LOCAL 521 S E I U LOCAL 521	452.89		DED:602 SEIU FEEPR	
					3,312.03			
400 CITY PAYROLL REVOLVING	2063 EMPLOYEES ATTACHMENT PAY	12/9/16	119076	U S DEPT OF EDUCATION U S DEPT OF EDUCATION	179.61		DED:212 ATTACHMENT	
					179.61			

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1310 WORKERS' COMPENSATION	7169 WORKERS' COMP INSURANCE	12/9/16	119077	ACCLAMATION INSURANCE MGMT SVC-WC ACCLAMATION INSURANCE MGMT SVC	26,356.05		FY17-REPLENISH TRUST	
					26,356.05			
390 WATER-OPERATIONS	2020-002 UNAPPLIED CREDITS FOR UBS	12/9/16	119078	AHMED, SHOGY S AHMED, SHOGY S	37.93		UB REFUND	
					37.93			
390 WATER-OPERATIONS	2020-002 UNAPPLIED CREDITS FOR UBS	12/9/16	119079	ANDERSON, JOSHUA S ANDERSON, JOSHUA S	143.58	REFUND	UB REFUND	
					143.58			
390 WATER-OPERATIONS	2020-002 UNAPPLIED CREDITS FOR UBS	12/9/16	119080	ART'S DIAGNOSTICS / ART HUDSON ART'S DIAGNOSTICS / ART HUDSON	43.16		UB REFUND	
					43.16			
390 WATER-OPERATIONS	2020-002 UNAPPLIED CREDITS FOR UBS	12/9/16	119081	BONY, MICHAEL J BONY, MICHAEL J	95.36	REFUND	UB REFUND	
					95.36			
390 WATER-OPERATIONS	2020-002 UNAPPLIED CREDITS FOR UBS	12/9/16	119082	DAVIS, CANDICE L DAVIS, CANDICE L	30.12	REFUND	UB REFUND	
					30.12			
390 WATER-OPERATIONS	2020-002 UNAPPLIED CREDITS FOR UBS	12/9/16	119083	ESTRELLA, ANGELA D ESTRELLA, ANGELA D	51.28		UB REFUND	
					51.28			

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390 WATER-OPERATIONS	2020-002 UNAPPLIED CREDITS FOR UBS	12/9/16	119084	FISHER SR, STEPHEN J FISHER SR, STEPHEN J	46.76		UB REFUND	
					46.76			
390 WATER-OPERATIONS	2020-002 UNAPPLIED CREDITS FOR UBS	12/9/16	119085	FREITAS, JOSEPH FREITAS, JOSEPH	79.54	REFUND	UB REFUND	
					79.54			
390 WATER-OPERATIONS	2020-002 UNAPPLIED CREDITS FOR UBS	12/9/16	119086	HARDY, DAWN M HARDY, DAWN M	13.22		UB REFUND	
					13.22			
390 WATER-OPERATIONS	2020-002 UNAPPLIED CREDITS FOR UBS	12/9/16	119087	HERITAGE REALTORS HERITAGE REALTORS	68.24		UB REFUND	
					68.24			
390 WATER-OPERATIONS	2020-002 UNAPPLIED CREDITS FOR UBS	12/9/16	119088	LEWIS, LINDI LEE LEWIS, LINDI LEE	59.92	REFUND	UB REFUND	
					59.92			
390 WATER-OPERATIONS	2020-002 UNAPPLIED CREDITS FOR UBS	12/9/16	119089	LONG, SAMANTHA K LONG, SAMANTHA K	31.68		UB REFUND	
					31.68			
390 WATER-OPERATIONS	2020-002 UNAPPLIED CREDITS FOR UBS	12/9/16	119090	MANNION, HEATHER M MANNION, HEATHER M	12.30		UB REFUND	
					12.30			

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390 WATER-OPERATIONS	2020-002 UNAPPLIED CREDITS FOR UBS	12/9/16	119091	MAYO, ZACKARY G MAYO, ZACKARY G	21.14	REFUND	UB REFUND	
21.14								
390 WATER-OPERATIONS	2020-002 UNAPPLIED CREDITS FOR UBS	12/9/16	119092	MORAN, DEBORAH G MORAN, DEBORAH G	106.19	REFUND	UB REFUND	
106.19								
390 WATER-OPERATIONS	2020-002 UNAPPLIED CREDITS FOR UBS	12/9/16	119093	MULLINS, TREVOR J MULLINS, TREVOR J	31.53		UB REFUND	
31.53								
390 WATER-OPERATIONS	2020-002 UNAPPLIED CREDITS FOR UBS	12/9/16	119094	NOBLE, VIRGINIA NOBLE, VIRGINIA	71.60	REFUND	UB REFUND	
71.60								
390 WATER-OPERATIONS	2020-002 UNAPPLIED CREDITS FOR UBS	12/9/16	119095	NUMI, HIKAL H NUMI, HIKAL H	13.71		UB REFUND	
13.71								
1309 LIABILITY INSURANCE	7333 INSUR-LIABILITY DEDUCT	12/9/16	119096	RICHARD L HARRIMAN DBA LAW OFFICES OF RICHARD L HARRIMAN	39,120.00		SETTLEMENT-HEAT	
39,120.00								
390 WATER-OPERATIONS	2020-002 UNAPPLIED CREDITS FOR UBS	12/9/16	119097	ROBINSON, JEROMY L ROBINSON, JEROMY L	48.50		UB REFUND	
48.50								

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390 WATER-OPERATIONS	2020-002 UNAPPLIED CREDITS FOR UBS	12/9/16	119098	RODRIGUEZ, ANA B RODRIGUEZ, ANA B	29.35	REFUND	UB REFUND	
					29.35			
390 WATER-OPERATIONS	2020-002 UNAPPLIED CREDITS FOR UBS	12/9/16	119099	RODRIGUEZ, STACEY A RODRIGUEZ, STACEY A	31.78		UB REFUND	
					31.78			
390 WATER-OPERATIONS	2020-002 UNAPPLIED CREDITS FOR UBS	12/9/16	119100	SALAZAR, ERVIN N SALAZAR, ERVIN N	46.62		UB REFUND	
					46.62			
390 WATER-OPERATIONS	2020-002 UNAPPLIED CREDITS FOR UBS	12/9/16	119101	STOUT, RON STOUT, RON	113.92		UB REFUND	
					113.92			
390 WATER-OPERATIONS	2020-002 UNAPPLIED CREDITS FOR UBS	12/9/16	119102	SWEENEY, JERRY E SWEENEY, JERRY E	28.16		UB REFUND	
					28.16			
390 WATER-OPERATIONS	2020-002 UNAPPLIED CREDITS FOR UBS	12/9/16	119103	THAYER, GLEN D THAYER, GLEN D	117.00		UB REFUND	
					117.00			
390 WATER-OPERATIONS	2020-002 UNAPPLIED CREDITS FOR UBS	12/9/16	119104	THOMAS, JIMMY L THOMAS, JIMMY L	37.15		UB REFUND	
					37.15			

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390 WATER-OPERATIONS	2020-002 UNAPPLIED CREDITS FOR UBS	12/9/16	119105	WOODSIDE 06N LP WOODSIDE 06N LP	176.96		UB REFUND	
					176.96			
390 WATER-OPERATIONS	2020-002 UNAPPLIED CREDITS FOR UBS	12/9/16	119106	ZAMORA NAVA, ANTONIO ZAMORA NAVA, ANTONIO	97.29		UB REFUND	
					97.29			
1719 PARKS & REC-YOUTH SERV	7320 COMMUNICATIONS	12/14/16	119107	A T & T A T & T (13982)	19.78	8846419	2016-10 587-1658	
					19.78			
1719 PARKS & REC-YOUTH SERV	7560 ADVERTISING & PUBLIC REL	12/14/16	119108	STEPHEN ABBAS ABBAS, STEPHEN	250.00		EVENT PHOTOS10/1-12/5	
					250.00			
1511 POLICE-SUPPORT SERVICE	7495 PROF AND SPEC SERVICES	12/14/16	119109	DAVID B JONES DBA ABSOLUTE RESOLUTION INVESTIGATIONS	850.00		BACKGROUND INV/AVALOS	
					850.00			
1310 WORKERS' COMPENSATION	7169 WORKERS' COMP INSURANCE	12/14/16	119110	ACCLAMATION INSURANCE MGMT SVC-WC ACCLAMATION INSURANCE MGMT SVC	1,906.64	108603	2016-11 ADMIN SVR FEE	
					1,906.64			
1111 PERSONNEL	7495 PROF AND SPEC SERVICES	12/14/16	119111	ADMINISTRATIVE SOLUTIONS INC ADMINISTRATIVE SOLUTIONS INC	138.00	100542	2016-11 COBRA ADMIN	
					138.00			

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1111 PERSONNEL	7496 CALPERS SERVICES	12/14/16	119112	FRANK ALVISO ALVISO, FRANK	119.00		RETIREE INSUR/CITY COST	
					119.00			
2081 WATER-OPERATIONS	7412 EQUIPMENT MAINTENANCE	12/14/16	119113	AMERICAN INCORPORATED AMERICAN INCORPORATED	950.00	7056143	SEMI-ANN WELL SITE SV	
2100 BUILDING MAINTENANCE	7550 OTHER CONTRACTUAL SERVICE	12/14/16		AMERICAN INCORPORATED AMERICAN INCORPORATED	100.00	7056429	SMI ANN ICE MCHN SVC	
					1,050.00			
2081 WATER-OPERATIONS	7785 UTILITIES-GAS	12/14/16	119114	AMERIGAS - FRESNO AMERIGAS - FRESNO	142.98	3058570883	TANK RENTAL W-33	
2081 WATER-OPERATIONS	7785 UTILITIES-GAS	12/14/16		AMERIGAS - FRESNO AMERIGAS - FRESNO	142.98	3058570890	TANK RENT W-35	
					285.96			
1511 POLICE-SUPPORT SERVICE	7580 RENTS AND LEASES-EQUIP	12/14/16	119115	AMERIPRIDE UNIFORM SERVICE AMERIPRIDE UNIFORM SERVICE	59.29	1501754737	RUGS 11/01	
1511 POLICE-SUPPORT SERVICE	7580 RENTS AND LEASES-EQUIP	12/14/16		AMERIPRIDE UNIFORM SERVICE AMERIPRIDE UNIFORM SERVICE	59.29	1501765426	RUGS 11/15	
1511 POLICE-SUPPORT SERVICE	7580 RENTS AND LEASES-EQUIP	12/14/16		AMERIPRIDE UNIFORM SERVICE AMERIPRIDE UNIFORM SERVICE	59.29	1501775244	RUGS 11/29	
					177.87			

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511 MISC CASH DEPOSITS TRUST	3005-070 DISAB ACCES-BL-SB1186	12/14/16	119116	ASIA GARDEN ASIA GARDEN	15.00		REISSUE CK 115936	
					15.00			
2011 PW-STREET MAINTENANCE	7720 STREET CONST & MAINT MTRL	12/14/16	119117	RON BARKER ENTERPRISES INC DBA ASPHALT COATING & SUPPLIES	128.30	642902	ASPHALT EMULSION	
					128.30			
2071 WASTEWATER TREATMENT PLNT	7412 EQUIPMENT MAINTENANCE	12/14/16	119118	ASSOCIATED COMPRESSOR & EQ, INC ASSOCIATED COMPRESSOR & EQ, INC	103.92	114318	VALVE	
2071 WASTEWATER TREATMENT PLNT	7412 EQUIPMENT MAINTENANCE	12/14/16		ASSOCIATED COMPRESSOR & EQ, INC ASSOCIATED COMPRESSOR & EQ, INC	322.50	114338	LABOR RECIP COMPRESR	
					426.42			
2040 FLEET MAINTENANCE	7495 PROF AND SPEC SERVICES	12/14/16	119119	B E C S PACIFIC LTD B E C S PACIFIC LTD	1,575.00	006227	DISL TRCK SMKE TSTING	
					1,575.00			
1711 PARKS & REC-SPORTS	7600 SPECIAL DEPARTMENTAL EXP	12/14/16	119120	B S N SPORTS, INC B S N SPORTS, INC	333.14	98461345	BLANKET PURCHASE ORDER	
					333.14			
2665 GAS TAX - 2103	815626 TRAF SIG/11TH AV & HOUSTN	12/14/16	119121	DARYL L BALCH DBA BALCH LAND SERVICES	97.50	3	2016-11 ROW AQUISITN	
					97.50			

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1111 PERSONNEL	7496 CALPERS SERVICES	12/14/16	119122	GENE BASSETT BASSETT, GENE	119.00		RETIREE INSUR/CITY COST	
					119.00			
2071 WASTEWATER TREATMENT PLNT	7770 TRAINING/TRAVEL/MEETING	12/14/16	119123	JOE BETTENCOURT BETTENCOURT, JOE	31.00	EXP 9-11-15	EXP/SN JOSE/9/11-15	
					31.00			
511 MISC CASH DEPOSITS TRUST	3001-1 REC-AUDITORIUM DEP TRUST	12/14/16	119124	MICHELE L. BROCK BROCK, MICHELE L.	81.25	2002745	OVERCHARGE DEP 8918	
511 MISC CASH DEPOSITS TRUST	3001-1 REC-AUDITORIUM DEP TRUST	12/14/16		MICHELE L. BROCK BROCK, MICHELE L.	100.00	2002745	RFD COE HALL DEP 8918	
					181.25			
1111 PERSONNEL	7496 CALPERS SERVICES	12/14/16	119125	RICHARD BUTTS BUTTS, RICHARD	119.00		RETIREE INSUR/CITY COST	
					119.00			
1315 COMPUTER MAINTENANCE	817060 1-COMP/IT EMPLOYEE	12/14/16	119126	C D W GOVERNMENT LLC C D W GOVERNMENT LLC	247.25	GBH5964	SWITCH-MULTI KEYBRD MONIT	
1315 COMPUTER MAINTENANCE	817060 1-COMP/IT EMPLOYEE	12/14/16		C D W GOVERNMENT LLC C D W GOVERNMENT LLC	102.13	GCC8600	SWITCH - HP 1820-8G 8 POR	
1210 FINANCE-UTILITY BILLING	817063 1-SCANNER/UBS	12/14/16		C D W GOVERNMENT LLC C D W GOVERNMENT LLC	3,493.75	GCZ2067	SCANNER-DOCUMENTPANASO	
					3,843.13			

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1111 PERSONNEL	7496 CALPERS SERVICES	12/14/16	119127	JOHN M CAIN CAIN, JOHN M	119.00		RETIREE INSUR/CITY COST	
					119.00			
1412 BUILDING INSPECTION	7450 PUBLICATIONS AND DUES	12/14/16	119128	CALIF ASSOC OF CODE ENFORCEMENT CALIF ASSOC OF CODE ENFORCEMENT	85.00	300003170	2017 BELMONTE DUES	
					85.00			
1310 WORKERS' COMPENSATION	7169 WORKERS' COMP INSURANCE	12/14/16	119129	CALIF DEPT OF INDUSTRIAL RELATIONS CALIF DEPT OF INDUSTRIAL RELATIONS	19,490.25	OSIP 63286	FY17 WC SELF INS ASMT	
					19,490.25			
1511 POLICE-SUPPORT SERVICE	7495 PROF AND SPEC SERVICES	12/14/16	119130	CALIF DEPT OF JUSTICE CALIF DEPT OF JUSTICE	870.00	203252	LIVE SCAN/FINGERPRINTS	
					870.00			
2071 WASTEWATER TREATMENT PLNT	7495 PROF AND SPEC SERVICES	12/14/16	119131	CALIF STATE WATER RESOURCE CTL BRD CALIF STATE WATER RESOURCE CTL BRD	24,929.00	WD-0121615	FY17 286249 WWTP ANN	
					24,929.00			
2072 SANITARY SEWER COLLECTION	7495 PROF AND SPEC SERVICES	12/14/16	119132	CALIF STATE WATER RESOURCE CTL BRD CALIF STATE WATER RESOURCE CTL BRD	2,088.00	WD-0122224	FY17 SS OVRFLOW ANN	
					2,088.00			
1111 PERSONNEL	7496 CALPERS SERVICES	12/14/16	119133	TERRY CARR CARR, TERRY	119.00		RETIREE INSUR/CITY COST	
					119.00			

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2181 TRANSPORTN FACLT IMP FEE	815665 LCY REALIGN-SH43/SIERRA	12/14/16	119134	CARVALHO CONSTRUCTION INC CARVALHO CONSTRUCTION INC	11,167.50	1178	CABINETS, COUNTER TOP	
					11,167.50			
511 MISC CASH DEPOSITS TRUST	3001-1 REC-AUDITORIUM DEP TRUST	12/14/16	119135	CASA OF KINGS COUNTY CASA OF KINGS COUNTY	1,000.00	2002749	RFD CIVIC DEP 7218	
					1,000.00			
1111 PERSONNEL	7496 CALPERS SERVICES	12/14/16	119136	DEBORAH CASSERA CASSERA, DEBORAH	119.00		RETIREE INSUR/CITY COST	
					119.00			
1719 PARKS & REC-YOUTH SERV	7600 SPECIAL DEPARTMENTAL EXP	12/14/16	119137	SUSAN CHAVEZ CHAVEZ, SUSAN	9.68		BALLONS TEEN CTR	
1719 PARKS & REC-YOUTH SERV	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		SUSAN CHAVEZ CHAVEZ, SUSAN	52.01		CHALK/SAND HARRIS FLD	
1719 PARKS & REC-YOUTH SERV	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		SUSAN CHAVEZ CHAVEZ, SUSAN	22.51		FIELD ABSORBANT/TBALL	
1720 PARKS & REC-ADULT/SPCL	7495 PROF AND SPEC SERVICES	12/14/16		SUSAN CHAVEZ CHAVEZ, SUSAN	18.84		PROCESS PHOTOS	
					103.04			
1111 PERSONNEL	7496 CALPERS SERVICES	12/14/16	119138	JERRY CHOW CHOW, JERRY	119.00		RETIREE INSUR/CITY COST	
					119.00			

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2100 BUILDING MAINTENANCE	7550 OTHER CONTRACTUAL SERVICE	12/14/16	119139	CLARK PEST CONTROL, INC CLARK PEST CONTROL, INC	40.00	000240571116	2016-11 CIVIC AUD	
2100 BUILDING MAINTENANCE	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLARK PEST CONTROL, INC CLARK PEST CONTROL, INC	56.00	007901901116	2016-11 CITY OFC	
2100 BUILDING MAINTENANCE	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLARK PEST CONTROL, INC CLARK PEST CONTROL, INC	40.00	009012551116	2016-11 VETS	
2100 BUILDING MAINTENANCE	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLARK PEST CONTROL, INC CLARK PEST CONTROL, INC	40.00	009161141116	2016-11 POLICE	
2100 BUILDING MAINTENANCE	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLARK PEST CONTROL, INC CLARK PEST CONTROL, INC	49.00	009506091116	2016-11 LONGFIELD	
2100 BUILDING MAINTENANCE	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLARK PEST CONTROL, INC CLARK PEST CONTROL, INC	50.00	009703661116	2016-11 COE PARK	
2131 COURTHOUSE SQUARE-OPERTNG	7495 PROF AND SPEC SERVICES	12/14/16		CLARK PEST CONTROL, INC CLARK PEST CONTROL, INC	60.00	010062980915	2015-09 COURTHOUSE	
2131 COURTHOUSE SQUARE-OPERTNG	7495 PROF AND SPEC SERVICES	12/14/16		CLARK PEST CONTROL, INC CLARK PEST CONTROL, INC	60.00	010062981116	2016-11 COURTHOUSE	
2100 BUILDING MAINTENANCE	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLARK PEST CONTROL, INC CLARK PEST CONTROL, INC	35.00	010231801116	2016-11 PD RECORDS	
2100 BUILDING MAINTENANCE	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLARK PEST CONTROL, INC CLARK PEST CONTROL, INC	45.00	010669971116	2016-11 CORP YARD	

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2091 INTERMODAL-OPERATING	7550 OTHER CONTRACTUAL SERVICE	12/14/16	119139...	CLARK PEST CONTROL, INC CLARK PEST CONTROL, INC	45.00	010669981116	2016-11 AMTRAK	
					520.00			
240 LAD 90-1 T606 PINECASTLE	7550 OTHER CONTRACTUAL SERVICE	12/14/16	119141	CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT INC	1,010.25	503	2016-11	
245 LAD 92-1 PORTOFINO 1 & 2	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT INC	149.67	503	2016-11	
249 LAD 94-1 T712 GATEWAY EST	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT INC	90.27	503	2016-11	
249 LAD 94-1 T712 GATEWAY EST	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT INC	44.80	503	2016-11 BASIN	
253 LAD 97-2 T742 SUMMERFLD	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT INC	38.83	503	2016-11	
255 LAD 98-1 T747 CRYSTL SPR	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT INC	211.98	503	2016-11	
266 LAD 04-4 T802-3 SIERRA	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT INC	42.95	503	2016-11	
266 LAD 04-4 T802-3 SIERRA	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT INC	184.46	503	2016-11 BASIN	
267 LAD 05-1 MISSION PARK	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT INC	35.35	503	2016-11	

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267 LAD 05-1 MISSION PARK	7550 OTHER CONTRACTUAL SERVICE	12/14/16	119141...	CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	38.23	503	2016-11 BASIN	
241 LAD 90-2 T610 PARK MONTRY	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	86.07	504	2016-11	
242 LAD 90-3 T595 MANS #7 & 8	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	89.99	504	2016-11	
250 LAD 94-2 T708 STONECREST	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	599.76	504	2016-11	
250 LAD 94-2 T708 STONECREST	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	599.76	504	2016-11 PRK FRNTAGE	
250 LAD 94-2 T708 STONECREST	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	599.75	504	2016-11 RR FRNTAGE	
251 LAD 94-3 T696 QUAIL RUN	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	500.11	504	2016-11	
251 LAD 94-3 T696 QUAIL RUN	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	500.10	504	2016-11 INTERIOR PARK	
258 LAD 01-2 T770 CAMBRIA #1	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	152.55	504	2016-11	
258 LAD 01-2 T770 CAMBRIA #1	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	152.54	504	2016-11 RR FRNTAGE	

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Division # and Name	Acct # and Name	Check Date	Check Number	Vendor Name	Transaction Amt	Inv#	Transaction Description	Void
259 LAD 01-3 T771 POPPY HILL	7550 OTHER CONTRACTUAL SERVICE	12/14/16	119141...	CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	94.44	504	2016-11	
264 LAD 04-2 T799 CAMBRIDGE	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	283.46	504	2016-11	
264 LAD 04-2 T799 CAMBRIDGE	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	283.45	504	2016-11 INTERIOR BASN	
269 LAD 06-1 T794 QUAIL PARK	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	556.00	504	2016-11	
269 LAD 06-1 T794 QUAIL PARK	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	461.00	504	2016-11 RR FRNTAGE	
246 LAD 92-2 CIELO EN TIERRA	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	75.61	505	2016-11	
247 LAD 93-1 T634 VINTAGE EST	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	124.22	505	2016-11	
257 LAD 01-1 T680 PAC GR #1	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	98.51	505	2016-11	
257 LAD 01-1 T680 PAC GR #1	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	42.68	505	2016-11 BASIN	
260 LAD 01-4 T769 SILVER OAK	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	1,177.96	505	2016-11	

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262 LAD 03-1 T789 LA PARC	7550 OTHER CONTRACTUAL SERVICE	12/14/16	119141...	CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	94.74	505	2016-11	
262 LAD 03-1 T789 LA PARC	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	260.06	505	2016-11 RAILROAD	
265 LAD 04-3 T795 CAMBRIDGE	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	959.29	505	2016-11 PARK	
265 LAD 04-3 T795 CAMBRIDGE	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	247.20	505	2016-11 RAILROAD	
265 LAD 04-3 T795 CAMBRIDGE	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	854.65	505	2016-11 STREET	
268 LAD 05-2 T835 COPPER VLLY	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	509.02	505	2016-11	
270 LAD 09-1 T877 VICTORY	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	81.34	505	2016-11	
243 LAD 90-4 T619 HYDE PARK	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	19.11	506	2016-11	
244 LAD 91-1 T641 SIERA VISTA	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	170.21	506	2016-11	
248 LAD 93-2 T673 WALNUT FRST	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	184.65	506	2016-11	

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248 LAD 93-2 T673 WALNUT FRST	7550 OTHER CONTRACTUAL SERVICE	12/14/16	119141...	CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	42.58	506	2016-11 FRNTAGE	
252 LAD 97-1 T711 ROSEWOOD	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	48.16	506	2016-11	
254 LAD 97-3 T743 COUNTRY CR	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	581.53	506	2016-11	
256 LAD 98-2 T759 MT VW #1	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	413.74	506	2016-11	
261 LAD 02-1 T776 ASHTON PARK	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	803.14	506	2016-11	
263 LAD 04-1 T810 SIDONIA	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	166.69	506	2016-11	
271 LAD 09-2 T843 LENNAR	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	738.24	506	2016-11	
273 LAD 14-01 T843 INDEP SUB3	7550 OTHER CONTRACTUAL SERVICE	12/14/16		CLEAN CUT LANDSCAPE MANAGEMENT INC CLEAN CUT LANDSCAPE MANAGEMENT IN	654.00	506	2016-11	
					15,153.10			
1716 PARKS & REC-FACILITIES	7495 PROF AND SPEC SERVICES	12/14/16	119142	COMCAST CABLE COMMUNICATIONS, INC COMCAST CABLE COMMUNICATIONS, INC	114.70	045492911/16	8155500390454929 ETHERNET	
					114.70			

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2040 FLEET MAINTENANCE	7600 SPECIAL DEPARTMENTAL EXP	12/14/16	119143	COMMERCIAL RADIATOR WORKS INC COMMERCIAL RADIATOR WORKS INC	329.26	42061	RADIATOR CORE #274	
					329.26			
1315 COMPUTER MAINTENANCE	7495 PROF AND SPEC SERVICES	12/14/16	119144	COMPUTER SYSTEMS PLUS INC COMPUTER SYSTEMS PLUS INC	1,593.70	95682	2016-11 EMAIL/SCAN	
					1,593.70			
1511 POLICE-SUPPORT SERVICE	7450 PUBLICATIONS AND DUES	12/14/16	119145	COPWARE, INC COPWARE, INC	185.00	83615	MOBILE APP LICENSE-36-50	
1511 POLICE-SUPPORT SERVICE	7450 PUBLICATIONS AND DUES	12/14/16		COPWARE, INC COPWARE, INC	525.00	83615	SITE LICENSE-36-50 SWORN	
1511 POLICE-SUPPORT SERVICE	7450 PUBLICATIONS AND DUES	12/14/16		COPWARE, INC COPWARE, INC	395.00	83615	SITE LICENSE-36-50 SWORN	
					1,105.00			
2040 FLEET MAINTENANCE	7495 PROF AND SPEC SERVICES	12/14/16	119146	CUMMINS PACIFIC LLC CUMMINS PACIFIC LLC	16,021.12	022-77429	LBR 2 HR #361 WWTP GENSET	
2040 FLEET MAINTENANCE	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		CUMMINS PACIFIC LLC CUMMINS PACIFIC LLC	18,438.36	022-77429	FULL SVC-TEMP GENSET#361	
					34,459.48			
1719 PARKS & REC-YOUTH SERV	7495 PROF AND SPEC SERVICES	12/14/16	119147	JULIAN SALCIDO DBA D ONE ENTERTAINMENT	150.00		DJ DANCE PARTY 12/16	
					150.00			

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1411 PLANNING	7460 DUPLICATING EXPENSE	12/14/16	119148	DATAFLOW BUSINESS SYSTEMS, INC DATAFLOW BUSINESS SYSTEMS, INC	36.19	198879	TASKALFA 12/10-01/09	
1412 BUILDING INSPECTION	7460 DUPLICATING EXPENSE	12/14/16		DATAFLOW BUSINESS SYSTEMS, INC DATAFLOW BUSINESS SYSTEMS, INC	36.19	198879	TASKALFA 12/10-01/09	
1413 CITY HFD PUBLIC HSG AUTH	7460 DUPLICATING EXPENSE	12/14/16		DATAFLOW BUSINESS SYSTEMS, INC DATAFLOW BUSINESS SYSTEMS, INC	36.20	198879	TASKALFA 12/10-01/09	
					108.58			
1111 PERSONNEL	7496 CALPERS SERVICES	12/14/16	119149	BRIAN DECUIR DECUIR, BRIAN	119.00		RETIREE INSUR/CITY COST	
					119.00			
1511 POLICE-SUPPORT SERVICE	7770 TRAINING/TRAVEL/MEETING	12/14/16	119150	DIAS, RAYMOND DIAS, RAYMOND	155.00	EXP 11/14-18	EXP/FRESNO/11/14-18	
1511 POLICE-SUPPORT SERVICE	7770 TRAINING/TRAVEL/MEETING	12/14/16		DIAS, RAYMOND DIAS, RAYMOND	155.00	EXP 11/7-11	EXP/FRESNO/11/7-11	
					310.00			
1201 FINANCE-ACCOUNTING	7770 TRAINING/TRAVEL/MEETING	12/14/16	119151	TOM DIBBLE DIBBLE, TOM	81.81	TR LOFGREN2	EXP/MNTRY/11/29-12/02	
					81.81			
1720 PARKS & REC-ADULT/SPCL	7495 PROF AND SPEC SERVICES	12/14/16	119152	DIRECTV LLC DIRECTV LLC	57.51	29974924398	022650924 BLNKT PO	
					57.51			

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Division # and Name	Acct # and Name	Check Date	Check Number	Vendor Name	Transaction Amt	Inv#	Transaction Description	Void
1719 PARKS & REC-YOUTH SERV	7495 PROF AND SPEC SERVICES	12/14/16	119153	DIRECTV LLC DIRECTV LLC	47.51	29982316536	014877658 BLNKT PO	
					47.51			
1713 PARKS & REC-LONGFIELD	7495 PROF AND SPEC SERVICES	12/14/16	119154	DIRECTV LLC DIRECTV LLC	82.50	30105690614	007014205 BLANKET PO	
					82.50			
2011 PW-STREET MAINTENANCE	7720 STREET CONST & MAINT MTRL	12/14/16	119155	ECONOLITE PRODUCTS INC ECONOLITE PRODUCTS INC	13,783.66	132331	TRAFFIC CNTRL CABINET	
					13,783.66			
1711 PARKS & REC-SPORTS	7495 PROF AND SPEC SERVICES	12/14/16	119156	RAYMOND ELIZONDO ELIZONDO, RAYMOND	40.00		SCRKPR 11/28-29	
1711 PARKS & REC-SPORTS	7495 PROF AND SPEC SERVICES	12/14/16		RAYMOND ELIZONDO ELIZONDO, RAYMOND	20.00		SCRKPR 12/07	
					60.00			
1610 FIRE-ADMIN/SUPPRESS ION	7600 SPECIAL DEPARTMENTAL EXP	12/14/16	119157	ENTERPRISE RENT A CAR ENTERPRISE RENT A CAR	710.63	11027152	OUT CO FIRE/TURNER	
					710.63			
390 WATER-OPERATIONS	2020-002 UNAPPLIED CREDITS FOR UBS	12/14/16	119158	FAGUNDES, RICHARD & SHIRLEY FAGUNDES, RICHARD & SHIRLEY	106.37		REISSUE CK 113892	
					106.37			

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2071 WASTEWATER TREATMENT PLNT	7412 EQUIPMENT MAINTENANCE	12/14/16	119159	FISHER SCIENTIFIC #238310-001 FISHER SCIENTIFIC #238310-001	1,052.75	4447507	HORZ DESICCATOR	
					1,052.75			
2020 AIRPORT - OPERATING	7600 SPECIAL DEPARTMENTAL EXP	12/14/16	119160	FLIGHT LIGHT, INC FLIGHT LIGHT, INC	25.70		SALES TAX INV 55536	
					25.70			
1511 POLICE-SUPPORT SERVICE	7770 TRAINING/TRAVEL/MEETING	12/14/16	119161	GREGORY FREINER FREINER, GREGORY	93.00		EXP/FRESNO/12/5-7	
					93.00			
1412 BUILDING INSPECTION	7300 UNIFORM EXPENSE	12/14/16	119162	G & K SERVICES G & K SERVICES	116.04	34422 11/16	2016-11 34462-11	
1722 PARKS & REC-PARKS	7300 UNIFORM EXPENSE	12/14/16		G & K SERVICES G & K SERVICES	314.37	34422 11/16	2016-11 34462-10	
2010 PW-ADMINISTRATION & ENGR	7300 UNIFORM EXPENSE	12/14/16		G & K SERVICES G & K SERVICES	83.92	34422 11/16	2016-11 34462-07	
2011 PW-STREET MAINTENANCE	7300 UNIFORM EXPENSE	12/14/16		G & K SERVICES G & K SERVICES	213.32	34422 11/16	2016-11 34462-04	
2031 REFUSE	7300 UNIFORM EXPENSE	12/14/16		G & K SERVICES G & K SERVICES	414.70	34422 11/16	2016-11 34462-08	
2032 REFUSE-STREET CLEANING	7300 UNIFORM EXPENSE	12/14/16		G & K SERVICES G & K SERVICES	79.12	34422 11/16	2016-11 34462-06	

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Division # and Name	Acct # and Name	Check Date	Check Number	Vendor Name	Transaction Amt	Inv#	Transaction Description	Void
2040 FLEET MAINTENANCE	7300 UNIFORM EXPENSE	12/14/16	119162...	G & K SERVICES G & K SERVICES	157.32	34422 11/16	2016-11 34462-05	
2061 STORM DRAINAGE-OPERATING	7300 UNIFORM EXPENSE	12/14/16		G & K SERVICES G & K SERVICES	74.35	34422 11/16	2016-11 34462-12	
2071 WASTEWATER TREATMENT PLNT	7300 UNIFORM EXPENSE	12/14/16		G & K SERVICES G & K SERVICES	256.38	34422 11/16	2016-11 34462-03	
2072 SANITARY SEWER COLLECTION	7300 UNIFORM EXPENSE	12/14/16		G & K SERVICES G & K SERVICES	122.47	34422 11/16	2016-11 34462-01	
2081 WATER-OPERATIONS	7300 UNIFORM EXPENSE	12/14/16		G & K SERVICES G & K SERVICES	342.02	34422 11/16	2016-11 34462-09	
2100 BUILDING MAINTENANCE	7300 UNIFORM EXPENSE	12/14/16		G & K SERVICES G & K SERVICES	399.41	34422 11/16	2016-11 34462-02	
					2,573.42			
1450-001 CDBG ENTITLEMENT REUSE FD	7495 PROF AND SPEC SERVICES	12/14/16	119163	G M S, INC G M S, INC	245.00	187767	11/16 LIC & WARRANTY	
1450-001 CDBG ENTITLEMENT REUSE FD	7495 PROF AND SPEC SERVICES	12/14/16		G M S, INC G M S, INC	65.00	187768	2016-11 SVC & SUPPORT	
					310.00			
1111 PERSONNEL	7496 CALPERS SERVICES	12/14/16	119164	DOLORES GALLEGOS GALLEGOS, DOLORES	119.00		RETIREE INSUR/CITY COST	
					119.00			

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2040 FLEET MAINTENANCE	7495 PROF AND SPEC SERVICES	12/14/16	119165	ERIC DODD DBA GILBERT ELECTRIC CO	450.00	2533	LABOR PATCH TRK #135	
2040 FLEET MAINTENANCE	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		ERIC DODD DBA GILBERT ELECTRIC CO	548.57	2533	PARTS PATCH TRK #135	
2104 ACCUM CAPITAL OUTLAY	816670 ELEC VEH CHARGNG STATIONS	12/14/16		ERIC DODD DBA GILBERT ELECTRIC CO	2,600.00	2537	CONDUIT,WIRING,PADS	
2100 BUILDING MAINTENANCE	7550 OTHER CONTRACTUAL SERVICE	12/14/16		ERIC DODD DBA GILBERT ELECTRIC CO	325.00	2538	REPAIR SWITCH/PUMP PD	
2031 REFUSE	812676 CORP YARD-REF COVER STOR	12/14/16		ERIC DODD DBA GILBERT ELECTRIC CO	1,800.00	2539	INSTL NEW CIRCUIT	
2131 COURTHOUSE SQUARE-OPERTNG	7495 PROF AND SPEC SERVICES	12/14/16		ERIC DODD DBA GILBERT ELECTRIC CO	225.00	2544	REPAIR SHORT/CRTHSE	
2100 BUILDING MAINTENANCE	7550 OTHER CONTRACTUAL SERVICE	12/14/16		ERIC DODD DBA GILBERT ELECTRIC CO	330.88	2545	INSTL ELEC PUMB CIVIC	
2081 WATER-OPERATIONS	7412 EQUIPMENT MAINTENANCE	12/14/16		ERIC DODD DBA GILBERT ELECTRIC CO	254.03	2546	REPLACE BREAKER TNK4	
					6,533.48			
2100 BUILDING MAINTENANCE	7550 OTHER CONTRACTUAL SERVICE	12/14/16	119166	GLOBAL C T I GROUP INC GLOBAL C T I GROUP INC	240.00	119241	TRBLSHT PHONE/LNGFLD	
					240.00			

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1412 BUILDING INSPECTION	7455 POSTAGE AND FREIGHT	12/14/16	119167	GOLDEN STATE OVERNIGHT GOLDEN STATE OVERNIGHT	9.50	3217794	FY16-1932 ADD #1	
1412 BUILDING INSPECTION	7455 POSTAGE AND FREIGHT	12/14/16		GOLDEN STATE OVERNIGHT GOLDEN STATE OVERNIGHT	6.74	3217794	FY17-0172	
1412 BUILDING INSPECTION	7455 POSTAGE AND FREIGHT	12/14/16		GOLDEN STATE OVERNIGHT GOLDEN STATE OVERNIGHT	6.74	3217794	FY17-0852	
1611 FIRE-FIRE PREVENTION	7455 POSTAGE AND FREIGHT	12/14/16		GOLDEN STATE OVERNIGHT GOLDEN STATE OVERNIGHT	11.37	3217794	FY17-0865	
					34.35			
1111 PERSONNEL	7496 CALPERS SERVICES	12/14/16	119168	JOHN L GOMES GOMES, JOHN L	119.00		RETIREE INSUR/CITY COST	
					119.00			
1110 CITY MANAGER-CITY CLERK	7770 TRAINING/TRAVEL/MEETING	12/14/16	119169	JENNIFER GOMEZ GOMEZ, JENNIFER	194.40	EXP 11/29-12	EXP/MNTRY/11/29-12/02	
					194.40			
1111 PERSONNEL	7496 CALPERS SERVICES	12/14/16	119170	DOMINGO GONZALES GONZALES, DOMINGO	119.00		RETIREE INSUR/CITY COST	
					119.00			
1201 FINANCE-ACCOUNTING	7450 PUBLICATIONS AND DUES	12/14/16	119171	GOVT FINANCE OFFICERS ASSOCIATION GOVT FINANCE OFFICERS ASSOCIATION	305.00	0163001 2017	CY17 MEMBERSHIP FEE	
					305.00			

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1300 CITY ATTORNEY/LEGAL SVCS	7490 CONTRACTED LEGAL SERVICES	12/14/16	119172	GRISWOLD, LASALLE, COBB, DOWD & GIN GRISWOLD, LASALLE, COBB, DOWD & GIN	646.85		CITY CLERK	
1300 CITY ATTORNEY/LEGAL SVCS	7490 CONTRACTED LEGAL SERVICES	12/14/16		GRISWOLD, LASALLE, COBB, DOWD & GIN GRISWOLD, LASALLE, COBB, DOWD & GIN	37.40		CODE ENFORCEMENT	
1300 CITY ATTORNEY/LEGAL SVCS	7490 CONTRACTED LEGAL SERVICES	12/14/16		GRISWOLD, LASALLE, COBB, DOWD & GIN GRISWOLD, LASALLE, COBB, DOWD & GIN	1,340.30		COMMUNITY DEVELOPMENT	
1300 CITY ATTORNEY/LEGAL SVCS	7490 CONTRACTED LEGAL SERVICES	12/14/16		GRISWOLD, LASALLE, COBB, DOWD & GIN GRISWOLD, LASALLE, COBB, DOWD & GIN	1,090.00		COUNCIL ADMIN	
1300 CITY ATTORNEY/LEGAL SVCS	7490 CONTRACTED LEGAL SERVICES	12/14/16		GRISWOLD, LASALLE, COBB, DOWD & GIN GRISWOLD, LASALLE, COBB, DOWD & GIN	25.00		FINANCE	
1300 CITY ATTORNEY/LEGAL SVCS	7490 CONTRACTED LEGAL SERVICES	12/14/16		GRISWOLD, LASALLE, COBB, DOWD & GIN GRISWOLD, LASALLE, COBB, DOWD & GIN	3,129.75		FIRE	
1300 CITY ATTORNEY/LEGAL SVCS	7490 CONTRACTED LEGAL SERVICES	12/14/16		GRISWOLD, LASALLE, COBB, DOWD & GIN GRISWOLD, LASALLE, COBB, DOWD & GIN	3,071.20		MEETINGS	
1300 CITY ATTORNEY/LEGAL SVCS	7490 CONTRACTED LEGAL SERVICES	12/14/16		GRISWOLD, LASALLE, COBB, DOWD & GIN GRISWOLD, LASALLE, COBB, DOWD & GIN	194.40		POLICE	
1300 CITY ATTORNEY/LEGAL SVCS	7490 CONTRACTED LEGAL SERVICES	12/14/16		GRISWOLD, LASALLE, COBB, DOWD & GIN GRISWOLD, LASALLE, COBB, DOWD & GIN	349.90		PROPERTY MGMT	
1300 CITY ATTORNEY/LEGAL SVCS	7490 CONTRACTED LEGAL SERVICES	12/14/16		GRISWOLD, LASALLE, COBB, DOWD & GIN GRISWOLD, LASALLE, COBB, DOWD & GIN	7,921.80		PUBLIC WORKS	

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1300 CITY ATTORNEY/LEGAL SVCS	7490 CONTRACTED LEGAL SERVICES	12/14/16	119172...	GRISWOLD, LASALLE, COBB, DOWD & GIN GRISWOLD, LASALLE, COBB, DOWD & GIN	406.19		RECREATION	
1300 CITY ATTORNEY/LEGAL SVCS	7518 SPECIAL LEGAL SERVICES	12/14/16		GRISWOLD, LASALLE, COBB, DOWD & GIN GRISWOLD, LASALLE, COBB, DOWD & GIN	171.90		ABATE 1046 N WHITE ST	
1300 CITY ATTORNEY/LEGAL SVCS	7518 SPECIAL LEGAL SERVICES	12/14/16		GRISWOLD, LASALLE, COBB, DOWD & GIN GRISWOLD, LASALLE, COBB, DOWD & GIN	4,008.00		ABATE 900 GREENWOOD	
1300 CITY ATTORNEY/LEGAL SVCS	7518 SPECIAL LEGAL SERVICES	12/14/16		GRISWOLD, LASALLE, COBB, DOWD & GIN GRISWOLD, LASALLE, COBB, DOWD & GIN	1,737.50		BMX LEASE/ALONZO	
1300 CITY ATTORNEY/LEGAL SVCS	7518 SPECIAL LEGAL SERVICES	12/14/16		GRISWOLD, LASALLE, COBB, DOWD & GIN GRISWOLD, LASALLE, COBB, DOWD & GIN	2,070.50		COSTCO	
1300 CITY ATTORNEY/LEGAL SVCS	7518 SPECIAL LEGAL SERVICES	12/14/16		GRISWOLD, LASALLE, COBB, DOWD & GIN GRISWOLD, LASALLE, COBB, DOWD & GIN	36.50		DAVID OLDS PROP RETN	
1300 CITY ATTORNEY/LEGAL SVCS	7518 SPECIAL LEGAL SERVICES	12/14/16		GRISWOLD, LASALLE, COBB, DOWD & GIN GRISWOLD, LASALLE, COBB, DOWD & GIN	37.40		DROUGHT LAWS/REGS	
1300 CITY ATTORNEY/LEGAL SVCS	7518 SPECIAL LEGAL SERVICES	12/14/16		GRISWOLD, LASALLE, COBB, DOWD & GIN GRISWOLD, LASALLE, COBB, DOWD & GIN	72.00		EDA GRANT	
1300 CITY ATTORNEY/LEGAL SVCS	7518 SPECIAL LEGAL SERVICES	12/14/16		GRISWOLD, LASALLE, COBB, DOWD & GIN GRISWOLD, LASALLE, COBB, DOWD & GIN	3,442.30		GENERAL PLAN UPDATE	
1300 CITY ATTORNEY/LEGAL SVCS	7518 SPECIAL LEGAL SERVICES	12/14/16		GRISWOLD, LASALLE, COBB, DOWD & GIN GRISWOLD, LASALLE, COBB, DOWD & GIN	6,958.75		HELENA CHEMICAL	

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1300 CITY ATTORNEY/LEGAL SVCS	7518 SPECIAL LEGAL SERVICES	12/14/16	119172...	GRISWOLD, LASALLE, COBB, DOWD & GIN GRISWOLD, LASALLE, COBB, DOWD & GIN	113.10		LABOR FIRE CAPT/FF	
1300 CITY ATTORNEY/LEGAL SVCS	7518 SPECIAL LEGAL SERVICES	12/14/16		GRISWOLD, LASALLE, COBB, DOWD & GIN GRISWOLD, LASALLE, COBB, DOWD & GIN	4,666.20		LABOR GENERAL UNIT	
1300 CITY ATTORNEY/LEGAL SVCS	7518 SPECIAL LEGAL SERVICES	12/14/16		GRISWOLD, LASALLE, COBB, DOWD & GIN GRISWOLD, LASALLE, COBB, DOWD & GIN	619.35		LABOR GENERAL UNIT	
1300 CITY ATTORNEY/LEGAL SVCS	7518 SPECIAL LEGAL SERVICES	12/14/16		GRISWOLD, LASALLE, COBB, DOWD & GIN GRISWOLD, LASALLE, COBB, DOWD & GIN	6,030.44		LITIG HEAT2	
1300 CITY ATTORNEY/LEGAL SVCS	7518 SPECIAL LEGAL SERVICES	12/14/16		GRISWOLD, LASALLE, COBB, DOWD & GIN GRISWOLD, LASALLE, COBB, DOWD & GIN	4,839.49		MARIJUANA	
1300 CITY ATTORNEY/LEGAL SVCS	7518 SPECIAL LEGAL SERVICES	12/14/16		GRISWOLD, LASALLE, COBB, DOWD & GIN GRISWOLD, LASALLE, COBB, DOWD & GIN	616.20		PROP/ARENIVAS LEASE	
1300 CITY ATTORNEY/LEGAL SVCS	7518 SPECIAL LEGAL SERVICES	12/14/16		GRISWOLD, LASALLE, COBB, DOWD & GIN GRISWOLD, LASALLE, COBB, DOWD & GIN	2,837.80		PROP/FAMILY HEALTHCAR	
1300 CITY ATTORNEY/LEGAL SVCS	7518 SPECIAL LEGAL SERVICES	12/14/16		GRISWOLD, LASALLE, COBB, DOWD & GIN GRISWOLD, LASALLE, COBB, DOWD & GIN	165.00		REAL ESTATE	
1300 CITY ATTORNEY/LEGAL SVCS	7519 LIABILITY RISK MAMAGEMENT	12/14/16		GRISWOLD, LASALLE, COBB, DOWD & GIN GRISWOLD, LASALLE, COBB, DOWD & GIN	103.11		LITIG CAMPBELL	
1300 CITY ATTORNEY/LEGAL SVCS	7519 LIABILITY RISK MAMAGEMENT	12/14/16		GRISWOLD, LASALLE, COBB, DOWD & GIN GRISWOLD, LASALLE, COBB, DOWD & GIN	2,918.15		LITIG GHIGLIA	

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1300 CITY ATTORNEY/LEGAL SVCS	7519 LIABILITY RISK MANAGEMENT	12/14/16	119172...	GRISWOLD, LASALLE, COBB, DOWD & GIN GRISWOLD, LASALLE, COBB, DOWD & GIN	1,133.95		LITIG OCHOA	
1300 CITY ATTORNEY/LEGAL SVCS	7519 LIABILITY RISK MANAGEMENT	12/14/16		GRISWOLD, LASALLE, COBB, DOWD & GIN GRISWOLD, LASALLE, COBB, DOWD & GIN	1,348.65		LITIG ZARAGOZA	
					62,139.08			
1411 PLANNING	7770 TRAINING/TRAVEL/MEETING	12/14/16	119173	MELODY HAIGH HAIGH, MELODY	111.65	EXP 11/21-22	EXP/FRESNO/11/21-22	
					111.65			
1711 PARKS & REC-SPORTS	7495 PROF AND SPEC SERVICES	12/14/16	119174	CALVIN HAKKER HAKKER, CALVIN	36.00		PREP 11/28	
1711 PARKS & REC-SPORTS	7495 PROF AND SPEC SERVICES	12/14/16		CALVIN HAKKER HAKKER, CALVIN	121.00		PREP 12/2-12/05	
1711 PARKS & REC-SPORTS	7495 PROF AND SPEC SERVICES	12/14/16		CALVIN HAKKER HAKKER, CALVIN	22.00		SUPERVISE 12/01	
					179.00			
1412 BUILDING INSPECTION	7924 VEHICLE ABATEMENT EXPENSE	12/14/16	119175	RONALD HURT DBA HANFORD AUTO DISMANTLING	100.00	CE17-0082	TOW 2001 NEON	
					100.00			
1411 PLANNING	4922 SUBDIVISION & ZONING FEES	12/14/16	119176	HANFORD CENTER LLC HANFORD CENTER LLC	4,915.00	CUP2016-06	RFND CUP NOT REQUIRED	
					4,915.00			

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1110 CITY MANAGER-CITY CLERK	7440 OFFICE EXPENSE	12/14/16	119177	CITY OF HANFORD PETTY CASH HANFORD PETTY CASH, CITY OF	42.00		GOMEZ-KC RECRDER FEES	
1110 CITY MANAGER-CITY CLERK	7770 TRAINING/TRAVEL/MEETING	12/14/16		CITY OF HANFORD PETTY CASH HANFORD PETTY CASH, CITY OF	10.00		MEAL/MENDES/CO, LEMOO	
1110 CITY MANAGER-CITY CLERK	7770 TRAINING/TRAVEL/MEETING	12/14/16		CITY OF HANFORD PETTY CASH HANFORD PETTY CASH, CITY OF	2.00		PYLE-FRESNO PARKING	
1111 PERSONNEL	7770 TRAINING/TRAVEL/MEETING	12/14/16		CITY OF HANFORD PETTY CASH HANFORD PETTY CASH, CITY OF	9.69		MEAL/JONES/INS MEETNG	
1511 POLICE-SUPPORT SERVICE	7770 TRAINING/TRAVEL/MEETING	12/14/16		CITY OF HANFORD PETTY CASH HANFORD PETTY CASH, CITY OF	2.00		BIDEGARAY/EXP/GRDN GR	
1511 POLICE-SUPPORT SERVICE	7770 TRAINING/TRAVEL/MEETING	12/14/16		CITY OF HANFORD PETTY CASH HANFORD PETTY CASH, CITY OF	2.00		RIVERA-EXP/GRDN GRV/9/	
1511 POLICE-SUPPORT SERVICE	7770 TRAINING/TRAVEL/MEETING	12/14/16		CITY OF HANFORD PETTY CASH HANFORD PETTY CASH, CITY OF	2.00		ROBINSON/EXP/GRDN GRV	
1513 POLICE-OPERATIONS	7770 TRAINING/TRAVEL/MEETING	12/14/16		CITY OF HANFORD PETTY CASH HANFORD PETTY CASH, CITY OF	1.05		LUTZ/EXP/MRGN HL/7/18	
1713 PARKS & REC-LONGFIELD	7495 PROF AND SPEC SERVICES	12/14/16		CITY OF HANFORD PETTY CASH HANFORD PETTY CASH, CITY OF	9.71		DA SILVA-BALLONS HOF	
1721 PARKS & REC-COMM PROM/EVT	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		CITY OF HANFORD PETTY CASH HANFORD PETTY CASH, CITY OF	3.75		DA SILVA-RUBBER BANDS	

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2010 PW-ADMINISTRATION & ENGR	7770 TRAINING/TRAVEL/MEETING	12/14/16	119177...	CITY OF HANFORD PETTY CASH HANFORD PETTY CASH, CITY OF	20.00		DOCK-APWA MEETING	
2010 PW-ADMINISTRATION & ENGR	7770 TRAINING/TRAVEL/MEETING	12/14/16		CITY OF HANFORD PETTY CASH HANFORD PETTY CASH, CITY OF	20.00		DOYEL/APWA MEETING	
2010 PW-ADMINISTRATION & ENGR	7770 TRAINING/TRAVEL/MEETING	12/14/16		CITY OF HANFORD PETTY CASH HANFORD PETTY CASH, CITY OF	20.00		DOYEL-APWA MEETING	
2010 PW-ADMINISTRATION & ENGR	7770 TRAINING/TRAVEL/MEETING	12/14/16		CITY OF HANFORD PETTY CASH HANFORD PETTY CASH, CITY OF	20.00		DOYEL-APWA MEETING	
2100 BUILDING MAINTENANCE	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		CITY OF HANFORD PETTY CASH HANFORD PETTY CASH, CITY OF	9.22		SHAW-SFTY PINS JUDGES	
					173.42			
2104 ACCUM CAPITAL OUTLAY	817609 COE PARK ROOF REPL	12/14/16	119178	HANFORD ROOFING CO, INC HANFORD ROOFING CO, INC	15,250.00	16-2016-237	ROOF-COE PRK BLDG	
					15,250.00			
511 MISC CASH DEPOSITS TRUST	3001-1 REC-AUDITORIUM DEP TRUST	12/14/16	119179	CAROL HERNANDEZ HERNANDEZ, CAROL	250.00	2002748	RFD CIVIC DEP #8883	
					250.00			
1111 PERSONNEL	7496 CALPERS SERVICES	12/14/16	119180	ROBERT HERNANDEZ HERNANDEZ, ROBERT	119.00		RETIREE INSUR/CITY COST	
					119.00			

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1610 FIRE-ADMIN/SUPPRESS ION	7600 SPECIAL DEPARTMENTAL EXP	12/14/16	119181	HOME DEPOT U S A INC DBA HOME DEPOT STORES, THE	176.14		BLANKET PURCHASE ORDER	
1722 PARKS & REC-PARKS	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		HOME DEPOT U S A INC DBA HOME DEPOT STORES, THE	31.91		BLANKET PURCHASE ORDER	
2031 REFUSE	7412 EQUIPMENT MAINTENANCE	12/14/16		HOME DEPOT U S A INC DBA HOME DEPOT STORES, THE	174.80		BLANKET PURCHASE ORDER	
2071 WASTEWATER TREATMENT PLNT	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		HOME DEPOT U S A INC DBA HOME DEPOT STORES, THE	285.70		BLANKET PURCHASE ORDER	
2072 SANITARY SEWER COLLECTION	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		HOME DEPOT U S A INC DBA HOME DEPOT STORES, THE	3.52		BLANKET PURCHASER ORDER	
2081 WATER-OPERATIONS	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		HOME DEPOT U S A INC DBA HOME DEPOT STORES, THE	136.43		BLANKET PURCHASE ORDER	
2050 FLEET REPLACEMENT RESERVE	816304 2-TRUCKS, 30YD AUTOMATED	12/14/16		HOME DEPOT U S A INC DBA HOME DEPOT STORES, THE	60.85	5024833	SHOVEL/DECK BRUSH	
1719 PARKS & REC-YOUTH SERV	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		HOME DEPOT U S A INC DBA HOME DEPOT STORES, THE	216.38	8023281	HAUNTED HOUSE DECOR	
					1,085.73			
1511 POLICE-SUPPORT SERVICE	7770 TRAINING/TRAVEL/MEETING	12/14/16	119182	STEPHANIE HUDDLESTON HUDDLESTON, STEPHANIE	93.00	EXP 11/29	EXP/FRESNO/11/29-12/1	
					93.00			

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2040 FLEET MAINTENANCE	7433 FUEL AND LUBE MAINTENANCE	12/14/16	119183	INTER STATE OIL COMPANY INTER STATE OIL COMPANY	266.50	0590072-IN	DIESEL EXHST	
2040 FLEET MAINTENANCE	7433 FUEL AND LUBE MAINTENANCE	12/14/16		INTER STATE OIL COMPANY INTER STATE OIL COMPANY	266.50	0591165-IN	DIESEL EXHAUST	
					533.00			
1412 BUILDING INSPECTION	7495 PROF AND SPEC SERVICES	12/14/16	119184	INTERWEST CONSULTING GROUP INC INTERWEST CONSULTING GROUP INC	1,271.66	30352	PLN CK FY17-0432	
1611 FIRE-FIRE PREVENTION	7495 PROF AND SPEC SERVICES	12/14/16		INTERWEST CONSULTING GROUP INC INTERWEST CONSULTING GROUP INC	150.00	30410	FR17-0147 AFS HFD SSI	
1611 FIRE-FIRE PREVENTION	7495 PROF AND SPEC SERVICES	12/14/16		INTERWEST CONSULTING GROUP INC INTERWEST CONSULTING GROUP INC	360.00	30502	FR17-0134 AFS HFD MKT	
1611 FIRE-FIRE PREVENTION	7495 PROF AND SPEC SERVICES	12/14/16		INTERWEST CONSULTING GROUP INC INTERWEST CONSULTING GROUP INC	180.00	30516	FR17-0167 AFS RAVEN	
1611 FIRE-FIRE PREVENTION	7495 PROF AND SPEC SERVICES	12/14/16		INTERWEST CONSULTING GROUP INC INTERWEST CONSULTING GROUP INC	180.00	30517	FR17-0168 RAVEN 2755	
1611 FIRE-FIRE PREVENTION	7495 PROF AND SPEC SERVICES	12/14/16		INTERWEST CONSULTING GROUP INC INTERWEST CONSULTING GROUP INC	420.00	30555	FR17-0171 AFS QLTY MA	
1611 FIRE-FIRE PREVENTION	7495 PROF AND SPEC SERVICES	12/14/16		INTERWEST CONSULTING GROUP INC INTERWEST CONSULTING GROUP INC	150.00	30556	FR17-0173 AFS DUNKN D	
					2,711.66			

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2011 PW-STREET MAINTENANCE	7600 SPECIAL DEPARTMENTAL EXP	12/14/16	119185	J A MOMANEY SERVICES INC DBA J A M SERVICES INC	146.20	85669	12" RED BALLS LED *QUOTE*	
2011 PW-STREET MAINTENANCE	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		J A MOMANEY SERVICES INC DBA J A M SERVICES INC	206.40	85925	12" LED RED ARROWS	
					352.60			
1711 PARKS & REC-SPORTS	7495 PROF AND SPEC SERVICES	12/14/16	119186	AARON JOHNSON JOHNSON, AARON	20.00		SCRKPR 11/29	
					20.00			
2071 WASTEWATER TREATMENT PLNT	7412 EQUIPMENT MAINTENANCE	12/14/16	119187	JOHNSON'S BOILER & CONTROL, INC JOHNSON'S BOILER & CONTROL, INC	6,692.60	12266	SEMI-ANUAL MAINT *EST. ON	
2071 WASTEWATER TREATMENT PLNT	7412 EQUIPMENT MAINTENANCE	12/14/16		JOHNSON'S BOILER & CONTROL, INC JOHNSON'S BOILER & CONTROL, INC	7,272.78	12267	PRTS/LABR WEST BOILER	
2071 WASTEWATER TREATMENT PLNT	7412 EQUIPMENT MAINTENANCE	12/14/16		JOHNSON'S BOILER & CONTROL, INC JOHNSON'S BOILER & CONTROL, INC	5,069.25	12268	TANK-EXPANSION	
2071 WASTEWATER TREATMENT PLNT	7412 EQUIPMENT MAINTENANCE	12/14/16		JOHNSON'S BOILER & CONTROL, INC JOHNSON'S BOILER & CONTROL, INC	583.75	12293	WEST BOILER REPAIR	
2071 WASTEWATER TREATMENT PLNT	7412 EQUIPMENT MAINTENANCE	12/14/16		JOHNSON'S BOILER & CONTROL, INC JOHNSON'S BOILER & CONTROL, INC	1,090.56	12311	WEST BOILER REPAIR	
					20,708.94			
2071 WASTEWATER TREATMENT PLNT	7770 TRAINING/TRAVEL/MEETING	12/14/16	119188	JORGENSEN CO INC JORGENSEN CO INC	201.00	5626807	CONFINE SP TRNINF (6)	

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2072 SANITARY SEWER COLLECTION	7770 TRAINING/TRAVEL/MEETING	12/14/16	119188...	JORGENSEN CO INC JORGENSEN CO INC	167.49	5626810	CONFINE SP TRNING (5)	
2100 BUILDING MAINTENANCE	7550 OTHER CONTRACTUAL SERVICE	12/14/16		JORGENSEN CO INC JORGENSEN CO INC	199.23	5629533	VETS BLDG HOOD SVC	
					567.72			
2081 WATER-OPERATIONS	7770 TRAINING/TRAVEL/MEETING	12/14/16	119189	KINGS CO DEPT OF AG KINGS CO DEPT OF AG	60.00		PEST TRNING (6)	
					60.00			
1722 PARKS & REC-PARKS	7770 TRAINING/TRAVEL/MEETING	12/14/16	119190	KINGS CO DEPT OF AG KINGS CO DEPT OF AG	140.00	01252016	PEST TRNING 14 EMPS	
					140.00			
1100 CITY COUNCIL	7902 CONTRIB-KINGS ECON DEVEL	12/14/16	119191	KINGS CO ECON DEVELOPMENT CORP KINGS CO ECON DEVELOPMENT CORP	6,559.83	1784	2016-12 CONTRIBUTION	
					6,559.83			
511 MISC CASH DEPOSITS TRUST	3005-200 KC-EL RANCHO DEBT SERVICE	12/14/16	119192	KINGS CO PUBLIC WORKS KINGS CO PUBLIC WORKS	2,997.95		DEBT SVC COLL 11/16	
					2,997.95			
1100 CITY COUNCIL	7600 SPECIAL DEPARTMENTAL EXP	12/14/16	119193	BRANDON K AINSWORTH DBA KINGS CO TROPHY & ENGRAVING	68.80	23378	PLAQUES GAVEL MOUNTED	
					68.80			

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1111 PERSONNEL	7496 CALPERS SERVICES	12/14/16	119194	ARTHUR KNIGHT KNIGHT, ARTHUR	119.00		RETIREE INSUR/CITY COST	
					119.00			
1610 FIRE-ADMIN/SUPPRESS ION	7600 SPECIAL DEPARTMENTAL EXP	12/14/16	119195	L N CURTIS & SONS L N CURTIS & SONS	12.46	64196	ESTIMATED SHIPPING/HANDLI	
1610 FIRE-ADMIN/SUPPRESS ION	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		L N CURTIS & SONS L N CURTIS & SONS	902.89	64196	GLOVES-LARGE NFPA	
1610 FIRE-ADMIN/SUPPRESS ION	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		L N CURTIS & SONS L N CURTIS & SONS	1,015.88	64196	HOOD W/BIB-COBRA XLONG	
					1,931.23			
1711 PARKS & REC-SPORTS	7495 PROF AND SPEC SERVICES	12/14/16	119196	WARREN LEASURE LEASURE, WARREN	60.00		UMP 11/28-29	
1711 PARKS & REC-SPORTS	7495 PROF AND SPEC SERVICES	12/14/16		WARREN LEASURE LEASURE, WARREN	60.00		UMP 12/01-08	
					120.00			
1711 PARKS & REC-SPORTS	7495 PROF AND SPEC SERVICES	12/14/16	119197	JOSEPH LEON LEON, JOSEPH	40.00		UMP 11/28/16	
					40.00			
511 MISC CASH DEPOSITS TRUST	3001-1 REC-AUDITORIUM DEP TRUST	12/14/16	119198	LIVINGWORD OF HANFORD LIVINGWORD OF HANFORD	250.00	2002743	RFD CIVIC DEP #8937	
					250.00			

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1111 PERSONNEL	7496 CALPERS SERVICES	12/14/16	119199	JOHN LOBOA LOBOA, JOHN	119.00		RETIREE INSUR/CITY COST	
					119.00			
1201 FINANCE-ACCOUNTING	7770 TRAINING/TRAVEL/MEETING	12/14/16	119200	PAULA LOFGREN LOFGREN, PAUAL	222.66	EXP 11/29	EXP/MONTRY/11/29-12/2	
					222.66			
1111 PERSONNEL	7496 CALPERS SERVICES	12/14/16	119201	GLORIA LOPEZ LOPEZ, GLORIA	119.00		RETIREE INSUR/CITY COST	
					119.00			
1411 PLANNING	4922 SUBDIVISION & ZONING FEES	12/14/16	119202	M & D MARTIN INC M & D MARTIN INC	249.00	OP17-0052	REFUND CHG OWNER FEE	
					249.00			
2040 FLEET MAINTENANCE	7495 PROF AND SPEC SERVICES	12/14/16	119203	GALJO PARTNERS LLC DBA MAACO COLLISION REPAIR AND PAINTING	265.20	299	LABOR/BODY WRK PARKS	
2040 FLEET MAINTENANCE	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		GALJO PARTNERS LLC DBA MAACO COLLISION REPAIR AND PAINTING	178.13	299	PARTS/BODYWRK PARKS	
					443.33			
1511 POLICE-SUPPORT SERVICE	7770 TRAINING/TRAVEL/MEETING	12/14/16	119204	MARK P RISPOLI DBA MAKOR K9	5,000.00	0130316	K9 MAINTTRAINING16-17	
					5,000.00			

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1110 CITY MANAGER-CITY CLERK	7565 ELECTION EXPENSE	12/14/16	119205	MARTIN & CHAPMAN CO MARTIN & CHAPMAN CO	46.50	2016590	2 CERT ELEC/OATH OFF	
					46.50			
1111 PERSONNEL	7496 CALPERS SERVICES	12/14/16	119206	MANUEL MEDRANO MEDRANO, MANUEL	119.00		RETIREE INSUR/CITY COST	
					119.00			
1722 PARKS & REC-PARKS	7600 SPECIAL DEPARTMENTAL EXP	12/14/16	119207	MIRACLE PLAYGROUND SALES MIRACLE PLAYGROUND SALES	559.50	21975	FLOWERS SPLSH PAD COE	
1722 PARKS & REC-PARKS	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		MIRACLE PLAYGROUND SALES MIRACLE PLAYGROUND SALES	750.95	21976	DUMPBELLS SPLSH PAD	
					1,310.45			
1720 PARKS & REC-ADULT/SPCL	5012-201 CA-CONTRACTED CLASSES	12/14/16	119208	SUSAN MORELOCK MORELOCK, SUSAN	36.40		2016-09 BALLRM DANCE	
1720 PARKS & REC-ADULT/SPCL	5012-201 CA-CONTRACTED CLASSES	12/14/16		SUSAN MORELOCK MORELOCK, SUSAN	130.20		2016-10 BALLRM DANCE	
1720 PARKS & REC-ADULT/SPCL	5012-201 CA-CONTRACTED CLASSES	12/14/16		SUSAN MORELOCK MORELOCK, SUSAN	54.60		2016-11 BALLRM DANCE	
					221.20			
2020 AIRPORT - OPERATING	7450 PUBLICATIONS AND DUES	12/14/16	119209	NATIONAL ASSOC OF FLEET ADMIN INV N A F A FLEET MANAGEMENT ASSOC	499.00	109869	CY17 BETTENCOURT DUES	
					499.00			

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Division # and Name	Acct # and Name	Check Date	Check Number	Vendor Name	Transaction Amt	Inv#	Transaction Description	Void
2071 WASTEWATER TREATMENT PLNT	7650 CHEMICALS	12/14/16	119210	N S I SOLUTIONS, INC N S I SOLUTIONS, INC	90.00	337637	BOD STANDARD	
2071 WASTEWATER TREATMENT PLNT	7650 CHEMICALS	12/14/16		N S I SOLUTIONS, INC N S I SOLUTIONS, INC	75.00	337637	ESTIMATED SHIPPING/HANDLI	
2071 WASTEWATER TREATMENT PLNT	7650 CHEMICALS	12/14/16		N S I SOLUTIONS, INC N S I SOLUTIONS, INC	150.00	337637	MULTI. ANALYTE STNDRD 4X1	
2071 WASTEWATER TREATMENT PLNT	7650 CHEMICALS	12/14/16		N S I SOLUTIONS, INC N S I SOLUTIONS, INC	40.00	337637	TOTL CHLRIN RESIDUAL STND	
					355.00			
1210 FINANCE-UTILITY BILLING	7455 POSTAGE AND FREIGHT	12/14/16	119211	NEOPOST USA INC NEOPOST USA INC	245.91	54419979	WJ150 RENT FY17 QTR3	
					245.91			
2104 ACCUM CAPITAL OUTLAY	816642 DOWNTOWN 2010 PLAN PROJ	12/14/16	119212	NICK CHAMPI ENTERPRISES INC NICK CHAMPI ENTERPRISES INC	5,762.00	18761	TRIM PALM TREES CIVIC	
1722 PARKS & REC-PARKS	7550 OTHER CONTRACTUAL SERVICE	12/14/16		NICK CHAMPI ENTERPRISES INC NICK CHAMPI ENTERPRISES INC	3,527.00	18762	TRIM PALMS COE PARK	
2104 ACCUM CAPITAL OUTLAY	816642 DOWNTOWN 2010 PLAN PROJ	12/14/16		NICK CHAMPI ENTERPRISES INC NICK CHAMPI ENTERPRISES INC	650.00	18764	TRIM TREES-REDINGTON	
					9,939.00			
1111 PERSONNEL	7440 OFFICE EXPENSE	12/14/16	119213	OFFICE DEPOT (CONTRACT) OFFICE DEPOT	295.22	7395521	BLANKET PURCHASE ORDER	

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Division # and Name	Acct # and Name	Check Date	Check Number	Vendor Name	Transaction Amt	Inv#	Transaction Description	Void
1201 FINANCE-ACCOUNTING	7440 OFFICE EXPENSE	12/14/16	119213...	OFFICE DEPOT (CONTRACT) OFFICE DEPOT	80.45	7395521	BLANKET PURCHASE ORDER	
1201 FINANCE-ACCOUNTING	7460 DUPLICATING EXPENSE	12/14/16		OFFICE DEPOT (CONTRACT) OFFICE DEPOT	304.05	7395521	BLANKET PURCHASE ORDER	
1411 PLANNING	7440 OFFICE EXPENSE	12/14/16		OFFICE DEPOT (CONTRACT) OFFICE DEPOT	85.56	7395521	BLANKET PURCHASE ORDER	
1412 BUILDING INSPECTION	7440 OFFICE EXPENSE	12/14/16		OFFICE DEPOT (CONTRACT) OFFICE DEPOT	121.74	7395521	BLANKET PURCHASE ORDER	
1413 CITY HFD PUBLIC HSG AUTH	7440 OFFICE EXPENSE	12/14/16		OFFICE DEPOT (CONTRACT) OFFICE DEPOT	176.97	7395521	BLANKET PURCHASE ORDER	
1511 POLICE-SUPPORT SERVICE	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		OFFICE DEPOT (CONTRACT) OFFICE DEPOT	319.28	7395521	BLANKET PURCHASE ORDER	
1512-1 POLICE-RECORDS	7440 OFFICE EXPENSE	12/14/16		OFFICE DEPOT (CONTRACT) OFFICE DEPOT	293.95	7395521	BLANKET PURCHASE ORDER	
1610 FIRE-ADMIN/SUPPRESS ION	7440 OFFICE EXPENSE	12/14/16		OFFICE DEPOT (CONTRACT) OFFICE DEPOT	280.64	7395521	BLANKET PURCHASE ORDER	
1611 FIRE-FIRE PREVENTION	7440 OFFICE EXPENSE	12/14/16		OFFICE DEPOT (CONTRACT) OFFICE DEPOT	37.81	7395521	BLANKET PURCHASE ORDER	
1710 PARKS & REC-ADMIN	7440 OFFICE EXPENSE	12/14/16		OFFICE DEPOT (CONTRACT) OFFICE DEPOT	180.09	7395521	BLANKET PURCHASE ORDER	

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2010 PW-ADMINISTRATION & ENGR	7440 OFFICE EXPENSE	12/14/16	119213...	OFFICE DEPOT (CONTRACT) OFFICE DEPOT	211.43	7395521	BLANKET PURCHASE ORDER	
2010 PW-ADMINISTRATION & ENGR	7460 DUPLICATING EXPENSE	12/14/16		OFFICE DEPOT (CONTRACT) OFFICE DEPOT	191.47	7395521	BLANKET PURCHASE ORDER	
2011 PW-STREET MAINTENANCE	7440 OFFICE EXPENSE	12/14/16		OFFICE DEPOT (CONTRACT) OFFICE DEPOT	232.89	7395521	BLANKET PURCHASE ORDER	
2031 REFUSE	7440 OFFICE EXPENSE	12/14/16		OFFICE DEPOT (CONTRACT) OFFICE DEPOT	29.55	7395521	BLANKET PURCHASE ORDER	
2071 WASTEWATER TREATMENT PLNT	7440 OFFICE EXPENSE	12/14/16		OFFICE DEPOT (CONTRACT) OFFICE DEPOT	80.59	7395521	BLANKET PURCHASE ORDER	
2081 WATER-OPERATIONS	7440 OFFICE EXPENSE	12/14/16		OFFICE DEPOT (CONTRACT) OFFICE DEPOT	62.62	7395521	BLANKET PURCHASE ORDER	
					2,984.31			
1611 FIRE-FIRE PREVENTION	7455 POSTAGE AND FREIGHT	12/14/16	119214	EXPRESS MESSENGER SYSTEMS DBA ON TRAC	3.59	8541430	INTERWEST 11/09	
1611 FIRE-FIRE PREVENTION	7455 POSTAGE AND FREIGHT	12/14/16		EXPRESS MESSENGER SYSTEMS DBA ON TRAC	3.59	8541430	INTERWEST 11/09	
1201 FINANCE-ACCOUNTING	7455 POSTAGE AND FREIGHT	12/14/16		EXPRESS MESSENGER SYSTEMS DBA ON TRAC	3.59	8542134	TURBO DATA 11/10	
					10.77			

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2181 TRANSPORTN FACLT IMP FEE	815665 LCY REALIGN-SH43/SIERRA	12/14/16	119215	198/43 LLC ONE NINTY EIGHT/FOURTY THREE LLC	1,258,240.54		PMT #6 10/01-10/31/16	
					1,258,240.54			
1610 FIRE-ADMIN/SUPPRESS ION	7600 SPECIAL DEPARTMENTAL EXP	12/14/16	119216	LOWE'S HOME CENTERS INC ORCHARD SUPPLY COMPANY LLC	245.86	120216	BLANKET PURCHASE ORDER	
					245.86			
1719 PARKS & REC-YOUTH SERV	7600 SPECIAL DEPARTMENTAL EXP	12/14/16	119217	ORIENTAL TRADING CO ORIENTAL TRADING CO	133.00	679730491-01	HALLOWEEN DECOR - HAUNTEI	
1719 PARKS & REC-YOUTH SERV	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		ORIENTAL TRADING CO ORIENTAL TRADING CO	76.00	679730491-02	HALLOWEEN DECOR - HAUNTEI	
1719 PARKS & REC-YOUTH SERV	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		ORIENTAL TRADING CO ORIENTAL TRADING CO	87.02	679891753-01	HALLOWEEN DECOR - HAUNTEI	
					296.02			
1511 POLICE-SUPPORT SERVICE	7770 TRAINING/TRAVEL/MEETING	12/14/16	119218	ORTEGA, ALSIE ORTEGA, ALSIE	108.00	EXP 10/19-21	EXP/FRESNO/10/19-21	
					108.00			
1722 PARKS & REC-PARKS	7780 UTILITIES-ELECTRICITY	12/14/16	119219	P G & E P G & E	9.86		2016-11 6276476966-7	
2072 SANITARY SEWER COLLECTION	7780 UTILITIES-ELECTRICITY	12/14/16		P G & E P G & E	146.19		2016-11 5401477022-3	
					156.05			

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1201 FINANCE-ACCOUNTING	7600 SPECIAL DEPARTMENTAL EXP	12/14/16	119220	P T M DOCUMENT SYSTEMS P T M DOCUMENT SYSTEMS	11.27	0060630	1099 ENVELOPE	
1201 FINANCE-ACCOUNTING	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		P T M DOCUMENT SYSTEMS P T M DOCUMENT SYSTEMS	11.01	0060630	1099-M 4UP UNIVERSAL BLAN	
1201 FINANCE-ACCOUNTING	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		P T M DOCUMENT SYSTEMS P T M DOCUMENT SYSTEMS	26.77	0060630	ESTIMATED SHIPPING/HANDLI	
1201 FINANCE-ACCOUNTING	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		P T M DOCUMENT SYSTEMS P T M DOCUMENT SYSTEMS	66.05	0060630	W2 4UP BLANK/INSTRUCTIONS	
1201 FINANCE-ACCOUNTING	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		P T M DOCUMENT SYSTEMS P T M DOCUMENT SYSTEMS	45.37	0060630	W2 ENVELOPE	
					160.47			
1711 PARKS & REC-SPORTS	7495 PROF AND SPEC SERVICES	12/14/16	119221	KELLY PERREIRA PERREIRA, KELLY	60.00		PREP 11/28-29	
					60.00			
1711 PARKS & REC-SPORTS	7495 PROF AND SPEC SERVICES	12/14/16	119222	MANUEL J PERREIRA PERREIRA, MANUEL J	12.20		HITCH PIN/TINE PIN	
1711 PARKS & REC-SPORTS	7495 PROF AND SPEC SERVICES	12/14/16		MANUEL J PERREIRA PERREIRA, MANUEL J	6.04		HITCH PIN/WASHER	
					18.24			
2081 WATER-OPERATIONS	7412 EQUIPMENT MAINTENANCE	12/14/16	119223	DE VAULT ELECTRIC PRODUCTS INC DBA POWERS ELECTRIC PRODUCTS CO	331.75	68101	RPR CABLE/ELECTRODE	

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					331.75			
2031 REFUSE	7470 PRINTING	12/14/16	119224	PRESORT CENTER OF FRESNO, LLC PRESORT CENTER OF FRESNO, LLC	376.25	410029079	HOLIDAY COLLECTN FLYR	
2031 REFUSE	7470 PRINTING	12/14/16		PRESORT CENTER OF FRESNO, LLC PRESORT CENTER OF FRESNO, LLC	376.25	410029079	XMAS TREE RNDUP FLYER	
1210 FINANCE-UTILITY BILLING	7455 POSTAGE AND FREIGHT	12/14/16		PRESORT CENTER OF FRESNO, LLC PRESORT CENTER OF FRESNO, LLC	6.75	410029190	11/04-11/10/16	
1210 FINANCE-UTILITY BILLING	7455 POSTAGE AND FREIGHT	12/14/16		PRESORT CENTER OF FRESNO, LLC PRESORT CENTER OF FRESNO, LLC	9.87	410029379	11/14-11/18/16	
1210 FINANCE-UTILITY BILLING	7455 POSTAGE AND FREIGHT	12/14/16		PRESORT CENTER OF FRESNO, LLC PRESORT CENTER OF FRESNO, LLC	3.02	410029487	11/21-11/23/16	
1210 FINANCE-UTILITY BILLING	7455 POSTAGE AND FREIGHT	12/14/16		PRESORT CENTER OF FRESNO, LLC PRESORT CENTER OF FRESNO, LLC	1,057.14	410029643	2016-10 FLAT	
1210 FINANCE-UTILITY BILLING	7455 POSTAGE AND FREIGHT	12/14/16		PRESORT CENTER OF FRESNO, LLC PRESORT CENTER OF FRESNO, LLC	5,933.46	410029643	2016-10 METER	
1210 FINANCE-UTILITY BILLING	7470 PRINTING	12/14/16		PRESORT CENTER OF FRESNO, LLC PRESORT CENTER OF FRESNO, LLC	1,654.01	410029643	2016-01 PRINTING	
1210 FINANCE-UTILITY BILLING	7455 POSTAGE AND FREIGHT	12/14/16		PRESORT CENTER OF FRESNO, LLC PRESORT CENTER OF FRESNO, LLC	992.40	410029694	2016-11 DELINQ	
1210 FINANCE-UTILITY BILLING	7455 POSTAGE AND FREIGHT	12/14/16		PRESORT CENTER OF FRESNO, LLC PRESORT CENTER OF FRESNO, LLC	137.53	410029694	2016-11 FINALS	

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Division # and Name	Acct # and Name	Check Date	Check Number	Vendor Name	Transaction Amt	Inv#	Transaction Description	Void
1210 FINANCE-UTILITY BILLING	7470 PRINTING	12/14/16	119224...	PRESORT CENTER OF FRESNO, LLC PRESORT CENTER OF FRESNO, LLC	201.10	410029694	2016-11 PRINTING	
1210 FINANCE-UTILITY BILLING	7455 POSTAGE AND FREIGHT	12/14/16		PRESORT CENTER OF FRESNO, LLC PRESORT CENTER OF FRESNO, LLC	1,066.38	410029771	2016-11 FLAT	
1210 FINANCE-UTILITY BILLING	7455 POSTAGE AND FREIGHT	12/14/16		PRESORT CENTER OF FRESNO, LLC PRESORT CENTER OF FRESNO, LLC	5,956.09	410029771	2016-11 METER	
1210 FINANCE-UTILITY BILLING	7470 PRINTING	12/14/16		PRESORT CENTER OF FRESNO, LLC PRESORT CENTER OF FRESNO, LLC	1,661.54	410029771	2016-11 PRINTING	
					19,431.79			
1514-001 POLICE GRANTS	817051 16 JAG GRNT-HPD EQUIP	12/14/16	119225	PROFORCE LAW ENFORCEMENT PROFORCE LAW ENFORCEMENT	460.80	293563	FLASH LIGHTS- PATROL RIFL	
1514-001 POLICE GRANTS	817051 16 JAG GRNT-HPD EQUIP	12/14/16		PROFORCE LAW ENFORCEMENT PROFORCE LAW ENFORCEMENT	2,161.61	293563	RED DOT SIGHTS-PATROL RIF	
					2,622.41			
2104 ACCUM CAPITAL OUTLAY	813602 GENERAL/MASTR PLAN UPDATE	12/14/16	119226	QUAD KNOFF, INC QUAD KNOFF, INC	7,954.74	86700	11/23-11/19/16	
					7,954.74			
1511 POLICE-SUPPORT SERVICE	7770 TRAINING/TRAVEL/MEETING	12/14/16	119227	JOSHUA W RAGSDALE RAGSDALE, JOSHUA W	206.56	EXP 11/13-18	EXP/LOMPOC/11/13-18	
					206.56			

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Division # and Name	Acct # and Name	Check Date	Check Number	Vendor Name	Transaction Amt	Inv#	Transaction Description	Void
1111 PERSONNEL	7496 CALPERS SERVICES	12/14/16	119228	JOE H RAMSEY RAMSEY, JOE H	119.00		RETIREE INSUR/CITY COST	
					119.00			
1720 PARKS & REC-ADULT/SPCL	7495 PROF AND SPEC SERVICES	12/14/16	119229	WILLIAM & MARLENE RAVEN DBA RAVEN BRAND PRODUCTS & DELI	151.78		LUNCH-SR HARVEST-11/10/16	
					151.78			
1111 PERSONNEL	7496 CALPERS SERVICES	12/14/16	119230	JERRY REED REED, JERRY	119.00		RETIREE INSUR/CITY COST	
					119.00			
1111 PERSONNEL	7496 CALPERS SERVICES	12/14/16	119231	JAN REYNOLDS REYNOLDS, JAN	119.00		RETIREE INSUR/CITY COST	
					119.00			
1511 POLICE-SUPPORT SERVICE	7770 TRAINING/TRAVEL/MEETING	12/14/16	119232	JEREMY RICKS RICKS, JEREMY	155.00	EXP 11/07-11	EXP/FRESNO/11/07-11	
1511 POLICE-SUPPORT SERVICE	7770 TRAINING/TRAVEL/MEETING	12/14/16		JEREMY RICKS RICKS, JEREMY	155.00	EXP 11/14-18	EXP/FRESNO/11/14-18	
					310.00			
2040 FLEET MAINTENANCE	7433 FUEL AND LUBE MAINTENANCE	12/14/16	119233	ROE OIL COMPANY ROE OIL COMPANY	114.65	143727CT	2016-11 PD FUEL	
					114.65			

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1412 BUILDING INSPECTION	4210 CONSTRUCTION PERMITS	12/14/16	119234	JOSE RUVALCABA RUVALCABA, JOSE	50.00	FY16-1676	PERMIT WITHDRAWN	
					50.00			
1100 CITY COUNCIL	7495 PROF AND SPEC SERVICES	12/14/16	119235	SAMPSON, SAMPSON & PATTERSON, LLP SAMPSON, SAMPSON & PATTERSON, LLP	10,000.00		FY16 AUDIT 2016-11	
					10,000.00			
2040 FLEET MAINTENANCE	7495 PROF AND SPEC SERVICES	12/14/16	119236	SAN JOAQUIN VALLEY AIR POLLUTION SAN JOAQUIN VALLEY AIR POLLUTION	114.00	C256696	C-333-1-2 PERMIT FEE	
2040 FLEET MAINTENANCE	7495 PROF AND SPEC SERVICES	12/14/16		SAN JOAQUIN VALLEY AIR POLLUTION SAN JOAQUIN VALLEY AIR POLLUTION	264.00	C256696	C-333-2-2 PERMIT FEE	
					378.00			
2071 WASTEWATER TREATMENT PLNT	7495 PROF AND SPEC SERVICES	12/14/16	119237	SAN JOAQUIN VALLEY AIR POLLUTION SAN JOAQUIN VALLEY AIR POLLUTION	72.00	256327	BURN PERMIT 142192	
					72.00			
1511 POLICE-SUPPORT SERVICE	7922-503 LLEGB EXPLORER POST MTLS	12/14/16	119238	JEANETTE SASSER DBA SASSER SPECIALTIES	27.95	18057	EXPLORER T-SHIRTS	
1210 FINANCE-UTILITY BILLING	7300 UNIFORM EXPENSE	12/14/16		JEANETTE SASSER DBA SASSER SPECIALTIES	5.37	18221	APPLY CITY PATCHES	
2011 PW-STREET MAINTENANCE	7300 UNIFORM EXPENSE	12/14/16		JEANETTE SASSER DBA SASSER SPECIALTIES	5.38	18221	APPLY CITY PATCHES	

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2031 REFUSE	7300 UNIFORM EXPENSE	12/14/16	119238...	JEANETTE SASSER DBA SASSER SPECIALTIES	5.38	18221	APPLY CITY PATCHES	
2071 WASTEWATER TREATMENT PLNT	7300 UNIFORM EXPENSE	12/14/16		JEANETTE SASSER DBA SASSER SPECIALTIES	5.38	18221	APPLY CITY PATCHES	
2072 SANITARY SEWER COLLECTION	7300 UNIFORM EXPENSE	12/14/16		JEANETTE SASSER DBA SASSER SPECIALTIES	10.75	18221	APPLY CITY PATCHES	
2081 WATER-OPERATIONS	7300 UNIFORM EXPENSE	12/14/16		JEANETTE SASSER DBA SASSER SPECIALTIES	5.37	18221	APPLY CITY PATCHES	
2100 BUILDING MAINTENANCE	7300 UNIFORM EXPENSE	12/14/16		JEANETTE SASSER DBA SASSER SPECIALTIES	5.37	18221	APPLY CITY PATCHES	
					70.95			
1100 CITY COUNCIL	7770 TRAINING/TRAVEL/MEETING	12/14/16	119239	SAVE MART SUPERMARKETS SAVE MART SUPERMARKETS	13.27	062016111514	BLANKET PURCHASE ORDER	
					13.27			
1111 PERSONNEL	7496 CALPERS SERVICES	12/14/16	119240	GEORGE SEPEDA SEPEDA, GEORGE	119.00		RETIREE INSUR/CITY COST	
					119.00			
511 MISC CASH DEPOSITS TRUST	3001-1 REC-AUDITORIUM DEP TRUST	12/14/16	119241	SIERRA PACIFIC HIGH SCHOOL SIERRA PACIFIC HIGH SCHOOL	1,000.00	2002750	RFD CIVIC DEP #7889	
					1,000.00			

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2011 PW-STREET MAINTENANCE	7600 SPECIAL DEPARTMENTAL EXP	12/14/16	119242	D L H TOOLS INC DBA SIGNMAX	705.63	0025632-IN	SIGN DECALS	
					705.63			
2050 FLEET REPLACEMENT RESERVE	817303 3-CARS, PATROL	12/14/16	119243	SIGNWORKS, INC SIGNWORKS, INC	2,350.78	23885	GRAPHICS-PD UNITS	
2061 STORM DRAINAGE-OPERATING	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		SIGNWORKS, INC SIGNWORKS, INC	2,472.50	23917	SIGNS-KEEP OUT AUTH PERSON	
2011 PW-STREET MAINTENANCE	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		SIGNWORKS, INC SIGNWORKS, INC	608.99	24002	STREET SIGN-SANTA FE	
					5,432.27			
1719 PARKS & REC-YOUTH SERV	7680 CONCESSION SUPPLIES	12/14/16	119244	SMART & FINAL CORP SMART & FINAL CORP	676.55	145664	TEEN CTR SNACK BAR	
1719 PARKS & REC-YOUTH SERV	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		SMART & FINAL CORP SMART & FINAL CORP	158.57	146670	SPECIAL EVENT SUPPLIES	
1713 PARKS & REC-LONGFIELD	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		SMART & FINAL CORP SMART & FINAL CORP	17.16	147301	BLANKET PURCHASE ORDER	
1719 PARKS & REC-YOUTH SERV	7680 CONCESSION SUPPLIES	12/14/16		SMART & FINAL CORP SMART & FINAL CORP	573.77	149226	TEEN CTR SNACK BAR	
1719 PARKS & REC-YOUTH SERV	7680 CONCESSION SUPPLIES	12/14/16		SMART & FINAL CORP SMART & FINAL CORP	335.98	155984	TEEN CTR SNACK BAR	

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1610 FIRE-ADMIN/SUPPRESSION	7600 SPECIAL DEPARTMENTAL EXP	12/14/16	119244...	SMART & FINAL CORP SMART & FINAL CORP	245.72	156357	BLANKET PURCHASE ORDER	
					2,007.75			
1511 POLICE-SUPPORT SERVICE	7770 TRAINING/TRAVEL/MEETING	12/14/16	119245	SEAN SNODGRASS SNODGRASS, SEAN	93.00	EXP 11/21-23	EXP/FRESNO/11/21-23	
					93.00			
1610 FIRE-ADMIN/SUPPRESSION	7780 UTILITIES-ELECTRICITY	12/14/16	119246	SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	791.98		2016-11 #2	
2040 FLEET MAINTENANCE	7780 UTILITIES-ELECTRICITY	12/14/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	1,734.17		2016-11	
2061 STORM DRAINAGE-OPERATING	7780 UTILITIES-ELECTRICITY	12/14/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	4,143.68		2016-11	
2071 WASTEWATER TREATMENT PLNT	7780 UTILITIES-ELECTRICITY	12/14/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	30,648.03		2016-11	
241 LAD 90-2 T610 PARK MONTROY	7780 UTILITIES-ELECTRICITY	12/14/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	49.94		2016-11	
243 LAD 90-4 T619 HYDE PARK	7780 UTILITIES-ELECTRICITY	12/14/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	26.69		2016-11	
244 LAD 91-1 T641 SIERA VISTA	7780 UTILITIES-ELECTRICITY	12/14/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	126.27		2016-11	

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248 LAD 93-2 T673 WALNUT FRST	7780 UTILITIES-ELECTRICITY	12/14/16	119246...	SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	53.08		2016-11	
250 LAD 94-2 T708 STONECREST	7780 UTILITIES-ELECTRICITY	12/14/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	178.23		2016-11	
256 LAD 98-2 T759 MT VW #1	7780 UTILITIES-ELECTRICITY	12/14/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	52.97		2016-11	
257 LAD 01-1 T680 PAC GR #1	7780 UTILITIES-ELECTRICITY	12/14/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	53.23		2016-11	
258 LAD 01-2 T770 CAMBRIA #1	7780 UTILITIES-ELECTRICITY	12/14/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	51.58		2016-11	
260 LAD 01-4 T769 SILVER OAK	7780 UTILITIES-ELECTRICITY	12/14/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	159.86		2016-11	
261 LAD 02-1 T776 ASHTON PARK	7780 UTILITIES-ELECTRICITY	12/14/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	53.38		2016-11	
262 LAD 03-1 T789 LA PARC	7780 UTILITIES-ELECTRICITY	12/14/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	24.96		2016-11	
263 LAD 04-1 T810 SIDONIA	7780 UTILITIES-ELECTRICITY	12/14/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	26.54		2016-11	
264 LAD 04-2 T799 CAMBRIDGE	7780 UTILITIES-ELECTRICITY	12/14/16		SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	106.42		2016-11	

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268 LAD 05-2 T835 COPPER VLLY	7780 UTILITIES-ELECTRICITY	12/14/16	119246...	SOUTHERN CALIF EDISON CO SOUTHERN CALIF EDISON CO	53.25		2016-11	
					38,334.26			
1511 POLICE-SUPPORT SERVICE	7785 UTILITIES-GAS	12/14/16	119247	SOUTHERN CALIF GAS CO SOUTHERN CALIF GAS CO	16.27		2016-11 1889156144	
1610 FIRE-ADMIN/SUPPRESS ION	7785 UTILITIES-GAS	12/14/16		SOUTHERN CALIF GAS CO SOUTHERN CALIF GAS CO	86.93		2016-11 0711175100 #2	
2020 AIRPORT - OPERATING	7785 UTILITIES-GAS	12/14/16		SOUTHERN CALIF GAS CO SOUTHERN CALIF GAS CO	1.49		2016-11 1052157816	
2071 WASTEWATER TREATMENT PLNT	7785 UTILITIES-GAS	12/14/16		SOUTHERN CALIF GAS CO SOUTHERN CALIF GAS CO	753.78		2016-11 0732175100	
2100 BUILDING MAINTENANCE	7785 UTILITIES-GAS	12/14/16		SOUTHERN CALIF GAS CO SOUTHERN CALIF GAS CO	209.96		2016-11 1742156100	
2100 BUILDING MAINTENANCE	7785 UTILITIES-GAS	12/14/16		SOUTHERN CALIF GAS CO SOUTHERN CALIF GAS CO	682.47		2016-11 1805156100	
					1,750.90			
1412 BUILDING INSPECTION	7300 UNIFORM EXPENSE	12/14/16	119248	STADRI EMBLEMS STADRI EMBLEMS	6.50	325633	ROUND PATCH (HANFORD)	
1722 PARKS & REC-PARKS	7300 UNIFORM EXPENSE	12/14/16		STADRI EMBLEMS STADRI EMBLEMS	39.00	325633	ROUND PATCH (HANFORD)	

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2010 PW-ADMINISTRATION & ENGR	7300 UNIFORM EXPENSE	12/14/16	119248...	STADRI EMBLEMS STADRI EMBLEMS	10.83	325633	ROUND PATCH (HANFORD)	
2011 PW-STREET MAINTENANCE	7300 UNIFORM EXPENSE	12/14/16		STADRI EMBLEMS STADRI EMBLEMS	29.25	325633	ROUND PATCH (HANFORD)	
2031 REFUSE	7300 UNIFORM EXPENSE	12/14/16		STADRI EMBLEMS STADRI EMBLEMS	70.42	325633	ROUND PATCH (HANFORD)	
2032 REFUSE-STREET CLEANING	7300 UNIFORM EXPENSE	12/14/16		STADRI EMBLEMS STADRI EMBLEMS	13.00	325633	ROUND PATCH (HANFORD)	
2040 FLEET MAINTENANCE	7300 UNIFORM EXPENSE	12/14/16		STADRI EMBLEMS STADRI EMBLEMS	19.50	325633	ROUND PATCH (HANFORD)	
2061 STORM DRAINAGE-OPERATING	7300 UNIFORM EXPENSE	12/14/16		STADRI EMBLEMS STADRI EMBLEMS	6.50	325633	ROUND PATCH (HANFORD)	
2071 WASTEWATER TREATMENT PLNT	7300 UNIFORM EXPENSE	12/14/16		STADRI EMBLEMS STADRI EMBLEMS	35.75	325633	ROUND PATCH (HANFORD)	
2072 SANITARY SEWER COLLECTION	7300 UNIFORM EXPENSE	12/14/16		STADRI EMBLEMS STADRI EMBLEMS	24.92	325633	ROUND PATCH (HANFORD)	
2081 WATER-OPERATIONS	7300 UNIFORM EXPENSE	12/14/16		STADRI EMBLEMS STADRI EMBLEMS	49.83	325633	ROUND PATCH (HANFORD)	
2100 BUILDING MAINTENANCE	7300 UNIFORM EXPENSE	12/14/16		STADRI EMBLEMS STADRI EMBLEMS	19.50	325633	ROUND PATCH (HANFORD)	

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2010 PW-ADMINISTRATION & ENGR	7300 UNIFORM EXPENSE	12/14/16	119248...	STADRI EMBLEMS STADRI EMBLEMS	11.16	325634	PW ROCKER CRESCENT	
2011 PW-STREET MAINTENANCE	7300 UNIFORM EXPENSE	12/14/16		STADRI EMBLEMS STADRI EMBLEMS	23.25	325634	PW ROCKER CRESCENT	
2031 REFUSE	7300 UNIFORM EXPENSE	12/14/16		STADRI EMBLEMS STADRI EMBLEMS	55.80	325634	PW ROCKER CRESCENT	
2032 REFUSE-STREET CLEANING	7300 UNIFORM EXPENSE	12/14/16		STADRI EMBLEMS STADRI EMBLEMS	12.09	325634	PW ROCKER CRESCENT	
2040 FLEET MAINTENANCE	7300 UNIFORM EXPENSE	12/14/16		STADRI EMBLEMS STADRI EMBLEMS	16.74	325634	PW ROCKER CRESCENT	
2061 STORM DRAINAGE-OPERATING	7300 UNIFORM EXPENSE	12/14/16		STADRI EMBLEMS STADRI EMBLEMS	7.44	325634	PW ROCKER CRESCENT	
2071 WASTEWATER TREATMENT PLNT	7300 UNIFORM EXPENSE	12/14/16		STADRI EMBLEMS STADRI EMBLEMS	29.76	325634	PW ROCKER CRESCENT	
2072 SANITARY SEWER COLLECTION	7300 UNIFORM EXPENSE	12/14/16		STADRI EMBLEMS STADRI EMBLEMS	20.46	325634	PW ROCKER CRESCENT	
2081 WATER-OPERATIONS	7300 UNIFORM EXPENSE	12/14/16		STADRI EMBLEMS STADRI EMBLEMS	39.06	325634	PW ROCKER CRESCENT	
2100 BUILDING MAINTENANCE	7300 UNIFORM EXPENSE	12/14/16		STADRI EMBLEMS STADRI EMBLEMS	16.74	325634	PW ROCKER CRESCENT	
					557.50			

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3950 PROP 84-GRANT	814664 CONSOLIDATN-3 WTR SYSTMS	12/14/16	119249	STEVE DOVALI CONSTRUCTION, INC STEVE DOVALI CONSTRUCTION, INC	25,924.21		PMT 19 10/09-11/17/16	
					25,924.21			
1201 FINANCE-ACCOUNTING	7770 TRAINING/TRAVEL/MEETING	12/14/16	119250	SUNGARD PUBLIC SECTOR PENTAMATION SUNGARD PUBLIC SECTOR PENTAMATION	320.00	129448	FPLUS PAYROLL WEBEX	
					320.00			
1412 BUILDING INSPECTION	4210 CONSTRUCTION PERMITS	12/14/16	119251	SUNRUN INSTALLATION SERVICES INC SUNRUN INSTALLATION SERVICES INC	119.11	FY16-1398	PERMIT WITHDRAWN	
511 MISC CASH DEPOSITS TRUST	3005-003 STRONG MOTION INSTRU PROG	12/14/16		SUNRUN INSTALLATION SERVICES INC SUNRUN INSTALLATION SERVICES INC	3.64	FY16-1398	PERMIT WITHDRAWN	
511 MISC CASH DEPOSITS TRUST	3005-044 BLDG STD ADMIN REVLV FUND	12/14/16		SUNRUN INSTALLATION SERVICES INC SUNRUN INSTALLATION SERVICES INC	2.00	FY16-1398	PERMIT WITHDRAWN	
1412 BUILDING INSPECTION	4210 CONSTRUCTION PERMITS	12/14/16		SUNRUN INSTALLATION SERVICES INC SUNRUN INSTALLATION SERVICES INC	219.10	FY17-0362	PERMIT WITHDRAWN	
511 MISC CASH DEPOSITS TRUST	3005-044 BLDG STD ADMIN REVLV FUND	12/14/16		SUNRUN INSTALLATION SERVICES INC SUNRUN INSTALLATION SERVICES INC	1.00	FY17-0362	PERMIT WITHDRAWN	
					344.85			
2181 TRANSPORTN FACLTY IMP FEE	815627 TRAF SIG/GRGVL & 13TH AV	12/14/16	119252	T R C ENGINEERS, INC T R C ENGINEERS, INC	2,092.50	17261	2016-10	
					2,092.50			

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1513 POLICE-OPERATIONS	7600 SPECIAL DEPARTMENTAL EXP	12/14/16	119253	TASER INTERNATIONAL INC TASER INTERNATIONAL INC	(41.93)	FTC105146	ESTIMATED SHIPPING/HANDLI	
1513 POLICE-OPERATIONS	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		TASER INTERNATIONAL INC TASER INTERNATIONAL INC	3,171.11	SI1455630	CAMERA-BODY WORN	
1513 POLICE-OPERATIONS	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		TASER INTERNATIONAL INC TASER INTERNATIONAL INC	41.93	SI1455630	ESTIMATED SHIPPING/HANDLI	
1513 POLICE-OPERATIONS	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		TASER INTERNATIONAL INC TASER INTERNATIONAL INC	873.52	SI1455630	LIC-BASIC EVIDENCE.COM 1	
1513 POLICE-OPERATIONS	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		TASER INTERNATIONAL INC TASER INTERNATIONAL INC	41.93	SI1456549	WALL CHARGER, USB SYNC CA	
					4,086.56			
2181 TRANSPORTN FACLT IMP FEE	815665 LCY REALIGN-SH43/SIERRA	12/14/16	119254	TECHNICON ENGINEERING SERVICE, INC TECHNICON ENGINEERING SERVICE, INC	991.00	12571	SOIL ANALYSIS	
2181 TRANSPORTN FACLT IMP FEE	815665 LCY REALIGN-SH43/SIERRA	12/14/16		TECHNICON ENGINEERING SERVICE, INC TECHNICON ENGINEERING SERVICE, INC	395.00	12677	SOIL ANALYSIS	
					1,386.00			
2071 WASTEWATER TREATMENT PLNT	816007 1-SCADA SYSTEM HOT BACKUP	12/14/16	119255	TELSTAR INSTRUMENTS, INC TELSTAR INSTRUMENTS, INC	31,210.00	86561	SCADA SYSTEM BACKUP	
2072 SANITARY SEWER COLLECTION	7412 EQUIPMENT MAINTENANCE	12/14/16		TELSTAR INSTRUMENTS, INC TELSTAR INSTRUMENTS, INC	537.49	86597	IPAD2-LIFT ST PROJECT	

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2071 WASTEWATER TREATMENT PLNT	7412 EQUIPMENT MAINTENANCE	12/14/16	119255...	TELSTAR INSTRUMENTS, INC TELSTAR INSTRUMENTS, INC	157.94	88059	LAB EQ BATTERIES	
2071 WASTEWATER TREATMENT PLNT	7412 EQUIPMENT MAINTENANCE	12/14/16		TELSTAR INSTRUMENTS, INC TELSTAR INSTRUMENTS, INC	524.94	88060	LEAD GASKET	
2071 WASTEWATER TREATMENT PLNT	7412 EQUIPMENT MAINTENANCE	12/14/16		TELSTAR INSTRUMENTS, INC TELSTAR INSTRUMENTS, INC	2,133.88	88069	MICRO DCI LOOP CNTROL	
2081 WATER-OPERATIONS	7412 EQUIPMENT MAINTENANCE	12/14/16		TELSTAR INSTRUMENTS, INC TELSTAR INSTRUMENTS, INC	810.00	88252	FLD REPORT 11/07 SVC	
2081 WATER-OPERATIONS	7412 EQUIPMENT MAINTENANCE	12/14/16		TELSTAR INSTRUMENTS, INC TELSTAR INSTRUMENTS, INC	1,755.00	88253	FLD RPT 11/21-23 SVC	
					37,129.25			
2081 WATER-OPERATIONS	7450 PUBLICATIONS AND DUES	12/14/16	119256	TOKAY SOFTWARE TOKAY SOFTWARE	640.00	97020	BFD SUPP 2/17-1/18	
					640.00			
1511 POLICE-SUPPORT SERVICE	7495 PROF AND SPEC SERVICES	12/14/16	119257	TRANSUNION RISK & ALTERNATIVE DATA TRANSUNION RISK & ALTERNATIVE DATA	50.00	47911 11/16	ACCT 47911 SEARCH/RPTS/12	
					50.00			
2061 STORM DRAINAGE-OPERATING	7600 SPECIAL DEPARTMENTAL EXP	12/14/16	119258	U S A BLUEBOOK U S A BLUEBOOK	456.38	113345	CLAMP METER	
					456.38			

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1100 CITY COUNCIL	7700 EMPLOYEE SVC AWARD DINNER	12/14/16	119260	U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	816.97		RAFFLE PRIZES	
1110 CITY MANAGER-CITY CLERK	7770 TRAINING/TRAVEL/MEETING	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	(650.00)		LCC REVERSE DUP CHG	
1110 CITY MANAGER-CITY CLERK	7770 TRAINING/TRAVEL/MEETING	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	15.34		MEAL/CC AGENDA/11/11	
1110 CITY MANAGER-CITY CLERK	7770 TRAINING/TRAVEL/MEETING	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	30.10		MEAL/CO-CTY MGR/11/15	
1110 CITY MANAGER-CITY CLERK	7770 TRAINING/TRAVEL/MEETING	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	26.26		MEAL/SCHOOL DIST/11/2	
1315 COMPUTER MAINTENANCE	7430 COMPUTER MAINTENANCE	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	94.54		CABLES/CHGRS IPH/IPAD	
1315 COMPUTER MAINTENANCE	7495 PROF AND SPEC SERVICES	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	1.22		2016-10 AMAZON RTE53	
1411 PLANNING	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	8.06		NAME PLATE	
1411 PLANNING	7770 TRAINING/TRAVEL/MEETING	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	13.04		FUEL/CANADA/11/08-11	
1412 BUILDING INSPECTION	7440 OFFICE EXPENSE	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	37.61		MARKERS-PERMANENT	

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1511 POLICE-SUPPORT SERVICE	7600 SPECIAL DEPARTMENTAL EXP	12/14/16	119260...	U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	299.17		RIFLE SAFETY DEVICE	
1511 POLICE-SUPPORT SERVICE	7770 TRAINING/TRAVEL/MEETING	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	124.67		MEAL/EXPLORERS/11/13	
1513 POLICE-OPERATIONS	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	299.17		RIFLE SAFETY DEVICE	
1513 POLICE-OPERATIONS	7600-022 PAL PROGRAM EXPENSE	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	132.94		INTERVAL TIMER	
1610 FIRE-ADMIN/SUPPRESS ION	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	125.56		DISENFECTANT CLEANER	
1610 FIRE-ADMIN/SUPPRESS ION	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	23.94		ORGANIZER POCKET	
1610 FIRE-ADMIN/SUPPRESS ION	7770 TRAINING/TRAVEL/MEETING	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	67.12		MEAL/FIRE INC #5330	
1710 PARKS & REC-ADMIN	7770 TRAINING/TRAVEL/MEETING	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	31.84		MEAL/CPRS MTG 10/26	
1710 PARKS & REC-ADMIN	7770 TRAINING/TRAVEL/MEETING	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	15.38		MEAL/CPRS MTG 11/17	
1713 PARKS & REC-LONGFIELD	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	96.00		GIFT CARDS FUN NIGHT	

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1713 PARKS & REC-LONGFIELD	7600 SPECIAL DEPARTMENTAL EXP	12/14/16	119260...	U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	101.43		MEAL/FUN NIGHT	
1713 PARKS & REC-LONGFIELD	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	23.87		MEAL/VOL LONGFIELD	
1721 PARKS & REC-COMM PROM/EVT	7560-001 ADVERTISING-REC MENU	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	4.40		AD-ACTIVITIES/EVENTS	
2031 REFUSE	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	52.15		VISOR FLASH LIGHTS 10	
2031 REFUSE	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	102.05		VISOR FLASH LIGHTS 20	
2031 REFUSE	812676 CORP YARD-REF COVER STOR	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	(12.80)		SIGN/FIRE CTRL PANEL	
2031 REFUSE	812676 CORP YARD-REF COVER STOR	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	14.01		SIGN/FIRE CTRL PANEL	
2031 REFUSE	812676 CORP YARD-REF COVER STOR	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	12.80		SIGN/FIRE CTRL PANEL	
2100 BUILDING MAINTENANCE	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	138.99		THERMOSTAT-VENSTAR	
1100 CITY COUNCIL	7770 TRAINING/TRAVEL/MEETING	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	575.00	TR DEVINE	REG/SACTO 1/18-20	

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1111 PERSONNEL	7770 TRAINING/TRAVEL/MEETING	12/14/16	119260...	U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	226.98	TR GONZALE15	LDG/ANAHEIM/3/7-10	
1111 PERSONNEL	7770 TRAINING/TRAVEL/MEETING	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	525.00	TR GONZALE15	REG/ANAHEIM/3/7-10	
1511 POLICE-SUPPORT SERVICE	7770 TRAINING/TRAVEL/MEETING	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	620.00	TR MARTINEZ7	REG/SAN DIEG/11/17-22	
1411 PLANNING	7770 TRAINING/TRAVEL/MEETING	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	82.00	TR MATA1	AIR/CANADA/11/8-11	
1411 PLANNING	7770 TRAINING/TRAVEL/MEETING	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	645.56	TR MATA1	AIR/CANADA/11/8-11	
1411 PLANNING	7770 TRAINING/TRAVEL/MEETING	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	30.48	TR MATA1	FUEL/CANADA/11/8-11	
1411 PLANNING	7770 TRAINING/TRAVEL/MEETING	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	731.92	TR MATA1	LDG/CANADA/11/8-11	
1411 PLANNING	7770 TRAINING/TRAVEL/MEETING	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	310.98	TR MATA1	LDG/CANADA/11/8-11	
1411 PLANNING	7770 TRAINING/TRAVEL/MEETING	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	18.13	TR MATA1	PRK/CANADA/11/8-11	
1411 PLANNING	7770 TRAINING/TRAVEL/MEETING	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	32.72	TR MATA1	PRK/CANADA/11/8-11	

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1411 PLANNING	7770 TRAINING/TRAVEL/MEETING	12/14/16	119260...	U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	19.05	TR MATA1	PRK/CANADA/11/8-11	
1411 PLANNING	7770 TRAINING/TRAVEL/MEETING	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	32.74	TR MATA1	PRK/CANADA/11/8-11	
1511 POLICE-SUPPORT SERVICE	7770 TRAINING/TRAVEL/MEETING	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	645.56	TR SEVER5	AIR/CANADA/11/8-11	
1511 POLICE-SUPPORT SERVICE	7770 TRAINING/TRAVEL/MEETING	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	432.15	TR SEVER5	CAR/CANADA/11/8-11	
1511 POLICE-SUPPORT SERVICE	7770 TRAINING/TRAVEL/MEETING	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	32.74	TR SEVER5	PRK/CANADA/11/8-11	
1100 CITY COUNCIL	7770 TRAINING/TRAVEL/MEETING	12/14/16		U S BANK CORPORATE PAYMENT SYSTEM U S BANK CORP - CAL CARD	575.00	TR SORENSEN	REG/SACTO 1/18-20	
					7,581.84			
2081 WATER-OPERATIONS	7450 PUBLICATIONS AND DUES	12/14/16	119261	U S C FOUNDATION CROSS CONNECTION U S C FOUNDATION CROSSCONNECTION	674.50	14157	2017 MEMBERSHIP	
					674.50			
1716 PARKS & REC-FACILITIES	7600 SPECIAL DEPARTMENTAL EXP	12/14/16	119262	ULINE, INC ULINE, INC	76.97	82056736	FLOOR SQUEEGEE/HNDLE	
					76.97			
2081 WATER-OPERATIONS	7650 CHEMICALS	12/14/16	119263	UNIVAR UNIVAR	222.43	F0860037	BLANKET PURCHASE ORDER	

Warrant Register

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Division # and Name	Acct # and Name	Check Date	Check Number	Vendor Name	Transaction Amt	Inv#	Transaction Description	Void
2081 WATER-OPERATIONS	7650 CHEMICALS	12/14/16	119263...	UNIVAR UNIVAR	355.88	F0860039	BLANKET PURCHASE ORDER	
2081 WATER-OPERATIONS	7650 CHEMICALS	12/14/16		UNIVAR UNIVAR	318.80	F0860040	BLANKET PURCHASE ORDER	
2081 WATER-OPERATIONS	7650 CHEMICALS	12/14/16		UNIVAR UNIVAR	215.01	F0860357	BLANKET PURCHASE ORDER	
2081 WATER-OPERATIONS	7650 CHEMICALS	12/14/16		UNIVAR UNIVAR	422.60	F0860359	BLANKET PURCHASE ORDER	
2081 WATER-OPERATIONS	7650 CHEMICALS	12/14/16		UNIVAR UNIVAR	459.67	F0860360	BLANKET PURCHASE ORDER	
2081 WATER-OPERATIONS	7650 CHEMICALS	12/14/16		UNIVAR UNIVAR	474.51	F0860361	BLANKET PURCHASE ORDER	
2081 WATER-OPERATIONS	7650 CHEMICALS	12/14/16		UNIVAR UNIVAR	808.13	F0860363	BLANKET PURCHASE ORDER	
2081 WATER-OPERATIONS	7650 CHEMICALS	12/14/16		UNIVAR UNIVAR	440.40	F0860593	BLANKET PURCHASE ORDER	
2081 WATER-OPERATIONS	7650 CHEMICALS	12/14/16		UNIVAR UNIVAR	418.15	F0860594	BLANKET PURCHASE ORDER	
2081 WATER-OPERATIONS	7650 CHEMICALS	12/14/16		UNIVAR UNIVAR	341.04	F0860595	BLANKET PURCHASE ORDER	

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Division # and Name	Acct # and Name	Check Date	Check Number	Vendor Name	Transaction Amt	Inv#	Transaction Description	Void
2081 WATER-OPERATIONS	7650 CHEMICALS	12/14/16	119263...	UNIVAR UNIVAR	346.98	F0860596	BLANKET PURCHASE ORDER	
2081 WATER-OPERATIONS	7650 CHEMICALS	12/14/16		UNIVAR UNIVAR	252.07	F0860746	BLANKET PURCHASE ORDER	
2081 WATER-OPERATIONS	7650 CHEMICALS	12/14/16		UNIVAR UNIVAR	489.33	F0860747	BLANKET PURCHASE ORDER	
2081 WATER-OPERATIONS	7650 CHEMICALS	12/14/16		UNIVAR UNIVAR	311.40	FO860038	BLANKET PURCHASE ORDER	
					5,876.40			
1511 POLICE-SUPPORT SERVICE	7495 PROF AND SPEC SERVICES	12/14/16	119264	RUDY LOPEZ DBA V Q FITNESS	80.00	PD 12/16	2016-12 MBRSH (10)	
1512-1 POLICE-RECORDS	7495 PROF AND SPEC SERVICES	12/14/16		RUDY LOPEZ DBA V Q FITNESS	50.00	PD 12/16	2016-12 MBRSH (5)	
1512-2 POLICE-COMMUNICATIO NS	7495 PROF AND SPEC SERVICES	12/14/16		RUDY LOPEZ DBA V Q FITNESS	90.00	PD 12/16	2016-12 MBRSH (9)	
1513 POLICE-OPERATIONS	7495 PROF AND SPEC SERVICES	12/14/16		RUDY LOPEZ DBA V Q FITNESS	240.00	PD 12/16	2016-12 MBRSH (24)	
1514 POLICE-TRAFFIC ENFORCEMNT	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		RUDY LOPEZ DBA V Q FITNESS	30.00	PD 12/16	2016-12 MBRSH (3)	
1516 POLICE-SCHOOL OFFICER PRG	7600 SPECIAL DEPARTMENTAL EXP	12/14/16		RUDY LOPEZ DBA V Q FITNESS	50.00	PD 12/16	2016-12 MBRSH (5)	

Warrant Register

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Division # and Name	Acct # and Name	Check Date	Check Number	Vendor Name	Transaction Amt	Inv#	Transaction Description	Void
1517 POLICE-POP PROGRAM	7600 SPECIAL DEPARTMENTAL EXP	12/14/16	119264...	RUDY LOPEZ DBA V Q FITNESS	30.00	PD 12/16	2016-12 MBRSHIP (3)	
					570.00			
2071 WASTEWATER TREATMENT PLNT	7412 EQUIPMENT MAINTENANCE	12/14/16	119265	V W R FUNDING INC DBA V W R INTERNATIONAL, LLC	52.34	8046838397	CALIBRATION WGHTS - OIML	
2071 WASTEWATER TREATMENT PLNT	7412 EQUIPMENT MAINTENANCE	12/14/16		V W R FUNDING INC DBA V W R INTERNATIONAL, LLC	52.66	8046838397	CALIBRATION WGHTS - OIML	
2071 WASTEWATER TREATMENT PLNT	7412 EQUIPMENT MAINTENANCE	12/14/16		V W R FUNDING INC DBA V W R INTERNATIONAL, LLC	58.70	8046838397	CALIBRATION WGHTS - OIML	
2071 WASTEWATER TREATMENT PLNT	7412 EQUIPMENT MAINTENANCE	12/14/16		V W R FUNDING INC DBA V W R INTERNATIONAL, LLC	100.14	8046838397	CALIBRATION WGHTS - OIML	
2071 WASTEWATER TREATMENT PLNT	7412 EQUIPMENT MAINTENANCE	12/14/16		V W R FUNDING INC DBA V W R INTERNATIONAL, LLC	52.66	8046838397	CALIBRATION WGHTS- OIML C	
2071 WASTEWATER TREATMENT PLNT	7412 EQUIPMENT MAINTENANCE	12/14/16		V W R FUNDING INC DBA V W R INTERNATIONAL, LLC	20.31	8046838397	ESTIMATED SHIPPING/HANDLI	
2071 WASTEWATER TREATMENT PLNT	7412 EQUIPMENT MAINTENANCE	12/14/16		V W R FUNDING INC DBA V W R INTERNATIONAL, LLC	122.23	8046893839	CALIBRATION WGHTS - OIML	
2071 WASTEWATER TREATMENT PLNT	7412 EQUIPMENT MAINTENANCE	12/14/16		V W R FUNDING INC DBA V W R INTERNATIONAL, LLC	13.39	8046893839	ESTIMATED SHIPPING/HANDLI	
					472.43			

Warrant Register

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Division # and Name	Acct # and Name	Check Date	Check Number	Vendor Name	Transaction Amt	Inv#	Transaction Description	Void
1719 PARKS & REC-YOUTH SERV	5017-701 TR-CONTRACTED CLASSES	12/14/16	119266	YOLONDA VALLADARES VALLADARES, YOLANDA	32.00	2002752	RFD KDS NITE 2016-11	
					32.00			
1511 POLICE-SUPPORT SERVICE	7320 COMMUNICATIONS	12/14/16	119267	VERIZON WIRELESS VERIZON WIRELESS	1,624.04	9776176071	381-0944 INVESTIGATIONS C	
					1,624.04			
1511 POLICE-SUPPORT SERVICE	7320 COMMUNICATIONS	12/14/16	119268	VERIZON WIRELESS VERIZON WIRELESS	130.60	9776267087	771937214 AIR CARD	
					130.60			
1511 POLICE-SUPPORT SERVICE	7320 COMMUNICATIONS	12/14/16	119269	VERIZON WIRELESS VERIZON WIRELESS	20.04	9776285488	872315009 TRACKER	
					20.04			
2040 FLEET MAINTENANCE	7495 PROF AND SPEC SERVICES	12/14/16	119270	WATERDROPS EXPRESS CAR WASH LLC WATERDROPS EXPRESS CAR WASH LLC	64.00	129364	2016-10 11TH CARWASH	
					64.00			
2040 FLEET MAINTENANCE	7495 PROF AND SPEC SERVICES	12/14/16	119271	WATERDROPS EXPRESS CAR WASH LLC WATERDROPS EXPRESS CAR WASH LLC	56.00	129368	2016-11 LACEY CARWASH	
					56.00			
2040 FLEET MAINTENANCE	7495 PROF AND SPEC SERVICES	12/14/16	119272	WATERDROPS EXPRESS CAR WASH LLC WATERDROPS EXPRESS CAR WASH LLC	272.00	256561	2016-11 11TH CARWASH	
					272.00			

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Division # and Name	Acct # and Name	Check Date	Check Number	Vendor Name	Transaction Amt	Inv#	Transaction Description	Void
1111 PERSONNEL	7496 CALPERS SERVICES	12/14/16	119273	GEORGE WATSON WATSON, GEORGE	119.00		RETIREE INSUR/CITY COST	
					119.00			
1511 POLICE-SUPPORT SERVICE	7770 TRAINING/TRAVEL/MEETING	12/14/16	119274	DALE WILLIAMS WILLIAMS, DALE	155.00	EXP 11/14-18	EXP/FRESNO/11/14-18	
1511 POLICE-SUPPORT SERVICE	7770 TRAINING/TRAVEL/MEETING	12/14/16		DALE WILLIAMS WILLIAMS, DALE	155.00	EXP 11/7-11	EXP/FRESNO/11/7-11	
					310.00			
1210 FINANCE-UTILITY BILLING	7300 UNIFORM EXPENSE	12/14/16	119275	WORKINGMAN'S STORE INC WORKINGMAN'S STORE INC	37.63	100777 11/16	FY17 JACKETS	
1210 FINANCE-UTILITY BILLING	7300 UNIFORM EXPENSE	12/14/16		WORKINGMAN'S STORE INC WORKINGMAN'S STORE INC	292.39	100777 11/16	FY17 SHOES	
1412 BUILDING INSPECTION	7300 UNIFORM EXPENSE	12/14/16		WORKINGMAN'S STORE INC WORKINGMAN'S STORE INC	437.36	100777 11/16	FY17 SHOES	
1722 PARKS & REC-PARKS	7300 UNIFORM EXPENSE	12/14/16		WORKINGMAN'S STORE INC WORKINGMAN'S STORE INC	1,571.14	100777 11/16	FY17 SHOES	
2010 PW-ADMINISTRATION & ENGR	7300 UNIFORM EXPENSE	12/14/16		WORKINGMAN'S STORE INC WORKINGMAN'S STORE INC	470.66	100777 11/16	FY17 SHOES	
2011 PW-STREET MAINTENANCE	7300 UNIFORM EXPENSE	12/14/16		WORKINGMAN'S STORE INC WORKINGMAN'S STORE INC	37.63	100777 11/16	FY17 JACKETS	

Warrant Register

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Division # and Name	Acct # and Name	Check Date	Check Number	Vendor Name	Transaction Amt	Inv#	Transaction Description	Void
2011 PW-STREET MAINTENANCE	7300 UNIFORM EXPENSE	12/14/16	119275...	WORKINGMAN'S STORE INC WORKINGMAN'S STORE INC	1,296.79	100777 11/16	FY17 SHOES	
2031 REFUSE	7300 UNIFORM EXPENSE	12/14/16		WORKINGMAN'S STORE INC WORKINGMAN'S STORE INC	2,594.23	100777 11/16	FY17 SHOES	
2032 REFUSE-STREET CLEANING	7300 UNIFORM EXPENSE	12/14/16		WORKINGMAN'S STORE INC WORKINGMAN'S STORE INC	614.56	100777 11/16	FY17 SHOES	
2040 FLEET MAINTENANCE	7300 UNIFORM EXPENSE	12/14/16		WORKINGMAN'S STORE INC WORKINGMAN'S STORE INC	927.18	100777 11/16	FY17 SHOES	
2061 STORM DRAINAGE-OPERATING	7300 UNIFORM EXPENSE	12/14/16		WORKINGMAN'S STORE INC WORKINGMAN'S STORE INC	320.00	100777 11/16	FY17 SHOES	
2071 WASTEWATER TREATMENT PLNT	7300 UNIFORM EXPENSE	12/14/16		WORKINGMAN'S STORE INC WORKINGMAN'S STORE INC	64.50	100777 11/16	FY17 JACKETS	
2071 WASTEWATER TREATMENT PLNT	7300 UNIFORM EXPENSE	12/14/16		WORKINGMAN'S STORE INC WORKINGMAN'S STORE INC	1,258.32	100777 11/16	FY17 SHOES	
2072 SANITARY SEWER COLLECTION	7300 UNIFORM EXPENSE	12/14/16		WORKINGMAN'S STORE INC WORKINGMAN'S STORE INC	37.63	100777 11/16	FY17 JACKETS	
2072 SANITARY SEWER COLLECTION	7300 UNIFORM EXPENSE	12/14/16		WORKINGMAN'S STORE INC WORKINGMAN'S STORE INC	800.00	100777 11/16	FY17 SHOES	
2081 WATER-OPERATIONS	7300 UNIFORM EXPENSE	12/14/16		WORKINGMAN'S STORE INC WORKINGMAN'S STORE INC	43.00	100777 11/16	FY17 JACKETS	

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Division # and Name	Acct # and Name	Check Date	Check Number	Vendor Name	Transaction Amt	Inv#	Transaction Description	Void
2081 WATER-OPERATIONS	7300 UNIFORM EXPENSE	12/14/16	119275...	WORKINGMAN'S STORE INC WORKINGMAN'S STORE INC	2,054.84	100777 11/16	FY17 SHOES	
2100 BUILDING MAINTENANCE	7300 UNIFORM EXPENSE	12/14/16		WORKINGMAN'S STORE INC WORKINGMAN'S STORE INC	37.63	100777 11/16	FY17 JACKETS	
2100 BUILDING MAINTENANCE	7300 UNIFORM EXPENSE	12/14/16		WORKINGMAN'S STORE INC WORKINGMAN'S STORE INC	748.35	100777 11/16	FY17 SHOES	
					13,643.84			
2040 FLEET MAINTENANCE	7495 PROF AND SPEC SERVICES	12/14/16	119276	WORLD OIL ENVIRONMENTAL SERVICES WORLD OIL ENVIORNMENTAL SERVICES	120.00	150000114004	140 GAL MIXED OILS	
					120.00			
1201 FINANCE-ACCOUNTING	7460 DUPLICATING EXPENSE	12/14/16	119277	XEROX CORP XEROX CORP	65.12	087189717	COPIES 10/21-11/21/16	
1201 FINANCE-ACCOUNTING	7460 DUPLICATING EXPENSE	12/14/16		XEROX CORP XEROX CORP	323.11	087189717	LEASE/FINANCE	
1110 CITY MANAGER-CITY CLERK	7460 DUPLICATING EXPENSE	12/14/16		XEROX CORP XEROX CORP	91.85	087189718	COPIES 10/21-11/21/16	
1110 CITY MANAGER-CITY CLERK	7460 DUPLICATING EXPENSE	12/14/16		XEROX CORP XEROX CORP	158.80	087189718	LEASE/CITY MGR	
1111 PERSONNEL	7460 DUPLICATING EXPENSE	12/14/16		XEROX CORP XEROX CORP	91.85	087189718	COPIES 10/21-11/21/16	

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Division # and Name	Acct # and Name	Check Date	Check Number	Vendor Name	Transaction Amt	Inv#	Transaction Description	Void
1111 PERSONNEL	7460 DUPLICATING EXPENSE	12/14/16	119277...	XEROX CORP XEROX CORP	158.80	087189718	LEASE/PERS	
2010 PW-ADMINISTRATION & ENGR	7460 DUPLICATING EXPENSE	12/14/16		XEROX CORP XEROX CORP	310.45	087189719	COPIES 10/21-11/21/16	
2010 PW-ADMINISTRATION & ENGR	7460 DUPLICATING EXPENSE	12/14/16		XEROX CORP XEROX CORP	318.13	087189719	LEASE/PUBLIC WKS	
1411 PLANNING	7460 DUPLICATING EXPENSE	12/14/16		XEROX CORP XEROX CORP	139.73	087189720	2016-11 LEASE/COPIES	
1412 BUILDING INSPECTION	7460 DUPLICATING EXPENSE	12/14/16		XEROX CORP XEROX CORP	112.18	087189720	2016-11 LEASE/COPIES	
1413 CITY HFD PUBLIC HSG AUTH	7460 DUPLICATING EXPENSE	12/14/16		XEROX CORP XEROX CORP	127.32	087189720	2016-11 LEASE/COPIES	
1719 PARKS & REC-YOUTH SERV	7470 PRINTING	12/14/16		XEROX CORP XEROX CORP	235.16	087290719	2016-11 LEASE/COPIES	
1721 PARKS & REC-COMM PROM/EVT	7470 PRINTING	12/14/16		XEROX CORP XEROX CORP	235.17	087290719	2016-11 LEASE/COPIES	
					2,367.67			
1111 PERSONNEL	7496 CALPERS SERVICES	12/14/16	119278	WES YEARY YEARY, WES	119.00		RETIREE INSUR/CITY COST	
					119.00			

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Division # and Name	Acct # and Name	Check Date	Check Number	Vendor Name	Transaction Amt	Inv#	Transaction Description	Void
1309 LIABILITY INSURANCE	7330 LIABILITY INSURANCE	12/14/16	119279	YORK RISK SERVICES GROUP, INC YORK RISK SERVICES GROUP, INC-LIAB	1,871.10	6207 11/16	SVC FEE 11/01-11/30	
					1,871.10			
1719 PARKS & REC-YOUTH SERV	5017-701 TR-CONTRACTED CLASSES	12/14/16	119280	GINA LEWIS YOUNG YOUNG, GINA LEWIS	749.00		2016-11 CHEERLEADING	
					749.00			
					1,921,080.79			



AGENDA STAFF REPORT

MEETING DATE: 12/20/2016	AGENDA SECTION: A
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SUBJECT:

Public Works: Continuation of the Public Hearing for the formation of Landscape Assessment District No. 16-01 Tract No.917, Woodside Homes Subdivision until January 17, 2017

RECOMMENDATION:

That the City Council, by motion, continue the public hearing for the formation of Landscape Assessment District No. 16-01, Tract No. 917, Woodside Homes Subdivision until January 17, 2017.

BACKGROUND:

Conditions of approval for the development of Tract No. 917, Woodside Homes Subdivision, require the developer to form a Landscape Assessment District in conformance with the Landscape and Lighting Act of 1972, to provide a funding mechanism for the maintenance of common area landscape and decorative wall improvements located along and adjacent to the street frontages of Centennial Drive and Grangeville Boulevard. In addition to common area landscape maintenance, the district will also maintain all interior street lights located within the subdivision.

At the November 15, 2016 meeting, Council approved resolutions 16-45-R and 16-46-R which initiated proceedings for the creation of Landscape Assessment District No. 16-01 and approved an engineer's report detailing an estimate of district maintenance costs.

The landscape district and subdivision are being developed by Woodside Homes.

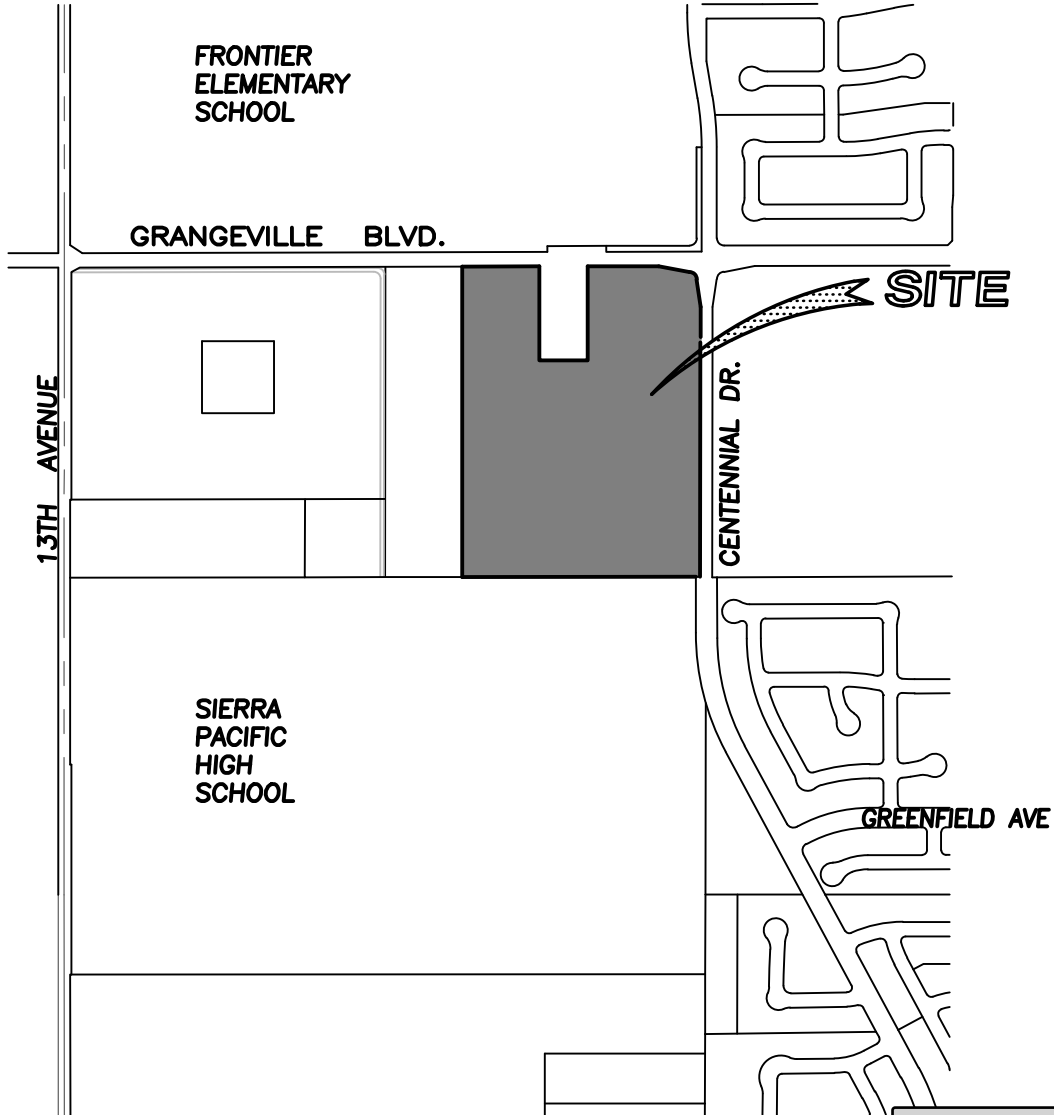
FISCAL IMPACT:

There will be no financial impact to the City of Hanford.

ATTACHMENTS:

Tract 917 Location Map

VICINITY MAP
NOT TO SCALE



Attachment: Tract 917 Location Map (1760 : PW: Tract No. 917, Woodside Homes



AGENDA STAFF REPORT

MEETING DATE: 12/20/2016	AGENDA SECTION: B
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SUBJECT:

Administration: Authorize the Issuance of Certificates of Participation on behalf of Family Health Care Network in an amount not to exceed \$9,00,000.00 and Adopt Resolution 16-49-R Approving the Execution and Delivery by City of Hanford of an Installment Sale Agreement By and Between Family Healthcare Network and Adopt Resolution 16-50-R Approving the Form and Authorizing the Execution of Certain Documents In Connection with the Installment Sale Financing of Health Facilities for Family Healthcare Network and Directing Certain Actions with Respect Thereto

RECOMMENDATION:

That the City Council hold a public hearing and, by motion, authorize the issuance of Certificates of Participation and adopt Resolutions 16-49-R and 16-50-R.

BACKGROUND:

The City of Hanford received a request to provide access to the Tax Exempt Bond Market on behalf of Family Health Care Network to develop funding to build a new full-service clinic on the real property directly behind the Comfort Inn in Downtown Hanford. To facilitate such a transaction, the City Council must hold a Public Hearing, known as a TEFRA Hearing. TEFRA is an acronym that stands for the Tax Equity Fiscal Responsibility Act. Upon conclusion of the TEFRA Hearing, the Council would need to adopt the Resolutions attached. In accordance with TEFRA, the local agency in which the project is located is required to hold such a hearing prior to approving the resolution authorizing the issuance of Certificates of Participation.

The City of Hanford has acted in this capacity on numerous occasions in the past. Most recently, the City provided access to the Tax Exempt Bond Market on behalf of Adventist Medical Center. This action took place on April 21, 2015.

FISCAL IMPACT:

None

ATTACHMENTS:

Resolution 16-49-R

Resolution 16-50-R

Certificates of Participation

First Assignment Agreement

First Installment Sale Agreement

Second Installment Sale Agreement

Trust Agreement

CITY OF HANFORD**RESOLUTION NO. 16-49-R****RESOLUTION APPROVING THE EXECUTION AND DELIVERY
BY CITY OF HANFORD OF AN INSTALLMENT SALE
AGREEMENT BY AND BETWEEN FAMILY HEALTHCARE
NETWORK, AS SELLER, AND THE CITY, AS PURCHASER**

RESOLVED, by the City Council (the "Council") of City of Hanford, California (the "City"), as follows:

WHEREAS, the City proposes to enter into an installment sale agreement, by and between Family HealthCare Network, a nonprofit, public benefit corporation organized and existing under the laws of the State of California (the "Corporation"), as seller, and the City, as purchaser, in the maximum principal amount of \$9,000,000, for the purpose of financing the acquisition of a parcel of land located at 250 West 5th Street, Hanford, California, near downtown, and to construct thereon an approximately 39,000 square foot, three-story health center providing 10 dental operatories, 4 optometry exam rooms, 46 medical exam rooms, community meeting space, and a pharmacy, to be owned and operated by the Corporation.

WHEREAS, such improvements are owned and operated by the Corporation;

WHEREAS, section 147(f) of the Internal Revenue Code of 1986, requires the Council, as the elected representative of the City, the host jurisdiction of such facilities, to approve the execution and delivery by the City of the proposed installment sale agreement (the "Installment Sale Agreement") after a public hearing following reasonable notice;

WHEREAS, a public hearing was held by the Council on December 20, 2016, at the hour of 7:00 P.M., in the City Council Chambers, at 315-321 North Douty Street, Hanford, California, following duly published notice thereof, and all persons desiring to be heard have been heard; and

WHEREAS, it is in the public interest and for the public benefit that the Council, as the elected representative of the City, the host jurisdiction of such facilities, approve the execution and delivery by the City of the proposed installment sale agreement;

NOW, THEREFORE, BE IT RESOLVED that the Council hereby finds, determines and declares that execution and delivery by the City of the Installment Sale Agreement, in the maximum principal amount of \$9,000,000, for the purposes described above, is hereby approved.

Attachment: Resolution 16-49-R (1769 : Issuance of Certificates of Participation)

PASSED, ADOPTED AND APPROVED this ____ day of _____, 2016 by the following vote:

AYES: _____

NOES: _____

ABSTAINED: _____

ABSENT: _____

Mayor

ATTEST:

City Clerk

STATE OF CALIFORNIA)
COUNTY OF KINGS) ss
CITY OF HANFORD)

I, Jennifer Gomez, City Clerk of the City of Hanford, do hereby certify the foregoing Resolution was duly passed and adopted at a regular meeting of the City Council of the City of Hanford held on the ____ day of _____, 2016.

Date: _____

City Clerk

Attachment: Resolution 16-49-R (1769 : Issuance of Certificates of Participation)

CITY OF HANFORD**RESOLUTION NO. 16-50-R****RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HANFORD
APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF CERTAIN
DOCUMENTS IN CONNECTION WITH THE INSTALLMENT SALE
FINANCING OF HEALTH FACILITIES FOR FAMILY HEALTHCARE NETWORK
AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO**

RESOLVED, by the City Council (the "Council") of the City of Hanford, California (the "City"), as follows:

WHEREAS, Family HealthCare Network (the "Corporation"), a nonprofit, public benefit corporation created and existing under the laws of the State of California, and operating in the City of Madera, has determined to proceed with financing the acquisition of a parcel of land located at 250 West 5th Street, Hanford, California, near downtown, and to construct thereon an approximately 39,000 square foot, three-story health center providing 10 dental operatories, 4 optometry exam rooms, 46 medical exam rooms, community meeting space, and a pharmacy (the "Project");

WHEREAS, the Corporation has requested the assistance of the City for the financing of the Project;

WHEREAS, the City is empowered by the laws of the State of California to acquire real and personal property and to dispose of the same through lease, lease-purchase or installment sale agreements, or otherwise, as may be necessary or convenient for the public purposes of the City; and

WHEREAS, the City has agreed to act as conduit issuer for the Corporation to facilitate such financing; and

WHEREAS, it is in the public interest and for the public benefit and the benefit of the Corporation that the City authorize and direct execution of certain financing documents in connection therewith;

NOW, THEREFORE, it is hereby DECLARED and ORDERED, as follows:

Section 1. The below-enumerated documents, substantially in the forms on file with the City Clerk, are hereby approved and the Mayor or the Vice Mayor is hereby authorized and directed to execute said agreements, with such changes, insertions and omissions as may be

approved by any such official, after approval by legal counsel, and the City Clerk is hereby authorized and directed to attest to such official's signature:

(a) a Trust Agreement (the "Trust Agreement"), by and among the City, the Corporation and U.S. Bank National Association, as trustee (the "Trustee");

(b) a First Installment Sale Agreement, between the Corporation and the City (the "First Installment Sale Agreement");

(c) a Second Installment Sale Agreement, between the City and the Corporation; and

(d) a First Assignment Agreement, between the City and the Trustee.

Section 2. The Council hereby approves the direct purchase of certificates of participation evidencing direct, undivided fractional interests of the owners thereof in purchase payments to be made by the City, as the purchase price of certain property pursuant to the First Installment Sale Agreement (the "Certificates") by Umpqua Bank (the "Purchaser"), so long as the aggregate principal amount of Certificates does not exceed \$9,000,000 and so long as the interest rate applicable to the Certificates is not greater than 5%.

Section 3. Under no circumstances shall the City be required to pay or be liable for any payment or obligation associated with the agreements and the Certificates approved hereby from any source of City funds other than as set forth in the documents described in Section 1 of this resolution.

Section 4. The Mayor, the Vice Mayor, the City Manager, the City Clerk and other appropriate officers of the City are hereby authorized and directed to prepare and execute such other documents and certificates and to take such other actions as may be necessary to effect the purposes of this resolution and the installment sale financing herein described.

Section 5. This resolution shall take effect immediately upon its adoption.

* * * * *

PASSED, ADOPTED AND APPROVED this ____ day of _____, 2016 by the following vote:

AYES: _____

NOES: _____

ABSTAIN: _____

ABSENT: _____

MAYOR of the City of Hanford

Attest:

JENNIFER GOMEZ
CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF KINGS) ss
CITY OF HANFORD)

I, Jennifer Gomez, City Clerk of the City of Hanford, do hereby certify the foregoing Resolution was duly passed and adopted at a regular meeting of the City Council of the City of Hanford held on the ____ day of _____, 2016.

Date: _____

City Clerk

\$ _____
CERTIFICATES OF PARTICIPATION
Evidencing the Direct, Undivided Fractional Interests of the
Owner Thereof in Purchase Payments to be Made by the
CITY OF HANFORD, CALIFORNIA,
As the Purchase Price of Certain Property
Pursuant to a First Installment Sale Agreement with
FAMILY HEALTHCARE NETWORK

CERTIFICATE PURCHASE AND COVENANT AGREEMENT

December 17, 2016

City of Hanford
 315-321 North Douty Street
 Hanford, CA 93230

Family HealthCare Network
 305 East Center Street
 Visalia, CA 93291

Ladies and Gentlemen:

The undersigned, of Umpqua Bank, as purchaser (including its successors and assigns, the "Purchaser"), offers to enter into this Certificate Purchase and Covenant Agreement (this Certificate Purchase and Covenant Agreement, as amended and supplemented from time to time, being herein called the "Certificate Purchase Agreement") with the City of Hanford (including its successors and assigns, the "City") and Family HealthCare Network (including its successors and assigns, the "Corporation"), a California nonprofit public benefit corporation (the "Corporation"), which, upon acceptance, will be binding upon the City, the Corporation and the Purchaser. This offer is made subject to the Corporation's and the City's acceptance on or before 11:59 p.m., California time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Purchaser upon written notice delivered to the City and the Corporation at any time prior to such acceptance.

The City, the Corporation and the Purchaser acknowledge and agree that (i) the purchase and sale of the Certificates (hereinafter defined) pursuant to this Certificate Purchase Agreement is an arm's-length, commercial transaction between the City and the Purchaser, and approved by the Corporation, in which the Purchaser is acting solely as a principal and is not acting as an agent, advisor or fiduciary of the City or the Corporation, (ii) the Purchaser has not assumed any advisory or fiduciary responsibility to the City or the Corporation with respect to the transactions contemplated in this Certificate Purchase Agreement and the discussions leading thereto (irrespective of whether the Purchaser, or any affiliate of the Purchaser, has provided other services or is currently providing other services to the City or the Corporation on other matters), (iii) the only contractual obligations the Purchaser has to the City or the Corporation with respect to the transactions contemplated hereby are those set forth in this

Certificate Purchase Agreement, (iv) the Purchaser has financial and other interests that differ from those of the City and the Corporation and (v) the City and the Corporation has consulted with its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

1. Purchase, Sale and Delivery of the Certificates.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and covenants set forth herein, the Purchaser hereby agrees to purchase, and the City hereby agrees to sell to the Purchaser, \$_____ aggregate principal amount of certificates of participation (the "Certificates"), dated as of their date of delivery, payable as to interest at the rate of _____%, maturing on December 1, 2031, and subject to redemption, as set forth in Exhibit A attached hereto and incorporated herein by this reference. The purchase price for the Certificates shall be \$_____, representing the par amount of the Certificates, and shall be paid on the Closing Date (as defined herein).

The Certificates are being issued to finance the acquisition of a parcel of land located at 250 West 5th Street, Hanford, California, near downtown, and to construct thereon an approximately 39,000 square foot, three-story health center providing 10 dental operatories, 4 optometry exam rooms, 46 medical exam rooms, community meeting space, and a pharmacy (the "Project")

(b) The Certificates shall be substantially in the form described in, shall be executed, delivered and secured under the provisions of, and shall be payable as provided in, that certain Trust Agreement, dated as of December 1, 2016 (as amended and supplemented from time to time, the "Trust Agreement"), by and among the City, the Corporation and U.S. Bank National Association, as trustee (the "Trustee"). The Certificates evidence direct, undivided fractional interests of the owners thereof in purchase payments (the "Purchase Payments") to be made by the City as the purchase price of certain property pursuant to a first installment sale agreement, dated as of December 1, 2016, by and between the Corporation and the City (the "First Installment Sale Agreement"). Such purchase payments are derived from installment payments (the "Installment Payments") made by the Corporation to the City pursuant to a second installment sale agreement, dated as of December 1, 2016, by and between the City and the Trustor (the "Second Installment Sale Agreement"). The obligation of the City to make Purchase Payments is limited exclusively to Installment Payments received by the Trustee. Pursuant to a first assignment agreement, dated as of December 1, 2016, by and between the City and the Trustee (the "First Assignment Agreement"), the City will assign to the Trustee its right to receive the Installment Payments from the Corporation. Pursuant to a second assignment agreement, dated as of December 1, 2016, by and between the Corporation and the Trustee (the "Second Assignment Agreement"), the Corporation will assign to the Trustee its right to receive the Purchase Payments from the City.

(c) Pursuant to a Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing, dated as of December 1, 2016 (as amended and supplemented from time to time the "Deed of Trust"), the Corporation will grant Fidelity National Title Company, as trustee under the Deed of Trust (the "Deed of Trust Trustee"), a first lien on, and security interest in, the Pledged Property (as defined in the Trust Agreement), subject to Permitted Encumbrances (as defined in the Trust Agreement), as security for, among other things, the Installment Payments required to be made by the Corporation pursuant to the Second Installment Sale Agreement. The Certificates will be further secured by an assignment to the Trustee, on behalf of the Purchaser as Owner of the Certificates thereof, of the right, title and interest of the City in the Second Installment Sale Agreement to the Trustee to the extent and as more particularly described in the Trust Agreement. All capitalized terms used herein and not otherwise defined

shall have the meaning specified in the Trust Agreement or the Second Installment Sale Agreement.

(d) At 8:00 A.M., California time, on December 30, 2016, or at such earlier or later time or date as shall be agreed by the City, the Purchaser and the Corporation (such time and date being herein referred to as the "Closing Date"), the Trustee will deliver to the Purchaser, the Certificates in the form of a separate single fully registered Certificate (which may be typewritten) duly executed by the City and authenticated by the Trustee, and in Larkspur, California, the other documents herein mentioned; and the Purchaser will accept such delivery and pay the purchase price of the Certificates as set forth in paragraph (a) of this Section 1 by wire transfer of immediately available funds to the Trustee (such delivery and payment being herein referred to as the "Closing").

2. Private Placement. The Purchaser represents and warrants to the City and the Corporation that:

(a) The Purchaser has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other obligations of a nature similar to the Certificates to be able to evaluate the risks and merits of the acquisition of the Certificates.

(b) The Purchaser is acquiring the Certificates for its own account and not with a present intent to, or for sale in connection with, any distribution of the Certificates or any part thereof. The Purchaser has not offered to sell, solicited offers to buy, or agreed to sell the Certificates or any part thereof, and the Purchaser has no current intention of reselling or otherwise disposing of the Certificates; *provided, however*, such representation shall not preclude the Purchaser from transferring or selling of the Certificates in accordance with the Trust Agreement. The Purchaser is not acting in a broker-dealer capacity in connection with its purchase of the Certificates. The Purchaser intends to book and hold the Certificates as a loan in its loan portfolio and, therefore, the Purchaser, as a condition to purchasing the Certificates, has required that Section 2.02(c) be added to the Trust Agreement.

(c) The Purchaser has made its own credit inquiry and analysis with respect to the Corporation and the Certificates and has made an independent credit decision based upon such inquiry and analysis and in reliance on the truth, accuracy, and completeness of the representations and warranties of the Corporation set forth herein and in the information set forth in any materials submitted to the Purchaser by the Corporation. The Purchaser acknowledges that it has reviewed information, including financial statements and other financial information regarding the Corporation, and the Purchaser has had the opportunity to ask questions of and receive answers from knowledgeable individuals concerning the Corporation and the Certificates.

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

(e) The Purchaser has authority to purchase the Certificates and to execute this Certificate Purchase Agreement and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Certificates. The undersigned is a duly appointed, qualified, and acting officer of the Purchaser and is authorized to cause the

Purchaser to make the representations and warranties contained herein by execution of this Certificate Purchase Agreement on behalf of the Purchaser.

(f) The Purchaser acknowledges that the Certificates are transferable with certain requirements, as described in the Trust Agreement.

(g) The Purchaser has been informed that the Certificates are exempt from the requirements of Rule 15c2-12 of the Securities and Exchange Commission and that the Corporation has not undertaken to provide any continuing disclosure with respect to the Certificates; provided, however, that the Corporation has agreed and will agree to provide certain ongoing information directly to the Purchaser as set forth in the Trust Agreement and in the Second Installment Sale Agreement.

(h) The Purchaser is an Approved Buyer, as defined in the Trust Agreement. The Certificates have been privately proposed to the Purchaser without the use of general solicitation or advertising.

3. Representations and Agreements of the City. The City represents to and agrees with the Purchaser and the Corporation that:

(a) The City is a municipal corporation and general law city duly organized and existing under the laws of the State of California and has full power and authority to adopt its Resolution No. ____ (the "Resolution"), and to enter into and to perform its obligations under the Trust Agreement, the First Installment Sale Agreement the Second Installment Sale Agreement, the First Assignment Agreement and this Certificate Purchase Agreement (collectively, the "City Documents"). The City has taken all necessary action and has complied with all provisions of the Act required to make the City Documents, when executed and delivered by the respective parties thereto, the legal, valid and binding obligations of the City enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights generally or affecting remedies against agencies such as the City, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases;

(b) By official action of the City prior to or concurrently with the acceptance hereof, the City has authorized and approved the execution and delivery of the City Documents and the consummation by the City of the transactions contemplated thereby;

(c) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending against the City seeking to restrain or enjoin the sale or issuance of the Certificates, or in any way contesting or affecting any proceedings of the City taken concerning the sale thereof, the pledge or application of any moneys or security provided for the payment of the Certificates, in any way contesting the validity or enforceability of the City Documents or the existence or powers of the City relating to the sale of the Certificates;

(d) The execution and delivery by the City of the City Documents and compliance with the provisions on the City's part contained therein will not conflict with or constitute a material breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the City under the terms of any

such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the City Documents;

(e) The execution and delivery of this Certificate Purchase Agreement by the City shall constitute a representation by the City to the Purchaser that the representations and agreements contained in this Section 2 are true as of the date hereof; *provided, however*, that as to information furnished by the Corporation, the City is relying solely on such information in making the City's representations and agreements, and as to all matters of law the City is relying on the advice of bond counsel or other counsel to the City; and provided further, that no member, officer, agent or employee of the governing body of the City shall be individually liable for the breach of any representation, warranty or agreement contained herein.

4. Representations and Agreements of the Corporation. The Corporation represents to and agrees with the Purchaser and the City that:

(a) The Corporation is a nonprofit public benefit corporation duly incorporated and in good standing under the laws of the State of California, has full legal right, power and authority to enter into the Trust Agreement, the First Installment Sale Agreement the Second Installment Sale Agreement, the Second Assignment Agreement, this Certificate Purchase Agreement and the Deed of Trust (all such documents being collectively referred to herein as the "Corporation Documents") and to carry out and consummate all transactions contemplated by the Corporation Documents and by proper corporate action has duly authorized the execution and delivery of the Corporation Documents.

(b) The officer of the Corporation executing the Corporation Documents is duly and properly authorized to execute the same on behalf of the Corporation.

(c) This Certificate Purchase Agreement has been duly accepted and agreed to by the Corporation and this Certificate Purchase Agreement constitute or will constitute, as applicable, and at Closing, the Trust Agreement, the First Installment Sale Agreement the Second Installment Sale Agreement, the Second Assignment Agreement and the Deed of Trust will, to the extent of the Corporation's knowledge, constitute the legal, valid and binding agreements of the Corporation enforceable against the Corporation in accordance with their respective terms (assuming due execution and delivery by the other parties thereto, as applicable); except as enforcement of each of the above-named documents may be limited by bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other laws affecting the enforcement of creditors' rights generally, including without limitation, self-help remedies and applicable foreclosure procedures, and by the application of equitable principles and judicial discretion, and except as the enforcement of the indemnification provisions contained herein and therein may be limited by applicable securities laws or held to be against public policy.

(d) The Corporation is not in any material way in breach of or default under any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Corporation 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 an event of default under any such instrument, which default would materially adversely affect the financial position or operations of the Corporation taken as a whole.

(e) The approval of this Certificate Purchase Agreement, and at the Closing, the execution and delivery of the Corporation Documents, and the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the

articles of incorporation of the Corporation, any of its respective bylaws or any applicable law or administrative rule or regulation, or, to the knowledge of the Corporation, any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Corporation is a party or by which any of them or any of its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Corporation, which conflict, violation, breach, default, lien, charge or encumbrance that would materially and adversely affect the consummation of the transactions contemplated by the Corporation Documents or would materially adversely affect the financial condition, assets, properties or operations of the Corporation.

(f) No consent or approval of any trustee or holder of any indebtedness of the Corporation, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except in connection with Blue Sky proceedings, as to which no representation is made) is necessary in connection with the execution and delivery of the Corporation Documents; or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect will be in full force and effect at the Closing).

(g) There is no action, suit, proceeding, inquiry or investigation before or by any court of federal, state, municipal or other government authority pending or, to the knowledge of the Corporation, threatened against or affecting any of its assets, properties or operations, including, but not limited to, the Facilities, which, if determined adversely to the Corporation or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of the Corporation Documents or would have a material and adverse effect upon the financial condition, assets, properties or operations of the Corporation and the Corporation is not in breach of or default with respect to (a) any applicable law or administrative regulation of the State of California or the United States of America or (b) any applicable judgment, order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default would materially and adversely affect the consummation of the transactions contemplated by the Corporation Documents or the financial condition, assets, properties or operations of the Corporation.

(h) The Corporation is an organization described in Section 501(c)(3) of the Internal Revenue of 1986, as amended (the "Code"), is not a private foundation as described in Section 509(a) of the Code, or corresponding provisions of prior law, and is exempt from federal income taxes under Section 501(a) of the Code, except for unrelated business income subject to taxation under Section 511 of the Code.

(i) The Corporation is a corporation organized and operated exclusively for charitable purposes, not for pecuniary profit, no part of the net earnings of which inures to the benefit of any private share-holder or individual.

(j) The Corporation has all necessary corporate power and authority to conduct all business now being conducted by it.

(k) The Corporation has good and marketable title to the Facilities free and clear from all encumbrances, other than Permitted Encumbrances.

(l) The Corporation is solvent, and since June 30, 2015, the Corporation has not incurred any material liability, direct or contingent, except in the ordinary course of business, nor has there been any material adverse change in the financial position, results of operation or

condition, financial or otherwise, of the Corporation since June 30, 2015, whether or not arising from transactions in the ordinary course of business.

(m) Between the date hereof and the Closing Date, the Corporation will not, without the prior written consent of the Purchaser, incur any material liabilities, direct or contingent, other than in the ordinary course of business.

(n) The Corporation shall pay the reasonable expenses described in Section 7 of this Certificate Purchase Agreement

(o) The proceeds of the Certificates will not be used by an “exempt person” in an “unrelated trade or business” within the meaning of Section 513(a) of the Code, in such manner or to such extent as would result in the loss of exclusion from gross income for federal income tax purposes of interest with respect to any of the Certificates under Section 103 of said Code.

(p) The Corporation has such permits, licenses, franchises, certificates and other approvals or authorizations of governmental or regulatory authorities as are necessary under applicable law to own the Facilities and to conduct its business (including without limitation such permits as are required under such federal, state and other health care laws, and under licensure laws and such insurance laws and regulations, as are applicable thereto), and with respect to those Facilities and other businesses that participate in Medicare and/or Medi-Cal, to receive reimbursement under Medicare and Medi-Cal.

(q) The representations, warranties and covenants of the Corporation contained in the other Corporation Documents to which the Corporation is a party, together with the related definitions of terms contained therein, are hereby incorporated by reference herein as if each and every such representation, warranty, covenant and definition were set forth herein in its entirety, and the representations and warranties made by the Corporation in such Sections are hereby made for the benefit of the Purchaser. No amendment to or waiver of such representations and warranties or covenants or definitions made pursuant to the relevant Corporation Document or incorporated by reference shall be effective to amend such representations and warranties and definitions as incorporated by reference herein without the prior written consent of the Purchaser.

(r) The Corporation is not (a) an “investment company” or a Person “controlled” by an “investment company”, within the meaning of the Investment Company Act of 1940 nor (b) a “holding company” as defined in, or subject to regulation under the Public Utility Holding Company Act of 1935.

(s) There is no amendment, or to the knowledge of the Corporation, proposed amendment to the Constitution of the State of California or any State of California law or any administrative interpretation of the Constitution of the State or any State law, or any legislation that has passed either house of the legislature of the State, or any judicial decision interpreting any of the foregoing, the effect of which will materially adversely affect the issuance of the Certificates, the security for the Certificates, the creation, organization, or existence of the Corporation or the titles to office of any officers executing any Corporation Document or the Corporation’s ability to repay the Certificates.

(t) The Corporation has no subsidiaries or affiliates.

(u) Neither the Corporation’s business nor any Facility is currently affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake,

embargo, act of God or of the public enemy or other casualty (whether or not covered by insurance), which would have a material adverse effect.

(v) The Corporation is in compliance in all material respects with all federal, state and local laws, regulations, quality and safety standards, accreditation standards and requirements of all federal, state or local governmental authorities including, without limitation, Medicare and Medi-Cal laws and regulations and those relating to the quality and adequacy of medical care, distribution of pharmaceuticals, rate setting, equipment, personnel, operating policies, additions to facilities and services and fee splitting. Without limiting the generality of any other representation or warranty made herein, the Corporation and each of the Facilities and, to any to the best of its knowledge, its licensed employees and contractors (other than contracted agencies) in the exercise of their respective duties on behalf of the Corporation or and each of the Facilities, is in compliance in all material respects with all applicable statutes, laws, ordinances, rules and regulations of any federal, state or local governmental authority with respect to regulatory matters primarily relating to patient healthcare (including without limitation Section 1128B(b) of the Social Security Act, as amended, 42 U.S.C. Section 1320a 7(b) (Criminal Penalties Involving Medicare or State Health Care Programs), commonly referred to as the "Federal Anti-Kickback Statute," and the Social Security Act, as amended, Section 1877, 42 U.S.C. Section 1395 (Prohibition Against Certain Referrals), commonly referred to as the "Stark Statute" (collectively, "Healthcare Laws")). The Corporation has maintained in all material respects all records required to be maintained by The Joint Commission, the Food and Drug Administration, Drug Enforcement Agency and State Boards of Pharmacy and the federal and state Medicare and Medi-Cal programs as required by the Healthcare Laws and, to the knowledge of the Corporation, there are no presently existing circumstances which would result or likely would result in material violations of the Healthcare Laws. To the knowledge of the Corporation, there currently exist no material restrictions, deficiencies, required plans of correction actions or other such remedial measures with respect to federal and state Medicare and Medi-Cal certifications or licensure surveys. Each Facility is in compliance in all material respects with all requirements for participation in Medicare and Medi-Cal, including, without limitation, the Medicare and Medicaid Patient Protection Act of 1987; each Facility is in conformance in all material respects in with all insurance, reimbursement and cost reporting requirements, and has a current provider agreement which is in full force and effect under Medicare and Medi-Cal, to the extent that the failure to comply would not result in a material adverse effect on the Corporation.

(w) The Trust Agreement creates an irrevocable first lien on amounts pledged under the Trust Agreement.

5. Conditions to the Obligations of the Purchaser. The obligation of the Purchaser to accept delivery of and pay for the Certificates on the Closing Date shall be subject, at the option of the Purchaser, to the accuracy in all material respects of the representations, warranties and agreements on the part of the Corporation contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the City made in any certificates or other documents furnished pursuant to the provisions hereof, and to the performance by the City, the Corporation and the Trustee of their respective obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) At the Closing Date, the Trust Agreement, the First Installment Sale Agreement, the Second Installment Sale Agreement, the First Assignment Agreement, the Second Assignment Agreement and the Deed of Trust shall have been duly authorized, executed and delivered by the respective parties thereto, in substantially the forms heretofore submitted to the Purchaser, with only such changes as shall have been agreed to in writing by the Purchaser and said

agreements shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Purchaser and there shall have been taken in connection therewith, with the execution and delivery of the Certificates and with the transactions contemplated thereby and by this Certificate Purchase Agreement, all such actions as, in the opinion of Quint & Thimmig LLP, bond counsel ("Special Counsel"), shall be necessary and appropriate;

(b) Between the date hereof and the Closing Date, the purchase price of the Certificates shall not have been materially adversely affected, in the reasonable judgment of the Purchaser, by reason of any of the following:

(i) legislation enacted (or resolution passed) by or introduced or pending legislation amended in the Congress or recommended for passage by the President of the United States, the Secretary of the Treasury or any member of Congress, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed), official statement, press release or other form of notice or communication issued or made by or on behalf of the Treasury Department or the Internal Revenue Service of the United States, by the President or other agency of the federal government or members of Congress with the purpose or effect, directly or indirectly, of imposing federal income taxation upon interest as would be received by the Purchaser as the owner of the Certificates;

(ii) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency, or there shall have occurred any other outbreak or escalation of hostilities, or a local, national or international calamity or crisis, financial or otherwise, the effect of such outbreak or escalation, calamity or crisis being such as, in the reasonable opinion of the Purchaser, would affect materially and adversely the ability of the Purchaser to purchase the Certificates;

(iii) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange;

(iv) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Certificates or obligations of the general character of the Certificates or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, commercial banks similar to the Purchaser;

(v) an order, decree or injunction 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 (A) obligations of the general character of the Certificates, or the Certificates, 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, as amended, or (B) the execution and delivery of obligations of the general character of the Certificates, or the execution and delivery of the Certificates, including any or all underlying obligations, as contemplated hereby, is or would be in violation of the federal securities laws as amended and then in effect; or

(vi) there shall have occurred any materially adverse change in the affairs or financial condition of the Corporation.

(c) At or prior to the Closing Date, the Purchaser shall have received the following documents, in each case satisfactory in form and substance to the Purchaser and its counsel Nixon Peabody, LLP:

(i) The Trust Agreement, the First Installment Sale Agreement, the Second Installment Sale Agreement, the First Assignment Agreement, the Second Assignment Agreement and the Deed of Trust duly executed and delivered by the respective parties thereto, with such amendments, modifications or supplements as may have been agreed to in writing by the Purchaser;

(ii) An approving opinion, dated the Closing Date and addressed to the City, of Special Counsel, together with a reliance letter addressed to the Purchaser and a supplemental opinion, dated the Closing Date and addressed to the City and the Purchaser, to the effect that:

(A) the Certificates are not subject to the registration requirements of 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; and

(B) this Certificate Purchase Agreement has been duly executed and delivered by the City and, assuming due authorization, execution and delivery by and validity against the Purchaser and the Corporation, is valid and binding upon the City, subject to bankruptcy, insolvency, moratorium and other laws affecting the enforcement of creditors' rights generally, and to the application of such principles of equity as the court having jurisdiction may impose, regardless of whether such enforceability is considered in a proceeding in equity or at law;

(iii) An opinion, dated the Closing Date and addressed to the City and to the Purchaser, of counsel to the Corporation, in substantially the form attached hereto as Exhibit B;

(iv) An opinion of the City Attorney, addressed to the City and the Purchaser, in substantially in the form attached hereto as Exhibit C.

(v) A certificate, dated the Closing Date and signed by an authorized official of the City, to the effect that:

(A) the City has fulfilled or performed each of its obligations contained in the City Documents required to be fulfilled or performed by it as of the Closing Date and

(B) the representations and agreements made by the City in the Certificate Purchase Agreement are true and correct in all material respects on the Closing Date, with the same effect as to the facts as of the Closing Date.

(vi) A certificate of the President & CEO of the Corporation, or such other officer as is acceptable to the Purchaser, dated the Closing Date, to the effect that:

(A) no litigation is pending or, to the knowledge of such officer, threatened (1) to restrain or enjoin the execution or delivery of any of the

Certificates or the collection of Revenues pledged under the Trust Agreement or the payment of Installment Payments, (2) in any way contesting or affecting the authority for the execution and delivery of the Certificates by the Trustee or the validity of the Certificates, the Trust Agreement, the First Installment Sale Agreement, the Second Installment Sale Agreement, the First Assignment Agreement, the Second Assignment Agreement or the Deed of Trust, or (3) in any way contesting the corporate existence or powers of the Corporation in connection with the transactions contemplated by the Certificate Purchase Agreement;

(B) no proceedings are pending or, to the knowledge of such officer, threatened in any way contesting or affecting the Corporation's status as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), or which would subject any income of the Corporation (other than unrelated business income pursuant to Section 511 of the Code) to federal income taxation;

(C) the representations and warranties made by the Corporation in the Second Installment Sale Agreement and herein are true and correct as of the date hereof; and

(D) all resolutions necessary in connection with the transactions contemplated by this Certificate Purchase Agreement, the Trust Agreement, the First Installment Sale Agreement, the Second Installment Sale Agreement, the Second Assignment Agreement and the Deed of Trust have been adopted, have not been amended, modified or rescinded, and are effective as of the Closing Date;

(vii) A certified copy of the resolution of the City authorizing the execution and delivery of the City Documents;

(viii) Certified copies of the articles of incorporation and good standing certificate of recent date, each certified by the Secretary of State of the State of California, for the Corporation;

(ix) A good standing certificate of recent date for the Corporation certified by the Franchise Tax Board of the State of California;

(x) Evidence that the Corporation is an organization described in Section 501(c)(3) of the Code and is exempt from California income tax;

(xi) Certified copies of the Corporation's bylaws and resolutions of its board of directors authorizing the execution and delivery of the Corporation Documents;

(xii) A tax certificate in form satisfactory to Special Counsel and the Purchaser;

(xiii) An opinion of counsel to the Trustee, addressed to the City, in form and substance acceptable to Special Counsel and to the Purchaser;

(xiv) A certificate of the Trustee, dated the Closing Date and signed by an authorized representative of the Trustee, to the effect that:

(A) The Trustee is duly organized and existing as a national banking association in good standing under the laws of the United States of America and has all necessary 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, the First Assignment Agreement and the Second Assignment Agreement and has duly executed and delivered the Trust Agreement, the First Assignment Agreement and the Second Assignment Agreement;

(C) The Certificates have been duly authenticated and delivered by the Trustee;

(D) The execution and delivery of Trust Agreement, the First Assignment Agreement, the Second Assignment Agreement and the Certificates and compliance with the provisions thereof, will not conflict with, or constitute a breach of or default under, the Trustee's duties under any law, administrative regulation, court decree, resolution, charter, bylaws or other agreement to which the Trustee is subject or by which it is or may be bound; provided, however, the Trustee need not make any representations and warranties with respect to compliance with any federal and state securities laws; and

(E) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, served upon or, to the best of the Trustee's knowledge, threatened against the Trustee, affecting the existence of the Trustee, or the entitlement of its officers to their respective offices or seeking to prohibit, restrain or enjoin the execution and delivery of the Certificates or the collection of revenues pledged or to be pledged to pay the principal, redemption premium, if any, and interest represented by the Certificates, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Trust Agreement, the First Assignment Agreement, the Second Assignment Agreement or the Certificates; or contesting the power or authority of the Trustee to enter into, adopt or perform its obligations under any of the foregoing, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the the Trust Agreement, the First Assignment Agreement, the Second Assignment Agreement or the Certificates;

(xv) Copies of such permits or licenses as are requested by the Purchaser or the City and which the Corporation is required to have in order to operate its Facilities;

(xvi) A policy of title insurance in form and substance reasonably acceptable to the Purchaser and to Special Counsel;

(xvii) Certificates of insurance as required by the Purchaser;

(xviii) A copy of the completed Form 8038 of the Internal Revenue Service, executed by the City; and

(xix) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Purchaser or Special Counsel may reasonably request to evidence compliance by the City and the Corporation, with legal requirements of this transaction, the truth and accuracy, as of the Closing Date, of the representations of the

Corporation contained herein, and the due performance or satisfaction by the City and the Corporation at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the City and the Corporation.

If the Trustee, the City or the Corporation shall be unable to satisfy the conditions to the Purchaser' obligations contained in this Certificate Purchase Agreement or if the Purchaser' obligations shall be terminated for any reason permitted herein, this Certificate Purchase Agreement shall terminate and neither the Purchaser, the Trustee, the City, nor the Corporation, shall have any further obligation hereunder except as provided in Section hereof.

6. Conditions to the Obligations of the City. The obligations of the City under the City Documents on the Closing Date shall be subject to the performance by the Purchaser and the Corporation of their respective obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) The City Documents shall have been executed by the respective parties thereto;

(b) No order, decree, injunction, ruling or regulation of any court, regulatory agency, public board or body shall have been issued, nor shall any legislation have been enacted, with the purpose or effect, directly or indirectly, of prohibiting the offering, sale or execution and delivery of the Certificates as contemplated hereby;

(c) The documents contemplated by Sections 4(c)[(i), (ii), (iv), (xi), (xii), (xiv), (xvi) and (xxii)] shall have been delivered substantially in the forms set forth herein to the City in form and substance satisfactory to Special Counsel and counsel to the City.

7. Expenses. All reasonable expenses and costs of the City (and its counsel) incident to the performance of its obligations in connection with the authorization and sale of the Certificates to the Purchaser, fees and expenses of consultants, California Debt Investment and Advisory Commission fees, reasonable fees and expenses of Special Counsel, reasonable fees and expenses of counsel to the Purchaser, and reasonable fees and expenses of counsel for the Corporation, and all fees and expenses of the Trustee and the City (and its counsel) shall be paid by the Corporation. All fees and expenses to be paid by the Corporation pursuant to this Certificate Purchase Agreement may be paid from Certificate proceeds to the extent permitted by the Trust Agreement. All out-of-pocket expenses of the Purchaser, including travel and other expenses shall be paid by the Purchaser, except as otherwise agreed between the Purchaser and the Corporation.

8. Limitation of Liability of City. The City shall not be directly, indirectly, contingently or otherwise liable for any costs, expenses, losses, damages, claims or actions of any conceivable kind under any conceivable theory under this Certificate Purchase Agreement or any document or instrument referred to herein or by reason of or in connection with this Certificate Purchase Agreement or other document or instrument except to the extent it receives amounts from the Corporation available for such purpose.

9. Notices. Any notice or other communication to be given under this Certificate Purchase Agreement may be given by delivering the same in writing to (a) the City at the City's address, set forth above, (b) the Corporation at the Corporation's address, set forth above and (c) the Purchaser, c/o Umpqua Bank, 2998 Douglas Boulevard, Suite 100, Roseville, CA 95765 Attention: Mr. Trevor Mael, Vice President. The approval of the Purchaser when required hereunder or the determination of its satisfaction as to any document referred to herein shall be in writing signed by the Purchaser and delivered to you.

10. Counterparts. This Certificate Purchase Agreement may be executed in any number of counterparts (including counterparts represented by facsimile copies and/or containing facsimile signatures) and each of such counterparts shall for all purposes be deemed an original, and all shall constitute but one and the same instrument.

11. Parties; Governing Law; Venue. This Certificate Purchase Agreement is made solely for the benefit of the City, the Corporation and the Purchaser (including the successors or assigns of any of the Purchaser) and no other persons, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. This Certificate Purchase Agreement shall be governed by the laws of the State of California and any action arising out of this Certificate Purchase Agreement shall be filed and maintained in Kings County, unless the City expressly waives this requirement.

By UMPQUA BANK, *as Purchaser*

By _____

Authorized Signatory

Accepted and Agreed to:

CITY OF HANFORD

By _____

Authorized Signatory

Approved:

FAMILY HEALTHCARE NETWORK

By _____

Authorized Signatory

Signature Page to Certificate Purchase Agreement -
CERTIFICATES OF PARTICIPATION
Evidencing the Direct, Undivided Fractional Interests of the
Owner Thereof in Purchase Payments to be Made by the
CITY OF HANFORD, CALIFORNIA,
As the Purchase Price of Certain Property
Pursuant to a First Installment Sale Agreement with
FAMILY HEALTHCARE NETWORK

Attachment: Certificates of Participation (1769 : Issuance of Certificates of Participation)

LIST OF EXHIBITS TO CERTIFICATE PURCHASE AGREEMENT

Exhibit A	Redemption Provisions with respect to the Certificates
Exhibit B	Form of Opinion of Counsel to the Corporation
Exhibit C	Form of Opinion of Counsel to the City

EXHIBIT A**REDEMPTION PROVISIONS WITH RESPECT TO THE CERTIFICATES**

Optional Redemption. Except as described below, the Certificates are not subject to optional redemption prior to _____, 20__. The Certificates are subject to optional redemption prior to their stated maturity, on or after _____, 20__, at the option of the City (which option shall be exercised as directed by the Corporation), in whole or in part, in inverse order of Mandatory Sinking Fund Installment payment date, on any date, upon at least forty-five (45) days prior written notice to the Trustee and the Original Purchaser from the Corporation, from any source of available moneys, at a redemption price equal to the principal amount of the Certificates called for redemption, together with accrued interest to the date fixed for redemption, without premium.

Notwithstanding the foregoing, the Certificates are subject to optional redemption prior to their stated maturity, once per year on any date, at the option of the City (which option shall be exercised as directed by the Corporation), in part, in inverse order of Mandatory Sinking Fund Installment payment date, up to 10% of the outstanding principal amount of the Certificates, upon at least forty-five (45) days prior written notice to the Trustee from the Corporation, from any source of available moneys (other than the proceeds of a refinancing or new borrowing), at a redemption price equal to the principal amount of the Certificates called for redemption, together with accrued interest to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Certificates are subject to redemption prior to their stated maturity, in part, by lot, from Mandatory Sinking on the first day of each month, commencing February 1, 2017, to and including December 1, 2031, in the following principal amounts together with interest accrued thereon to the date fixed for redemption, without premium:

Redemption	Mandatory Sinking Fund	Redemption	Mandatory Sinking Fund	Redemption	Mandatory Sinking Fund
Date	Installment	Date	Installment	Date	Installment
2/1/17		2/1/22		2/1/27	
3/1/17		3/1/22		3/1/27	
4/1/17		4/1/22		4/1/27	
5/1/17		5/1/22		5/1/27	
6/1/17		6/1/22		6/1/27	
7/1/17		7/1/22		7/1/27	
8/1/17		8/1/22		8/1/27	
9/1/17		9/1/22		9/1/27	
10/1/17		10/1/22		10/1/27	
11/1/17		11/1/22		11/1/27	
12/1/17		12/1/22		12/1/27	
1/1/18		1/1/23		1/1/28	
2/1/18		2/1/23		2/1/28	
3/1/18		3/1/23		3/1/28	
4/1/18		4/1/23		4/1/28	
5/1/18		5/1/23		5/1/28	
6/1/18		6/1/23		6/1/28	
7/1/18		7/1/23		7/1/28	
8/1/18		8/1/23		8/1/28	
9/1/18		9/1/23		9/1/28	
10/1/18		10/1/23		10/1/28	
11/1/18		11/1/23		11/1/28	
12/1/18		12/1/23		12/1/28	
1/1/19		1/1/24		1/1/29	
2/1/19		2/1/24		2/1/29	
3/1/19		3/1/24		3/1/29	
4/1/19		4/1/24		4/1/29	
5/1/19		5/1/24		5/1/29	
6/1/19		6/1/24		6/1/29	
7/1/19		7/1/24		7/1/29	
8/1/19		8/1/24		8/1/29	
9/1/19		9/1/24		9/1/29	
10/1/19		10/1/24		10/1/29	
11/1/19		11/1/24		11/1/29	
12/1/19		12/1/24		12/1/29	
1/1/20		1/1/25		1/1/30	
2/1/20		2/1/25		2/1/30	
3/1/20		3/1/25		3/1/30	
4/1/20		4/1/25		4/1/30	
5/1/20		5/1/25		5/1/30	
6/1/20		6/1/25		6/1/30	
7/1/20		7/1/25		7/1/30	
8/1/20		8/1/25		8/1/30	
9/1/20		9/1/25		9/1/30	
10/1/20		10/1/25		10/1/30	
11/1/20		11/1/25		11/1/30	
12/1/20		12/1/25		12/1/30	
1/1/21		1/1/26		1/1/31	
2/1/21		2/1/26		2/1/31	
3/1/21		3/1/26		3/1/31	
4/1/21		4/1/26		4/1/31	
5/1/21		5/1/26		5/1/31	
6/1/21		6/1/26		6/1/31	
7/1/21		7/1/26		7/1/31	
8/1/21		8/1/26		8/1/31	
9/1/21		9/1/26		9/1/31	
10/1/21		10/1/26		10/1/31	
11/1/21		11/1/26		11/1/31	
12/1/21		12/1/26		12/1/31	
1/1/22		1/1/27			

Redemption from Net Proceeds of Insurance or Condemnation. The Certificates are subject to redemption prior to maturity in whole or in part, on any date, in inverse order of their Payment Dates, at the principal amount thereof plus accrued interest to the redemption date, without premium, from the Net Proceeds of insurance or condemnation received with respect to the Facilities and applied to the prepayment of Purchase Payments.

EXHIBIT B

FORM OF OPINION OF CORPORATION COUNSEL

[Closing Date]

City of Hanford
315-321 North Douty Street
Hanford, California 93230

Umpqua Bank
2998 Douglas Boulevard, Suite 100
Roseville, California 95765

Re: \$_____ Certificates of Participation Evidencing Direct, Undivided Fractional Interests of the Owners Thereof in Purchase Payments to be Made by the City of Hanford, California, As the Purchase Price of Certain Property Pursuant to a First Installment Sale Agreement with Family HealthCare Network

Ladies and Gentlemen:

I have acted as special counsel to Family HealthCare Network (the "Corporation"), a California nonprofit public benefit corporation, in connection with the execution and delivery of certificates of participation (the "Certificates") evidencing direct, undivided fractional interests of the owners thereof in purchase payments (the "Purchase Payments") to be made by the City of Hanford, California (the "City") as the purchase price of certain property pursuant to a first installment sale agreement, dated as of December 1, 2016, by and between the Corporation and the City (the "First Installment Sale Agreement"). The Purchase Payments are derived from installment payments (the "Installment Payments") made by the Corporation to the City pursuant to a second installment sale agreement, dated as of December 1, 2016, by and between the City and the Trustor (the "Second Installment Sale Agreement"). The obligation of the City to make Purchase Payments is limited exclusively to Installment Payments. Pursuant to a first assignment agreement, dated as of December 1, 2016, by and between the City and the Trustee (the "First Assignment Agreement"), the City will assign to U.S. Bank National Association (the "Trustee:") its right to receive the Installment Payments from the Corporation. Pursuant to a second assignment agreement, dated as of December 1, 2016, by and between the Corporation and the Trustee (the "Second Assignment Agreement"), the Corporation will assign to the Trustee its right to receive the Purchase Payments from the City.

The Certificates are being sold pursuant to the Certificate Purchase and Covenant Agreement, dated December 16, 2016 (the "Certificate Purchase Agreement"), by and among the City, Umpqua Bank (the "Purchaser") and the Corporation. Capitalized terms used herein, unless otherwise defined, shall have the meanings set forth in the Certificate Purchase Agreement.

In connection with this opinion, I have assumed the authenticity of all records, documents, and instruments submitted to us as originals, the genuineness of all signatures, the legal capacity of natural persons and the conformity to the originals of all records, documents, and instruments submitted to us as copies. I also have assumed that there are no facts or circumstances relating to any other parties that might prevent the other parties from enforcing

Attachment: Certificates of Participation (1769 : Issuance of Certificates of Participation)

any of the rights to which our opinion relates (for example, lack of due incorporation, regulatory prohibitions, or failure to qualify to do business in the State of California). I have based our opinion upon our review of the following records, documents and instruments:

- (a) An executed counterpart of the Certificate Purchase Agreement.
- (b) An executed counterpart of the Trust Agreement.
- (c) An executed counterpart of the First Installment Sale Agreement.
- (d) An executed counterpart of the Second Installment Sale Agreement.
- (e) An executed counterpart of the Second Assignment Agreement.
- (f) An executed counterpart of the Deed of Trust.
- (g) The UCC-1 Financing Statement.
- (h) Executed counterparts of the various closing certificates of the Corporation, including the Corporation's Officer's Certificate, delivered at Closing.
- (i) The Articles of Incorporation and the Bylaws of the Corporation, each as amended to date, and certified by the Secretary of the State of California and by an officer of the Corporation, respectively.
- (j) Resolution adopted by the City authorizing the execution and delivery of the Certificates.
- (k) Resolutions (the "Corporation's Resolutions") relating to the transactions herein referred to, adopted by the Board of Directors of the Corporation.
- (l) Letter from the Internal Revenue Service (the "IRS"), dated _____, confirming that the Corporation is exempt from federal income taxes pursuant to Section 501(a) of the Internal Revenue Code of 1986, as amended (the "Code"), as an organization described in Code Section 501(c)(3), and determining that the Corporation is not a private foundation within the meaning of Code Section 509(a).

The documents and instruments listed in items (a) through (f) above are collectively referred to herein as the "Transaction Documents."

Where our opinion relates to our "knowledge," such knowledge is based upon our examination of the records, documents, instruments, and certificates enumerated or described above and the actual knowledge of attorneys in this firm who are currently involved in substantive legal representation of the Corporation. With your consent, I have not examined any records of any court, administrative tribunal or other similar entity in connection with our opinion expressed in paragraphs 5 and 7 below. Except as described herein, I have undertaken no investigation or verification of such matters and any limited inquiry undertaken by us during the preparation of this opinion letter should not be regarded as such an investigation.

Based upon the foregoing and our examination of such questions of law as I have deemed necessary or appropriate for the purpose of this opinion, and subject to the limitations and qualifications expressed below, it is our opinion that:

1. The Corporation (a) is a nonprofit public benefit corporation duly incorporated and validly existing under the laws of the State of California, (b) has all requisite corporate power and authority to conduct the business that is now being conducted by it and as contemplated by the Transaction Documents, and (c) has all requisite corporate authority to execute and deliver the other Transaction Documents, and to carry out and consummate all transactions contemplated therein.

2. The Corporation's Resolutions authorizing the Transaction Documents were duly adopted at meetings of the Corporation's Board of Directors with all notice required by law and under its bylaws at each such meeting a quorum was present and continuous throughout and have not been amended or rescinded.

3. The Transaction Documents have each been duly authorized by all necessary corporate action and duly executed and delivered on behalf of the Corporation, and, assuming due authorization, execution and delivery by the other parties thereto, the Transaction Documents will constitute the valid and binding agreements of the Corporation enforceable against the Corporation in accordance with their respective terms.

4. Neither (a) the execution and delivery by the Corporation of the Transaction Documents, nor (b) the consummation of the transactions therein contemplated and the fulfillment of or compliance by the Corporation with the terms and conditions thereof, will in any material respect (i) conflict with or constitute a violation or breach of or a default (with the giving of notice or the passage of time or both) under the Articles of Incorporation or Bylaws of the Corporation, or, to our knowledge, any applicable corporate law or administrative rule or regulation (except for state or federal blue sky or securities laws, as to which I express no opinion), or, to our knowledge, any applicable court or administrative decree or order or any material contract, agreement or instrument to which any Corporation is a party or by which it or its properties are otherwise subject or bound and of which I am aware, or (ii) to our knowledge, result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Corporation, except for the liens created under the Transaction Documents, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Transaction Documents.

5. To our knowledge, no consent or approval of any trustee or holder of any indebtedness of the Corporation, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery by the Corporation of the other Transaction Documents, or the consummation by the Corporation of any transaction therein contemplated, except as have been obtained or made and as are in force and effect. I express no opinion as to any approvals, obligations or consents as may be required under any state or federal blue sky or securities laws.

6. To our knowledge, (a) there is no action, suit, proceeding, inquiry or investigation pending before or threatened by any court or federal, state, municipal or other governmental authority against the Corporation or the assets, properties or operations of such entity, which, if determined adversely to its interests, would have a material and adverse effect upon (i) the consummation of the transactions contemplated by, or the validity of, the Transaction Documents, (ii) the consummation of the transactions contemplated by the Certificates, (iii) the financial condition, assets, properties or operations of the Corporation, or (iv) the security for payment of the Certificates, and (b) the Corporation is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that

would materially and adversely affect the consummation of the transactions contemplated by the Transaction Documents.

7. The Corporation has been determined by the Internal Revenue Service to be an organization described in section 501(c)(3) of the Code and as such is exempt from federal income taxation under section 501(a) of the Code, with the exception of taxation of any income deemed to be unrelated business taxable income subject to taxation under Section 511 of the Code. The Corporation has received a letter from the Internal Revenue Service confirming that it is an organization described in Section 501(c)(3) of the Code, which letter, to our knowledge, has not been modified, limited, or revoked.

8. Pursuant to the Second Installment Sale Agreement, the Corporation has granted a security interest in the Gross Revenues (as defined in the Trust Agreement) to secure payment of the Loan Payments (as defined in the Trust Agreement) and entered into a UCC-1 Financing Statement related to the Gross Revenues.

9. The Deed of Trust is in the proper form for recording in the real estate records of the Kings County, California, Assessor-Recorder, the only office in which it is required to be recorded. Upon recording, the Deed of Trust will create a valid lien on the real property as described therein as security for the payment of Obligations of the Corporation as defined therein.

10. The loan evidenced and secured by the Transaction Documents is not usurious under the laws of the State of California.

11. The Resolution of the Corporation authorizing the Transaction Documents was duly adopted at a meeting of the Corporation's Board of Trustees with all notice required by law and under its bylaws at which a quorum was present and continuous throughout.

This opinion is limited to the federal laws of the United States of America and the laws of the State of California. I disclaim any opinion as to the laws of any other jurisdiction and I further disclaim any opinion as to any statute, rule, regulation, ordinance, order or other promulgation of any regional or local governmental body. This opinion is based upon the law in effect on the date hereof, and I assume no obligations to revise or supplement this opinion should such law be changed by legislative action, judicial decision, or otherwise. In connection with this opinion letter, I also have assumed the following: (a) consideration has been duly given under the Transaction Documents, (b) the Corporation is the legal, beneficial and record owners of the collateral described in any Transaction Documents and the descriptions of collateral in the Transaction Documents sufficiently describe the collateral intended to be covered by such documents, (c) any lien documents are in suitable form, notarized if required, and duly filed or recorded with the appropriate government offices, (d) the Transaction Documents accurately describe the mutual understanding of the parties thereto, and that there are no oral or written statements that modify, amend, or vary, or purport to modify, amend, or vary, any of the terms of the Transaction Documents, (e) the information, factual matters, representations and warranties contained in the Transaction Documents, records, certificates and other documents I have reviewed are true, correct and complete and (f) the other parties to Transaction Documents have the proper authority to engage in the transactions contemplated thereunder and at all times have complied and will comply with the Transaction Documents and related documents and with all applicable requirements governing their actions and will act in a commercially reasonable manner.

In connection with this opinion, I advise you that:

A. Enforceability is subject (i) to bankruptcy, insolvency, reorganization, arrangement, moratorium, and other laws of general applicability relating to or affecting creditors' rights, (ii) to general principles of equity, whether such enforcement is considered in a proceeding in equity or at law, (iii) to limitations imposed by applicable law or public policy on the enforceability of the indemnification provisions, and (iv) to the qualification that certain waivers, procedures, remedies, and other provisions of the Transaction Documents may be unenforceable under or limited by applicable law.

B. The enforceability of the Transaction Documents is further subject to the effect of general principles of equity. These principles include, without limitation, concepts of commercial reasonableness, materiality, good faith and fair dealing. These principles require the parties to act reasonably, in good faith and in a manner that is not arbitrary or capricious in the administration and enforcement of the Transaction Documents and will preclude them from invoking penalties for defaults that bear no reasonable relation to the damage suffered or that would otherwise work a forfeiture.

C. The enforceability of any Transaction Documents is also subject to the effects of (i) Section 1301 of the California Uniform Commercial Code (the "UCC"), which provides that obligations of good faith, diligence, reasonableness and care prescribed by the UCC may not be disclaimed by agreement, although the parties may by agreement determine the standards by which the performance of such obligations is to be measured if those standards are not manifestly unreasonable, (ii) Section 1304 of the UCC, which imposes an obligation of good faith in the performance or enforcement of a contract and (iii) California Civil Code Section 1670.5, which provides that a court may refuse to enforce, or may limit the enforcement of, a contract or any clause of a contract that a court finds as a matter of law to have been unconscionable at the time it was made.

D. The effectiveness of indemnities, rights of contribution, exculpatory provisions and waivers of the benefits of statutory provisions may be limited on public policy grounds.

E. Section 1717 of the California Civil Code provides that, in any action on a contract where the contract specifically provides that attorneys' fees and costs incurred to enforce that contract shall be awarded either to one of the parties or to the prevailing party, then the party who is determined to be the party prevailing in the action, whether that party is the party specified in the contract or not, shall be entitled to reasonable attorneys' fees in addition to other costs.

F. Any provisions of the Transaction Documents requiring that waivers must be in writing may not be binding or enforceable if a non-executory oral agreement has been created modifying any such provision or an implied agreement by trade practice or course of conduct has given rise to a waiver.

G. Any security interest granted by the Corporation under the UCC shall be limited to the collateral described in the Transaction Documents in which a security interest may attach under Division 9 of the UCC.

H. Perfection of a security interest in proceeds of any collateral may be limited as provided in Section 9306 of the UCC and a security interest in collateral acquired after the respective dates of the applicable security documents will not be

perfected unless the security interest attaches to such collateral and (ii) a deposit account may be limited under Section 9314 of the UCC.

I. The continued perfection of the security interests created by the Transaction Documents and perfected by the filing of the UCC-1 Financing Statement will depend upon the filing of periodic continuation statements relating to the UCC-1 Financing Statement in accordance with the UCC and may depend upon (i) the continued location of the collateral in the State of California; (ii) the continuation of the Corporation's present corporate name, identity and corporate structure; and (iii) the continued location of the Corporation in the State of California within the meaning of the UCC.

J. Any provisions of the Transaction Documents regarding another party's right to apply proceeds of fire or other casualty insurance policies or awards of damages in condemnation proceedings against the Corporation's secured obligations will not be enforceable unless application of such proceeds or damages is reasonably necessary to protect such security interests.

K. I assume that in the enforcement of any lien documents, all parties will act in accordance with applicable statutory and other legal requirements, including applicable case law and that enforcement of rights or remedies thereunder may be limited when imposing fees and charges in the event of default, upon acceleration of the Corporation's obligations for transfers of interests, leases, or grants of junior encumbrances, attempting to secure a deficiency claim before exhausting the secured property or other remedies, among other things.

L. In rendering our opinion, I have relied upon representations that the Corporation has complied with and will at all times continue to comply with the requirements of Code Section 501(c)(3), and that the activities of the Corporation have been and will continue to be conducted strictly in accordance with such Corporation's Articles of Incorporation and Bylaws and the provisions of California nonprofit corporation laws. I have further relied on certain representations, warranties and covenants of the Corporation in the Transaction Documents and given at Closing. Any variations may affect the opinions I am giving.

M In connection with our opinion, I have not reviewed and express no opinion on (i) financial statements or covenants, financial or audit reports or the consents related thereto or similar provisions requiring financial calculations or determinations, (ii) provisions relating to the occurrence of a "material adverse effect" or similar words, or (iii) parol evidence bearing on interpretation or construction.

I express no opinion as to: (a) the priority of any lien or security interest created, or purported to be created, by any of the Transaction Documents; (b) any securities, tax (except as provided in paragraph 7 above), anti-trust, land use, export, safety, environmental, hazardous materials, choice of law, insurance company or banking laws, rules or regulations; (c) applicable interest rate limitations of California law for loans or forbearances; or (d) the effect on the Corporation's obligations, and any other party's rights, under the Transaction Documents of laws relating to fraudulent transfers and fraudulent obligations set forth in Sections 544 and 548 of the federal Bankruptcy Code and Sections 3439 et seq. of the California Civil Code.

In rendering our opinion, I am expressing no opinion on the validity of the Certificates.

I furnish this opinion as counsel to the Corporation and only the addressees and Quint & Thimmig LLP may rely upon it. This letter shall not be used, quoted, distributed, circulated or relied upon by any other person or entity for any purpose, without our prior written consent.

Respectfully submitted,

Attachment: Certificates of Participation (1769 : Issuance of Certificates of Participation)

EXHIBIT C TO FORM OF OPINION OF THE CITY ATTORNEY

City of Hanford
315-321 North Douty Street
Hanford, California 93230

Umpqua Bank
2998 Douglas Boulevard, Suite 100
Roseville, California 95765

Re: \$_____ Certificates of Participation Evidencing Direct, Undivided Fractional Interests of the Owners Thereof in Purchase Payments to be Made by the City of Hanford, California, As the Purchase Price of Certain Property Pursuant to a First Installment Sale Agreement with Family HealthCare Network

Ladies and Gentlemen:

I am the City attorney to the City of Hanford, California (the "City") in connection with \ the execution and delivery of certificates of participation (the "Certificates") evidencing direct, undivided fractional interests of the owners thereof in purchase payments (the "Purchase Payments") to be made by the City as the purchase price of certain property pursuant to a first installment sale agreement, dated as of December 1, 2016, by and between Family HealthCare Network (the "Corporation") and the City (the "First Installment Sale Agreement"). The Purchase Payments are derived from installment payments (the "Installment Payments") made by the Corporation to the City pursuant to a second installment sale agreement, dated as of December 1, 2016, by and between the City and the Trustor (the "Second Installment Sale Agreement"). The obligation of the City to make Purchase Payments is limited exclusively to Installment Payments. Pursuant to a first assignment agreement, dated as of December 1, 2016, by and between the City and the Trustee (the "First Assignment Agreement"), the City will assign to U.S. Bank National Association (the "Trustee:") its right to receive the Installment Payments from the Corporation. Pursuant to a second assignment agreement, dated as of December 1, 2016, by and between the Corporation and the Trustee (the "Second Assignment Agreement"), the Corporation will assign to the Trustee its right to receive the Purchase Payments from the City.

The Certificates are being sold pursuant to the Certificate Purchase and Covenant Agreement, dated December 16, 2016 (the "Certificate Purchase Agreement"), by and among the City, Umpqua Bank and the Corporation. Capitalized terms used herein, unless otherwise defined, shall have the meanings set forth in the Certificate Purchase Agreement.

In such connection, I have reviewed the resolution adopted by the City Council on December 20, 2016 (the "Resolution"), the Trust Agreement, the First Installment Sale Agreement, the Second Installment Sale Agreement, the Certificate Purchase Agreement and such other documents and matters to the extent I deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. I have not undertaken to determine, or to inform any

Attachment: Certificates of Participation (1769 : Issuance of Certificates of Participation)

person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. With the delivery of this letter, our engagement with respect to the Certificates has concluded, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, all parties thereto. We have assumed, without undertaking to verify independently, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the first paragraph hereof. Our engagement with respect to the Certificates was limited to the matters expressly covered by the opinions set out below. We express no opinion as to the validity or enforceability of any of the documents or actions authorized by the Resolution or as to the tax status of interest with respect to the Certificates. Finally, we undertake no responsibility for any offering materials that may be prepared with respect to the Certificates.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, I am of the following opinions:

1. The City is a municipal corporation and general law city duly organized and validly existing under the laws of the State of California.
2. The Resolution was duly adopted at a meeting of the City Council of the City. The Resolution is in full force and effect and has not been amended, modified or superseded.
3. The Trust Agreement, the First Installment Sale Agreement, the Second Installment Sale Agreement, the Certificate Purchase Agreement have each been duly authorized by all necessary corporate action and duly executed and delivered on behalf of the City, and, assuming due authorization, execution and delivery by the other parties thereto, the Trust Agreement, the First Installment Sale Agreement, the Second Installment Sale Agreement, the Certificate Purchase Agreement will constitute the valid and binding agreements of the City enforceable against the City in accordance with their respective terms, subject to bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may be subject to the exercise of judicial discretion in accordance with general principles of equity.

This letter is furnished by me as City Attorney. No attorney-client relationship has existed or exists between our firm and any other party by virtue of this letter (other than the City). This letter is solely for the benefit of the addressee hereof, and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purposes. This letter is not intended to, and may not, be relied upon by owners of the Certificates or by any other party to whom it is not specifically addressed.

Respectfully submitted,

FIRST ASSIGNMENT AGREEMENT

by and between the

CITY OF HANFORD

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Dated as of December 1, 2016

Attachment: First Assignment Agreement (1769 : Issuance of Certificates of Participation)

FIRST ASSIGNMENT AGREEMENT

THIS FIRST ASSIGNMENT AGREEMENT (the "First Assignment Agreement"), is dated as of December 1, 2016, by and between the CITY OF HANFORD, a municipal corporation and general law city and existing under the laws of the State of California (hereinafter called the "City"), and U.S. BANK NATIONAL ASSOCIATION, as trustee (hereinafter called the "Trustee"), a national banking association organized and existing under and by virtue of the laws of the United States of America, as trustee under that certain Trust Agreement, dated as of December 1, 2016 (the "Trust Agreement"), by and among the City, the Trustee and Family HealthCare Network (the "Corporation");

WITNESSETH:

In the joint and mutual exercise of their powers, in consideration of the mutual covenants herein contained, and for other valuable consideration, the parties hereto recite and agree as follows:

Section 1. Recitals.

(a) The Corporation and the City have entered into the First Installment Sale Agreement, dated as of December 1, 2016 (the "First Installment Sale Agreement"), whereby the Corporation has agreed to sell to the City, and the City has agreed to purchase from the Corporation certain lands more particularly described in Exhibit A attached hereto and by this reference incorporated herein, and those certain facilities thereon (the "Facilities"), and the City has agreed to make certain purchase payments therefor (the "Purchase Payments") and to provide certain security therefor, all in the manner and on the terms set forth in the First Installment Sale Agreement.

(b) The City and the Corporation have entered into a Second Installment Sale Agreement, dated as of December 1, 2016 (the "Second Installment Sale Agreement"), whereby the City has agreed to sell the Facilities to the Corporation, and the Corporation has agreed to make certain installment payments therefor (the "Installment Payments") and to provide certain security therefor, all in the manner and on the terms set forth in the Second Installment Sale Agreement.

(c) The City has agreed to execute and deliver to the Trustee an assignment of its interests in, under and to the Second Installment Sale Agreement.

(d) The purpose of this First Assignment Agreement is to accomplish the assignment referenced in paragraph (c) above.

(e) Each of the parties has authority to enter into this First Assignment Agreement and has taken all actions necessary to authorize its officers to enter into it.

(f) The terms capitalized in this First Assignment Agreement but not defined herein shall have the meanings given to them in the Second Installment Sale Agreement.

Section 2. Assignment. The City, for good and valuable consideration, does hereby irrevocably assign and transfer to the Trustee all its rights, and interest in, under and to the Second Installment Sale Agreement, including, without limitation:

Attachment: First Assignment Agreement (1769 : Issuance of Certificates of Participation)

(a) its rights to receive Installment Payments from the Corporation under the Second Installment Sale Agreement;

(b) the right to exercise such rights and remedies as are conferred on the City by the Second Installment Sale Agreement as may be necessary to enforce payment of such Installment Payments from the Corporation when due or otherwise to protect its interests in the event of a default by the Corporation;

(c) all rights and interest of the City as the secured party with respect to Facilities; and

(d) all rights and interest of the City to the pledge of Gross Revenues (as defined in the Trust Agreement).

Notwithstanding any other provision of this Section 2, the City does not hereby assign rights to indemnification accruing to the City under the Second Installment Sale Agreement.

The Trustee shall not be obligated by reason of this First Assignment Agreement or otherwise to perform or be responsible for the performance of any of the obligations of the City under the Second Installment Sale Agreement.

Section 3. Acceptance. The Trustee hereby accepts such assignment in trust for the purpose of securing such payments and rights to the Owners of the Certificates delivered pursuant to the Trust Agreement, and subject to the provisions of the Trust Agreement.

Section 4. Conditions. This First Assignment Agreement shall impose no duties upon the Trustee beyond those expressly provided in the Trust Agreement.

Section 5. Counterparts. This First Assignment Agreement may be executed in counterparts, each of which shall constitute an original but all of which shall constitute one document.

IN WITNESS WHEREOF, the parties have executed this First Assignment Agreement by their officers thereunto duly authorized as of the day and year first written above.

CITY OF HANFORD, as Assignee

By _____
Mayor

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Andrew Fung
Vice President

Attachment: First Assignment Agreement (1769 : Issuance of Certificates of Participation)

EXHIBIT A**DESCRIPTION OF REAL PROPERTY**

The land referred to herein is situated in Kings County, State of California, described as follows:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF HANFORD, COUNTY OF KINGS, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

A PARCEL OF LAND SITUATED IN THE NORTHWEST ¼ OF SECTION 36, TOWNSHIP 18 SOUTH, RANGE 21 EAST, MOUNT DIABLO BASE AND MERIDIAN, IN THE CITY OF HANFORD, COUNTY OF KINGS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTHERLY RIGHT-OF-WAY LINE OF FIFTH STREET AND THE WESTERLY RIGHT-OF-WAY LINE OF DOUTY STREET AS SHOWN ON THAT CERTAIN MAP RECORDED IN THE MAP BOOK AT PAGE 11 OF KINGS COUNTY RECORDS AND BEING SITUATED IN SECTION 36, TOWNSHIP 18 SOUTH, RANGE 21 EAST OF THE MOUNT DIABLO BASE & MERIDIAN; THENCE SOUTH 79° 14' 12" WEST ALONG SAID NORTHERLY RIGHT-OF-WAY LINE OF FIFTH STREET AS SHOWN ON SAID MAP RECORDED AT PAGE 11 OF THE MAP BOOK, A DISTANCE OF 439.85 FEET TO THE POINT OF INTERSECTION WITH THE CENTERLINE OF IRWIN STREET; THENCE SOUTH 79° 15' 11" WEST CONTINUING ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF SAID FIFTH STREET A DISTANCE OF 439.88 FEET TO THE INTERSECTION OF THE EASTERLY RIGHT-OF-WAY LINE OF REDINGTON STREET AS SHOWN ON SAID MAP; THENCE NORTH 10° 51' 13" WEST ALONG SAID EASTERLY RIGHT-OF-WAY LINE A DISTANCE OF 94.89 FEET TO A POINT 25 FEET SOUTHERLY OF THE CENTERLINE OF THE RAILS OF THE UNION PACIFIC RAILROAD COMPANY (FORMERLY SOUTHERN PACIFIC RAILROAD COMPANY); THENCE NORTH 79° 14' 08" EAST ALONG A LINE PARALLEL WITH AND 25 FEET SOUTHERLY OF THE LAST SAID CENTERLINE OF RAILS, A DISTANCE OF 879.97 FEET TO A POINT ON THE WESTERLY RIGHT-OF-WAY LINE OF DOUTY STREET; THENCE SOUTH 10° 42' 35" EAST ALONG LAST SAID RIGHT-OF-WAY LINE OF DOUTY STREET A DISTANCE OF 95.03 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL MINERAL RIGHTS AS RESERVED BY UNION PACIFIC RAILROAD COMPANY, A DELAWARE CORPORATION, BY GRANT DEED RECORDED BY GRANT DEED RECORDED JUNE 29, 2001, AS INSTRUMENT NO. 0112582 OF OFFICIAL RECORDS OF SAID KINGS COUNTY, CALIFORNIA.

APNs: 012-091-006, 012-086-007

Attachment: First Assignment Agreement (1769 : Issuance of Certificates of Participation)

FIRST INSTALLMENT SALE AGREEMENT

by and between

FAMILY HEALTHCARE NETWORK

and the

CITY OF HANFORD

Dated as of December 1, 2016

Attachment: First Installment Sale Agreement (1769 : Issuance of Certificates of Participation)

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EXHIBIT A: DESCRIPTION OF REAL PROPERTY
EXHIBIT B: PURCHASE PAYMENTS

FIRST INSTALLMENT SALE AGREEMENT

This FIRST INSTALLMENT SALE AGREEMENT (the "First Installment Sale Agreement") is dated as of December 1, 2016, by and between FAMILY HEALTHCARE NETWORK, Visalia, California (herein called "the Corporation"), a nonprofit public benefit corporation organized and existing under the laws of the State of California, and the CITY OF HANFORD (herein called the "City"), a municipal corporation and general law city and existing under the laws of the State of California;

WITNESSETH:

In consideration of the mutual covenants hereinafter contained and for other valuable consideration, the parties hereto do hereby agree as follows:

Attachment: First Installment Sale Agreement (1769 : Issuance of Certificates of Participation)

ARTICLE I

DEFINITIONS AND GENERAL PROVISIONS

Section 101. Definitions in General. Unless the context clearly otherwise requires, all capitalized terms used herein shall have the meanings assigned to such terms in the Trust Agreement, dated as of December 1, 2016, by and among the City, the Corporation and U.S. Bank National Association, as trustee (the "Trustee"), as originally executed or as it may, from time to time, be supplemented, modified or amended as provided therein (the "Trust Agreement"). The term "Agreement" as used herein shall mean this First Installment Sale Agreement, unless the context clearly requires some other meaning.

Section 102. Rules of Construction.

(a) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons.

(b) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this First Installment Sale Agreement, all refer to this First Installment Sale Agreement.

(c) For all purposes of this First Installment Sale Agreement, reference to the "assignee" of the Corporation means the Trustee acting, pursuant to the Second Assignment Agreement on behalf of the Owners of the Certificates delivered pursuant to the Trust Agreement.

ARTICLE II

RECITALS

Section 201. Status and Powers of the Corporation. The Corporation is a nonprofit public benefit corporation organized and existing for the purpose of operating a health facility, is an organization that meets the requirement of section 501(c)(3) of the Code and is authorized to purchase and hold real property and personal property.

Section 202. Status and Powers of the City. The City is a municipal corporation and general law city and is authorized by the California Government Code to purchase and receive real property and personal property and to control and dispose of it for the common benefit and in furtherance of its public purposes.

Section 203. Purpose of Agreement. In furtherance of its authorized purposes, the City desires to purchase the Facilities from the Corporation and the Corporation is willing and able to sell the Facilities to the City. The purpose of this First Installment Sale Agreement is to accomplish such transfer.

Section 204. Related Agreements. The parties hereto acknowledge the following related agreements:

(a) the Second Installment Sale Agreement pursuant to which the City grants, conveys and sells the Facilities to the Corporation and the Corporation agrees to make Installment Payments therefor;

(b) the First Assignment Agreement pursuant to which the City assigns all of its rights and remedies under the Second Installment Sale Agreement to the Trustee as security for the City's obligation to make Purchase Payments under this First Installment Sale Agreement;

(c) the Second Assignment Agreement pursuant to which the Corporation assigns to the Trustee (all of its rights and remedies under the First Installment Sale Agreement; and

(d) the Trust Agreement pursuant to which the Trustee, the Corporation and the City agree to implement this First Installment Sale Agreement by providing for the delivery of Certificates, for the administration of funds and for the exercise of rights and remedies.

Section 205. Construction of this First Installment Sale Agreement. For all purposes of this First Installment Sale Agreement, reference to the "assignee" of the Corporation means the Trustee acting on behalf of the Owners of the Certificates delivered pursuant to the Trust Agreement.

Section 206. No Merger. The parties acknowledge that the Corporation constitutes the seller of the Facilities under this First Installment Sale Agreement and the purchaser of the Facilities under the Second Installment Sale Agreement. The Second Installment Sale Agreement and this First Installment Sale Agreement represent, and in all respects of any nature whatsoever shall always represent, be interpreted as and constitute, separate and distinct obligations. Under no circumstances whatsoever shall a merger of the roles or obligations of the Corporation as seller under this First Installment Sale Agreement and purchaser under the Second Installment Sale Agreement occur or be deemed to occur by reason of the City's assignment to the Trustee under the First Assignment Agreement of its rights against the Corporation under the Second Installment Sale Agreement, or otherwise.

ARTICLE III

SALE OF THE FACILITIES

Section 301. Deposit of Moneys. In order to induce the City to purchase the Facilities from the Corporation and to assure the City that the moneys needed to pay the costs thereof and the Delivery Costs will be available for such purposes without delay, the Corporation or its assignee, shall cause to be deposited with the Trustee on the Closing Date \$_____ from the proceeds of the sale of the Certificates. Of this amount, \$_____ is required to be deposited in the Delivery Costs Account, and \$_____ is required to be deposited in the Project Account.

Section 302. Sale of Facilities; Title. In consideration of the payment by the City to the Corporation or its assignee of the Purchase Payments, the Corporation hereby grants, conveys and sells the Facilities to the City.

Title to the Facilities shall vest in the City pursuant to the conveyance made in this Section 302, subject to the agreement in the Second Installment Sale Agreement to convey the Facilities to the Corporation and subject to Permitted Encumbrances.

Section 303. Payment of Delivery Costs. Payment of Delivery Costs shall be made from moneys deposited in the Delivery Costs Account. Delivery Costs shall be disbursed in accordance with the provisions relating thereto contained in the Trust Agreement. On March 29, 2017, unexpended moneys remaining in the Delivery Costs Account shall be transferred to the Project Account, unless transferred previously by direction of the Corporation.

Section 304. Payment of Project Costs. Payment of Project Costs shall be made from moneys deposited in the Project Account. Project Costs shall be disbursed in accordance with the provisions relating thereto contained in the Trust Agreement. Upon completion of the Project, as certified by the Corporation to the Trustee, unexpended moneys remaining in the Project Account shall be transferred to the Purchase Payment Account.

Section 304. Grant of Right of Entry. In order to enable the Corporation or its assignee to provide for enforcement of remedies upon an Event of Default hereunder, the City hereby grants to the Corporation and its assignee a right to enter the Facilities and a right to do and perform all acts necessary or appropriate thereon for the aforesaid purposes. The City represents that it is empowered to grant such right of entry and that such grant does not violate the terms of any agreement to which it is a party.

ARTICLE IV

PURCHASE PAYMENTS; SECURITY

Section 401. Purchase Payments. In consideration of the Corporation's conveyance to the City by the terms of this First Installment Sale Agreement of title to the Facilities, the City shall pay to the Trustee, as assignee of the Corporation under the Second Assignment Agreement, but solely from Revenues (except to the extent paid out of moneys attributable to the proceeds of the Certificates or to the income from the investment thereof), the Purchase Payments set forth in Exhibit B attached hereto and by this reference incorporated herein, as Exhibit B may from time to time be amended in accordance with the terms of this First Installment Sale Agreement. Under no circumstances shall the City be required to make any payment of any nature arising from this First Installment Sale Agreement other than from Revenues. To the extent Revenues are, for any reason, insufficient to make any payment of moneys required to be made hereunder, the City shall have no liability for such payment of money.

The Purchase Payments shall be payable from Revenues and shall be due on the Payment Dates specified in said Exhibit B.

Purchase Payments have been calculated based upon the interest portion of the Certificate payments being excludable from gross income for federal, state and local income tax purposes. If, based upon an opinion of nationally recognized bond counsel, the Owners are no longer entitled to exclude the interest portion of the Certificate payments from their respective gross income for federal, state and local income tax purposes, the Owners, at the Owners' option, shall recalculate the Purchase Payments for the remaining term of this First Installment Sale Agreement and/or extend the original term of this First Installment Sale Agreement, as permitted by law, to protect the Owners' originally anticipated after tax yield from the Closing Date to the final maturity of the Certificates. Such recalculations shall be on the basis that the interest portion of the Certificate payments is subject to (a) federal income tax (taking into account the deductibility of State taxes for federal income tax purposes) at the highest marginal corporate tax rate or such other corporate tax rate that is then applicable to the Owners, and (b) state and local income tax at the highest marginal corporate tax rate or other similar tax rate as may be applicable in each state or locality, as applicable. In such event, the City authorizes the Owners to correct the Purchase Payment schedule set forth in Exhibit B attached hereto (and all related documentation) to reflect such changes, and the City, if requested by the Owners, shall execute an amendment to Exhibit B hereto prepared by the Owners to reflect such changes.

Section 402. Interest Component. A portion of each Purchase Payment is paid as, and represents payment of, interest. The interest component of each Purchase Payment is set forth in Exhibit B.

Section 403. Payment in Lawful Money; No Set-Off. Each Purchase Payment shall be paid by the City although the payment of Installment Payments by the Corporation to the Owners, as provided in the Second Installment Sale Agreement, shall constitute evidence of the City's payment of Purchase Payments.

Subject to the limitations upon the performance by the City set forth herein, the City hereby agrees to perform all of its obligations, covenants and agreements hereunder without notice or demand. Nothing in this First Installment Sale Agreement shall be construed as a waiver by the City of any right or claim the City may have against the Corporation or its assignee under this First Installment Sale Agreement or otherwise, but any recovery resulting from such right or claim shall be had from the Corporation or its assignee separately, it being the intent of this First Installment Sale Agreement that the City be unconditionally and

absolutely obligated to perform fully all of its obligations, agreements and covenants under this First Installment Sale Agreement; provided, however, that Purchase Payments shall be payable solely from Revenues.

Section 404. Prepayment.

(a) In the event of prepayment of Installment Payments by the Corporation pursuant to Sections 404(b) or 404(c) of the Second Installment Sale Agreement, such prepayment shall be applied as a mandatory prepayment of Purchase Payments due with respect to the same Payment Dates as the Payment Dates to which such Installment Payments pertain.

(b) In the event of prepayment of Purchase Payments in part, as a result of a prepayment of Installment Payments by the Corporation pursuant to Section 404(c) of the Second Installment Sale Agreement, the Corporation shall provide to the City an amended Exhibit B setting forth the revised schedule of Purchase Payments reflecting said partial prepayment.

Section 405. Advance Security Deposit. Notwithstanding any other provision of this First Installment Sale Agreement, the City may, on any date, secure the payment of all or a portion of the Purchase Payments by a deposit with the Trustee, as escrow holder under an escrow deposit and trust agreement as referenced in Section 902 of the Trust Agreement, of: (a) in the case of a security deposit relating to all Purchase Payments, either (i) an amount which, together with amounts on deposit in the Trust Fund and the accounts therein and the Redemption Fund, is sufficient to pay all unpaid Purchase Payments, including the principal and interest components thereof, in accordance with the Purchase Payment schedule set forth in Exhibit B as then applicable, or (ii) non-callable Federal Securities, together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant or a nationally recognized consultant acceptable to the Trustee, together with interest to accrue thereon without reinvestment thereof and, if required, all or a portion of moneys or Federal Securities then on deposit and interest earnings thereon in the Trust Fund and the accounts therein, be fully sufficient to pay all unpaid Purchase Payments on their Payment Dates; or (b) in the case of a security deposit relating to a portion of the Purchase Payments both (i) a Written Certificate executed by an Authorized Representative of the City (based upon a similar Written Certificate of an Authorized Representative of the Corporation relating to the prepayment of Installment Payments) designating the portion of the Purchase Payments to which the deposit pertains, and (ii) non-callable Federal Securities, together with cash, if required, in such amount as will, together with amounts, if any, available to be released from the Trust Agreement (which availability shall be based upon an opinion of Special Counsel to the effect that such release of moneys will not adversely affect the exclusion from gross income for federal income tax purposes of the interest component of Purchase Payments) in the opinion of an independent certified public accountant or a nationally recognized consultant, together with interest to accrue thereon, be fully sufficient to pay the portion of the Purchase Payments designated in the aforesaid Authorized Representative's Written Certificate.

In the event of a deposit pursuant to this Section 405 as to all Purchase Payments, all obligations of the City under this First Installment Sale Agreement, and all security provided by this First Installment Sale Agreement for said obligations, including but not limited to all rights and interest provided pursuant to the First Assignment Agreement, shall cease and terminate, excepting only the obligation of the City to make, or cause to be made, Purchase Payments from the deposit made by the City pursuant to this Section 405 and its obligation to rebate Excess Investment Earnings to the United States and its obligations to the Trustee pursuant to Section 513 hereof. Said deposit shall be deemed to be and shall constitute a special fund for the payment of Purchase Payments in accordance with the provisions of this First Installment Sale Agreement. Upon said deposit, the Corporation or its assignee will execute or cause to be executed a reconveyance of any and all documents as may be necessary to evidence the release

of security provided for hereby and to confirm title to the Facilities in the City subject to the Second Installment Sale Agreement.

Section 406. Pledge of Revenues.

(a) The City hereby transfers, assigns and sets over and grants a security interest in all of the Revenues for the benefit of the Corporation and its assignee, and all of the Revenues are hereby irrevocably pledged to the punctual payment of the Purchase Payments, and the Revenues shall not be used for any other purpose while any portion of such Purchase Payments which is due remains unpaid, subject to the obligations as set forth in Section 513. Said pledge shall constitute a first, direct and exclusive charge and lien on the Revenues for the payment of the Purchase Payments, subject to the obligations as set forth in Section 513 in accordance with the terms hereof.

(b) The parties hereto acknowledge that the obligation of the City to make Purchase Payments is a special obligation payable solely from Revenues and does not constitute an obligation for which the City has pledged any form of taxation or other moneys.

Section 407. Further Security for Purchase Payments; First Assignment Agreement. To secure payment by the City of Purchase Payments due hereunder, the City shall execute the First Assignment Agreement by which it shall assign to the Trustee all of the City's rights and interests under the Second Installment Sale Agreement.

ARTICLE V

COVENANTS

Section 501. Payment of Purchase Payments. The City shall duly and punctually pay or cause to be paid the Purchase Payments, on the dates, at the places and in the manner provided in this First Installment Sale Agreement according to the true intent and meaning hereof and shall not directly or indirectly extend or assent to the extension of the Payment Dates of any Purchase Payments; provided, however, that the City's obligation to make Purchase Payments shall be a special obligation payable solely from Revenues.

Section 502. Maintenance of Revenues. Subject to the provisions of the First Assignment Agreement, the Second Assignment Agreement and applicable laws and regulations, the City shall promptly collect, or cause to be collected, all Revenues as the same become due, and shall promptly and vigorously enforce, or cause to be enforced, its rights to collect such Revenues as they become due.

Section 503. Compliance with this First Installment Sale Agreement. The City shall faithfully observe and perform or cause to be faithfully observed and performed all the covenants, conditions and requirements of this First Installment Sale Agreement, and shall not suffer or permit any Event of Default to occur hereunder, nor do or permit to be done in, upon or about the Facilities or any part thereof, anything that might in any way weaken, diminish or impair the operation or use of the Facilities. The City shall not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of this First Installment Sale Agreement.

Section 504. Payment of Taxes. The City acknowledges that, pursuant to the Second Installment Sale Agreement, the Corporation has agreed to pay or cause to be paid all taxes, assessments and other governmental charges, if any, that may be levied, assessed or charged upon the Facilities, or any part thereof, promptly as and when the same shall become due and payable; provided, however, that the Corporation shall not be required to pay or cause to be paid any such tax, assessment or charge, if the validity thereof shall concurrently be contested in good faith by appropriate proceedings, and if the Corporation shall set aside, or cause to be set aside, adequate reserves with respect thereto; and provided further, however, that the Corporation, upon the commencement of any proceedings to foreclose the lien of any such tax, assessment or charge, shall forthwith pay, or cause to be paid, any such tax, assessment or charge, unless contested in good faith as aforesaid. Nothing herein contained shall be deemed to impose any liability to pay taxes, assessments or charges where none is imposed by law.

Section 505. Observance of Laws and Regulations. Subject to its right to contest in good faith, the City shall well and truly keep, observe and perform, or cause to be kept, observed and performed, all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the City as such pertain to the Facilities, including its right to exist as a political subdivision, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 506. Against Encumbrances or Sales. The City shall not create or suffer to be created any mortgage, deed of trust, pledge, security interest, lien, charge or encumbrance upon the Facilities, or any part thereof, or the Revenues, whether now owned or hereafter acquired,

other than as permitted in this Section 506 and other than Permitted Encumbrances. The City shall not issue any bonds or other obligations or incur obligations or suffer or permit to continue obligations (other than as permitted in the Second Installment Sale Agreement and other than Permitted Encumbrances) payable from Revenues, or secured by a pledge, lien or charge upon Revenues, superior to, or on a parity with, the pledge of the Revenues for payment of the Purchase Payments as set forth in this First Installment Sale Agreement. The City shall not sell or otherwise dispose of, or permit or suffer the sale or disposal of, the Facilities or any part thereof, other than as provided by the Second Installment Sale Agreement. Nothing herein shall be deemed to prevent the City from entering into the Second Installment Sale Agreement subject to this First Installment Sale Agreement and subject to the condition that any title granted by the City under the Second Installment Sale Agreement shall be subject to the full and final payment of Installment Payments as required thereunder.

Section 507. Prosecution and Defense of Suits. The City acknowledges that, pursuant to the Second Installment Agreement, the Corporation shall promptly take or cause to be taken such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Facilities whether now existing or hereafter developing and shall prosecute or cause to be prosecuted all such suits, actions and other proceedings as may be appropriate for such purpose and shall indemnify or cause to be indemnified the City and its assignee for all loss, cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceedings.

The City acknowledges that, pursuant to the Second Installment Sale Agreement, the Corporation shall defend, or cause to be defended, every suit, action or proceeding at any time brought against the City or its assignee upon any claim arising out of the receipt, application or disbursement of any of the Revenues or involving the rights of the City or its assignee under this First Installment Sale Agreement; provided, however, that the City and its assignee at their election may appear in and defend any such suit, action or proceeding. The City acknowledges that, pursuant to the Second Installment Agreement, the Corporation shall indemnify or cause to be indemnified the City and its assignee against any and all liability claimed or asserted by any person, arising out of such receipt, application or disbursement. The agreement contained in the preceding sentence shall survive for a period of not to exceed the applicable statute of limitations period. The City shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues against all claims and demands of all persons whomsoever.

Section 508. Recordation and Filing. The City shall record and file, or cause to be recorded and filed, all such documents as may be required by law (together with whatever else may be necessary or be reasonably required by the Corporation or its assignee), in such manner, at such times and in such places as may be required by law in order fully to preserve and protect the rights of the Corporation and its assignee under this First Installment Sale Agreement.

Section 509. Waiver of Laws. The City shall not at any time insist upon or plead in any manner whatsoever, or claim or suffer or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force which may adversely affect its obligation to pay Purchase Payments from Revenues and the covenants contained in this First Installment Sale Agreement and the benefit and advantage of any such law is hereby expressly waived by the City to the extent that the City may legally make such waiver.

Section 510. Compliance with Conditions Precedent. As of the Closing Date, all conditions, acts and things required by law or by this First Installment Sale Agreement to have happened or to have been performed precedent to or in the execution of this First Installment

Sale Agreement shall exist, have happened and have been performed, and this First Installment Sale Agreement shall be within every limit prescribed by law.

Section 511. Power to Enter Into Agreement. The City is duly authorized to enter into this First Installment Sale Agreement and to pledge the Revenues in the manner and to the extent provided in this First Installment Sale Agreement. The provisions of this First Installment Sale Agreement are and will be the valid and legally enforceable special obligations of the City in accordance with the terms of this First Installment Sale Agreement.

Section 512. Further Assurances. Whenever and so often as requested so to do by the Corporation or its assignee, the City will promptly execute and deliver, or cause to be executed and delivered, all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order further and more fully to vest in the Corporation or its assignee, all rights, interest, powers, benefits, privileges and advantages conferred or intended to be conferred upon the Corporation and its assignee by this First Installment Sale Agreement.

Section 513. Indemnification Due to the City and Trustee. The City acknowledges that, pursuant to the Second Installment Sale Agreement the Corporation shall pay reasonable fees and compensation due to the Trustee under the Trust Agreement upon periodic billing therefor by the Trustee to the Corporation. In addition, the City acknowledges that, pursuant to the Second Installment Sale Agreement, the Corporation shall agree, to the extent permitted by law, to indemnify and save the Trustee, the Owners and the City and their respective officers, employees, agents, members and directors harmless from and against all claims, losses and damages, including legal fees and expenses incurred by them in any action or proceeding brought by reason of any such claim arising out of (i) the use, maintenance, condition or management of, or from any work or thing done on, the Facilities by the Corporation, (ii) any breach or default on the part of the Corporation in the performance of any of its obligations under the Second Installment Sale Agreement, (iii) any act of negligence of the Corporation or of any of its agents, contractors, servants, employees or licensees with respect to the Facilities, (iv) any act of negligence of any assignee or sublessee of the Corporation or of any of its agents, contractors, servants, employees or licensees with respect to the Facilities, or (v) the authorization of payment of Delivery Costs, all to the extent permitted by law.

The City acknowledges that, pursuant to the Second Installment Sale Agreement, in the event that any action or proceeding is brought against the City or the Trustee or their respective officers, employees or agents by reason of any such claim or demand, the Corporation, upon notice from the City, the Owners or the Trustee, covenants to resist and defend such action or proceeding on demand of the City, the Owners or the Trustee or their respective officers, employees, agents, members and directors and that the Corporation also covenants and agrees, to the extent permitted by law, at its expense, to pay, and to indemnify the City, the Owners and the Trustee or their respective officers, employees, agents, members and directors from and against all costs, expenses and charges, including reasonable attorneys' fees, incurred in obtaining possession of the Facilities upon the occurrence of an Event of Default under the Second Installment Sale Agreement, or in enforcing any covenant or agreement of the Corporation contained in the Second Installment Sale Agreement. The City shall assure in the Second Installment Sale Agreement that the Corporation also agrees, to the extent permitted by law, to indemnify the City, the Owners and the Trustee or their respective officers, employees, agents, members and directors from and against any claim, loss, liability, expense, including legal expenses, or advance arising in connection with Trustee's administration of the trust created by the Trust Agreement and to pay to the Trustee all moneys to which the Trustee is entitled pursuant to the Trust Agreement.

Indemnification for any tort mentioned in this Section 513 shall be limited to the extent and in the amounts provided for by applicable law. Notwithstanding the foregoing, no indemnification will be made by the Corporation for willful misconduct under this First Installment Sale Agreement by the City or the Trustee or their respective officers, agents, employees, members, directors, successors or assigns. The City shall assure in the Second Installment Sale Agreement that the obligations of the Corporation thereunder shall be and remain valid and binding obligations of the Corporation notwithstanding payment in full of the Installment Payments, for a period of not to exceed the applicable statute of limitations period.

Section 514. Prohibited Uses. No portion of the proceeds received from the sale of the Certificates will be used to finance or refinance any facility, place or building used or to be used for sectarian instruction or study or as a place for devotional activities or religious worship.

Section 515. Environmental Indemnity. The parties hereto acknowledge that the Corporation has, pursuant to Section 517 of the Second Installment Sale Agreement, provided indemnity to the City for environmental risks associated with the Facilities.

ARTICLE VI

DISCLAIMER OF WARRANTIES; ASSIGNMENT; AMENDMENT

Section 601. Disclaimer of Warranties. Neither the Corporation nor its assignee make any warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the City of the Facilities, or any portion thereof, or any other representation or warranty with respect to the Facilities, or any portion thereof. Except as is provided in the Second Installment Sale Agreement, in no event shall the Corporation or its assignee be liable for incidental, indirect, special or consequential damages, in connection with this First Installment Sale Agreement or the existence, furnishing, or functioning of the Facilities, or the City's or the Corporation's or any other person's use of the Facilities, except such damages as may arise by reason of the Corporation's breach of this First Installment Sale Agreement.

Section 602. Assignment. The Corporation's rights under this First Installment Sale Agreement, including the right to receive, and enforce the payment of, the Purchase Payments to be made by the City under this First Installment Sale Agreement, may be assigned and reassigned, in conformance with the terms and conditions of this First Installment Sale Agreement and the Trust Agreement, in whole to one or more assigns by the Corporation at any time, with the consent of the City and the Owners. The Corporation may assign its rights hereunder to the Trustee pursuant to the Second Assignment Agreement.

Section 603. Amendment. With the prior written consent of the Owners, this First Installment Sale Agreement may be amended in writing by the parties hereto or by their assignees on their behalf or in their name; provided, however, that no such amendment shall be made unless there is filed with the Trustee the opinion of Special Counsel to the effect that, under existing laws in effect on the date of the opinion, such amendment will not adversely affect the exclusion from gross income for federal income tax purposes of the interest component of Purchase Payments. No amendment hereof which affects the rights, duties or immunities of the Trustee will take effect without the express written consent of the Trustee.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 701. Default; Events of Default. Any one of the following which occurs shall constitute an Event of Default under this First Installment Sale Agreement:

(a) failure by the City to pay or cause to be paid any amounts required to be paid under Section 401 hereof when due; or

(b) failure of the City to observe and perform any covenant, condition or agreement on its part required to be observed or performed under this First Installment Sale Agreement, other than making the payments referred to in (a) above, which continues for a period of thirty (30) days after written notice from the Trustee or the Corporation, which notice shall specify such failure and request that it be remedied, unless the Corporation and the Trustee shall agree in writing to an extension of such time period; provided, however, that if the failure stated in the notice cannot be corrected within such period, the Corporation and the Trustee will not unreasonably withhold their consent to an extension of such time period if corrective action is instituted within such period and diligently pursued until the default is corrected; provided, however, that such failure or breach shall be cured within 120 days of such notice; or

(c) any of the representations or warranties of the City made herein or in the application filed with the City in connection with the Certificates was false or incorrect in any material respect when made; or

(d) an Act of Bankruptcy occurs with respect to the City; or

(e) the occurrence of an Event of Default under the Second Installment Sale Agreement or the Trust Agreement.

Section 702. Remedies on Default. (a) Whenever any Event of Default hereunder shall have occurred and shall continue, the Corporation, the Trustee or the Original Purchaser may take whatever action or institute any proceeding, at law or in equity, as may be necessary or desirable for the collection of the payments and other amounts then due, including Purchase Payments, and thereafter to become due hereunder or the enforcement of the performance and observance of any obligation, agreement or covenant of the City under this First Installment Sale Agreement, including but not limited to: (i) instituting and prosecuting to judgment or final decree and enforcing any such judgment or decree against the City and collect in the manner provided by law moneys decreed to be payable; and (ii) by injunctive and other equitable relief, to require the City to perform each of its obligations hereunder and to otherwise protect the Corporation's and the Original Purchaser's rights hereunder.

(b) In case the Trustee or the Corporation shall have proceeded to enforce its rights under this First Installment Sale Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Corporation, then, and in every such case, the City, the Trustee and the Corporation shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Corporation, the Trustee and the City shall continue as though no such action had been taken (provided, however, that any settlement of such proceedings duly entered into by the City, the Trustee or the Corporation shall not be disturbed by reason of this provision).

If any of the following events occur, it is hereby defined as and declared to be and to constitute a default or an Event of Default:

~~(a) Failure by the City to make any payment of any interest component of Purchase Payments when due, if such payment remains unpaid for five (5) Business Days;~~

~~(b) Failure by the City to make any payment of a principal component of Purchase Payments or prepayment premium, if any, when due, whether at the scheduled date thereof, upon prepayment thereof or upon the required payment thereof by declaration, if such payment remains unpaid for five (5) Business Days;~~

~~(c) The occurrence and continuance of an "event of default" under Section 701 of the Second Installment Sale Agreement, following the expiration of any grace, cure or notices periods provided therein; or~~

~~(d) Failure by the City to perform or observe any of its covenants, agreements or conditions contained in this First Installment Sale Agreement or the Trust Agreement and failure to remedy the same or cause the same to be remedied within forty five (45) days after notice thereof from the Corporation to the Trustee and the City or from the Trustee to the City, but, if such failure cannot be cured within that forty five (45) day period, no Event of Default shall have occurred if and so long as the City exercises diligence to remedy the failure.~~

~~Section 702. Acceleration. (i) Upon the occurrence and continuance of an Event of Default and, so long as such Event of Default is continuing, the Trustee as assignee of the Corporation under the Second Assignment Agreement may, and upon the written request of the Owners of not less than a majority in aggregate principal amount payable with respect to Certificates then Outstanding shall, declare the entire principal component of Purchase Payments then unpaid and the accrued interest component, immediately due and payable, and such principal and interest components shall thereupon become and be immediately due and payable, but solely from Revenues, effective five days after acceleration notice is given to the City if such Event of Default has not been cured within that five day period; provided that such five day cure period shall not be permitted more than twice. Upon any such declaration, the Trustee shall declare all indebtedness payable under Section 401 of the Second Installment Sale Agreement to be immediately due and payable in accordance with Section 703 of the Second Installment Sale Agreement. As soon as practicable after any such declaration, the Trustee shall give written notice thereof to the Corporation and the City; provided, however, that the failure by the Trustee to give such notice shall not affect such declaration.~~

~~The above provisions of Section 701 hereof and this Section 702, however, are subject to the conditions that if, after the entire principal component of Purchase Payments then unpaid shall have been so declared to be due and payable, all arrears of the interest component of Purchase Payments and interest on overdue amounts of the interest component of Purchase Payments (to the extent permitted by law), and the principal component of Purchase Payments, and prepayment premium, if any, which shall have become due and payable otherwise than by acceleration, and all other sums payable under this First Installment Sale Agreement, except the principal and interest components of Purchase Payments which by such declaration shall have become due and payable, shall have been paid by or on behalf of the City, together with the reasonable fees and expenses of the Trustee and of the Owners of Certificates representing such Purchase Payments, including reasonable attorneys' fees paid or incurred, then and in every such case and, if the Owners of not less than a majority in aggregate principal amount payable with respect to Certificates then Outstanding shall have made the written request specified in the first paragraph of this Section 702, and the express written consent of the Owners of not less than a majority in principal amount of the Certificates then Outstanding then having been given, subject to Section 709 of the Trust Agreement, the Trustee shall waive such Event of Default and annul such declaration and its consequences, which waiver and annulment shall be binding upon all Owners; but no such waiver shall extend to or affect any subsequent default or impair~~

~~any right or remedy consequent thereon. In the case of any such annulment, the Corporation, the City, the Trustee and the Owners shall be restored to their former positions and rights under this First Installment Sale Agreement.~~

Section 703. Remedies. Upon the occurrence and continuation of an Event of Default, the Trustee may (subject to the provisions of Sections 505 and 704 of the Trust Agreement) pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal and interest component of Purchase Payments and prepayment premium, if any, and to enforce and compel the performance of the duties and obligations of the City as herein set forth (for the avoidance of doubt, acceleration shall not constitute an optional prepayment upon which a prepayment premium shall be due). In addition, the Trustee may, without notice to the City or the Corporation, exercise any and all remedies afforded the City under Article VII of the Second Installment Sale Agreement in its name or the name of the City without the necessity of joining the City. Notwithstanding the foregoing provisions of this Section 703, under no circumstance will the exercise of any remedies granted herein result in the payment of any moneys by the City other than from Revenues.

If an Event of Default shall have occurred and be continuing and if requested so to do by the Owners of not less than a majority in aggregate principal amount payable with respect to Certificates then Outstanding and indemnified as provided in the Trust Agreement, the Trustee shall be obliged to exercise such one or more of the rights and powers conferred by this Section 703 and Section 702 hereof as the Trustee being advised by Counsel shall deem in the best interests of the Owners of the Certificates.

Section 704. Remedies Not Exclusive. No remedy by the terms of this First Installment Sale Agreement, the Second Assignment Agreement or the Trust Agreement conferred upon or reserved to the Trustee (or to the Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Owners hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right, power or remedy accruing upon any Event of Default shall impair any such right, power or remedy or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every such right, power or remedy may be exercised from time to time and as often as may be deemed expedient.

Section 705. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this First Installment Sale Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver shall be effective unless in writing and signed by the party making the waiver. The Corporation shall have no power to waive any Event of Default hereunder by the City without the consent of the Trustee to such waiver.

Section 706. Agreement to Pay Attorneys' Fees and Expenses. Upon an Event of Default under this First Installment Sale Agreement, if the City, the Owners or the Trustee employ attorneys or incur other expenses for the collection of Purchase Payments or the enforcement of performance or observance of any obligation or agreement on the part of the Corporation or the City herein contained, the Corporation agrees that it will on demand therefor pay to the City, the Owners or the Trustee, as the case may be, the reasonable attorneys' fees and disbursements of such attorneys and such other expenses so incurred by the City, the Owners or the Trustee. The obligations of the Corporation hereunder shall be and remain valid and binding obligations

of the Corporation, notwithstanding the payment of Installment Payments in full, for a period of not to exceed the applicable statute of limitations period.

ARTICLE VIII

ADMINISTRATIVE PROVISIONS

Section 801. Preservation and Inspection of Documents. All documents received by the Corporation or the City under the provisions of this First Installment Sale Agreement shall be retained in their respective possessions or that of their assignee and shall be subject at all reasonable times to the inspection of the other party hereto, any of whom may make copies thereof.

Section 802. Parties in Interest. Nothing in this First Installment Sale Agreement, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or party other than the Corporation and its assignee, the City and its assignee any rights, remedies or claims under or by reason of this First Installment Sale Agreement or any covenants, condition or stipulation hereof; and all covenants, stipulations, promises and agreements in this First Installment Sale Agreement contained by or on behalf of the Corporation or the City shall be for the sole and exclusive benefit of the Corporation and its assignee and the City and its assignee. Notwithstanding the foregoing, the Trustee shall be a third party beneficiary of this First Installment Sale Agreement for all purposes.

Section 803. No Recourse Under Agreement. All covenants, stipulations, promises, agreements and obligations of the parties hereto contained in this First Installment Sale Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the parties hereto, respectively, and not of any officer, employee or agent of the parties hereto in an individual capacity, and no recourse shall be had for the payment of the Purchase Payments or for any claim based thereon or under this First Installment Sale Agreement against any officer, employee or agent of the parties hereto.

Section 804. Notices. All notices, Written Certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or deposited in the United States mail in registered or certified form with postage fully prepaid or by fax:

If to the Corporation:	Family HealthCare Network 305 East Center Avenue Visalia, CA 93291-6331 Attention: Chief Financial Officer Phone: (559) 737-4700 Fax: (559) 734-1247
If to the City:	City of Hanford 315-321 North Douty Street Hanford, CA 93230 Attention: City Manager Phone: (559) 585-2516 Fax: (559) 582-1152
If to the Trustee:	U.S. Bank National Association One California Street, Suite 1000 San Francisco, CA 94111 Attention: Global Corporate Trust Services Phone: (415) 677-3593 Fax: (415) 677-3769

A copy of any notice, certificate or other communication given hereunder shall be provided to the Trustee. The parties hereto, by notice given hereunder, may, respectively,

designate different addresses to which subsequent notices, certificates or other communications will be sent. Copies of all notices, Written Certificates or other documents to be delivered hereunder shall simultaneously be delivered to the Owner at the addresses set forth in the Certificate Register.

Section 805. Binding Effect. This First Installment Sale Agreement shall inure to the benefit of and shall be binding upon the Corporation and the City and their respective successors and assigns.

Section 806. Severability. If any one or more of the covenants, stipulations, promises, agreements or obligations provided in this First Installment Sale Agreement on the part of the Corporation or the City to be performed should be determined by a court of competent jurisdiction to be contrary to law, then such covenant, stipulation, promise, agreement or obligation shall be deemed and construed to be severable from the remaining covenants, stipulations, promises, agreements and obligations herein contained and shall in no way affect the validity of the other provisions of this First Installment Sale Agreement.

Section 807. Headings. Any headings preceding the text of the several Articles and Sections hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience or reference and shall not constitute a part of this First Installment Sale Agreement, nor shall they affect its meaning, construction or effect.

Section 808. Applicable Law. This First Installment Sale Agreement shall be governed by and construed in accordance with the laws of the State.

Section 809. Corporation and City Representatives. Whenever under the provisions of this First Installment Sale Agreement the approval of the Corporation or the City is required or the Corporation or the City are required to take some action at the request of the other, such approval of such request may be given for the Corporation by an Authorized Representative of the Corporation and for the City by an Authorized Representative of the City, and any party hereto shall be authorized to rely upon any such approval or request.

Section 810. Form of Written Certificate of Officers. Every Written Certificate with respect to compliance with a condition or covenant provided for in this First Installment Sale Agreement and which is precedent to the taking of any action under this First Installment Sale Agreement shall include:

- (a) A statement that the person making or giving such Written Certificate has read such covenant or condition and the definitions herein relating thereto;
- (b) A brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such Written Certificate are based;
- (c) A statement that, in the opinion of the signer, he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and
- (d) A statement as to whether, in the opinion of the signer, such condition or covenant has been complied with.

A Written Certificate may be based, insofar as it relates to legal matters, upon a Written Certificate or opinion of or representations by counsel, unless the persons providing the Written Certificate know that the Written Certificate or representations with respect to the matters upon

which the Written Certificate may be based are erroneous, or in the exercise of reasonable care should have known that the same were erroneous.

Section 811. Business Days. Any act or thing required to be done or exist on any date set forth herein which does not constitute a Business Day in any year shall be deemed to be done or to exist on such date if such act or thing is done or exists on the next date which constitutes a Business Day.

Section 812. Execution in Counterparts. This First Installment Sale Agreement may be executed in counterparts and each of said counterparts shall be deemed an original for all purposes of this First Installment Sale Agreement. All of such counterparts taken together shall be deemed to be one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this First Installment Sale Agreement to be executed in their respective names by their duly Authorized Representatives as of the date first above written.

FAMILY HEALTHCARE NETWORK

By _____
Kerry L. Hydash
President & CEO

CITY OF HANFORD

By _____

Mayor

Attachment: First Installment Sale Agreement (1769 : Issuance of Certificates of Participation)

EXHIBIT A

DESCRIPTION OF REAL PROPERTY

The land referred to herein is situated in Kings County, State of California, described as follows:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF HANFORD, COUNTY OF KINGS, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

A PARCEL OF LAND SITUATED IN THE NORTHWEST ¼ OF SECTION 36, TOWNSHIP 18 SOUTH, RANGE 21 EAST, MOUNT DIABLO BASE AND MERIDIAN, IN THE CITY OF HANFORD, COUNTY OF KINGS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTHERLY RIGHT-OF-WAY LINE OF FIFTH STREET AND THE WESTERLY RIGHT-OF-WAY LINE OF DOUTY STREET AS SHOWN ON THAT CERTAIN MAP RECORDED IN THE MAP BOOK AT PAGE 11 OF KINGS COUNTY RECORDS AND BEING SITUATED IN SECTION 36, TOWNSHIP 18 SOUTH, RANGE 21 EAST OF THE MOUNT DIABLO BASE & MERIDIAN; THENCE SOUTH 79° 14' 12" WEST ALONG SAID NORTHERLY RIGHT-OF-WAY LINE OF FIFTH STREET AS SHOWN ON SAID MAP RECORDED AT PAGE 11 OF THE MAP BOOK, A DISTANCE OF 439.85 FEET TO THE POINT OF INTERSECTION WITH THE CENTERLINE OF IRWIN STREET; THENCE SOUTH 79° 15' 11" WEST CONTINUING ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF SAID FIFTH STREET A DISTANCE OF 439.88 FEET TO THE INTERSECTION OF THE EASTERLY RIGHT-OF-WAY LINE OF REDINGTON STREET AS SHOWN ON SAID MAP; THENCE NORTH 10° 51' 13" WEST ALONG SAID EASTERLY RIGHT-OF-WAY LINE A DISTANCE OF 94.89 FEET TO A POINT 25 FEET SOUTHERLY OF THE CENTERLINE OF THE RAILS OF THE UNION PACIFIC RAILROAD COMPANY (FORMERLY SOUTHERN PACIFIC RAILROAD COMPANY); THENCE NORTH 79° 14' 08" EAST ALONG A LINE PARALLEL WITH AND 25 FEET SOUTHERLY OF THE LAST SAID CENTERLINE OF RAILS, A DISTANCE OF 879.97 FEET TO A POINT ON THE WESTERLY RIGHT-OF-WAY LINE OF DOUTY STREET; THENCE SOUTH 10° 42' 35" EAST ALONG LAST SAID RIGHT-OF-WAY LINE OF DOUTY STREET A DISTANCE OF 95.03 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL MINERAL RIGHTS AS RESERVED BY UNION PACIFIC RAILROAD COMPANY, A DELAWARE CORPORATION, BY GRANT DEED RECORDED BY GRANT DEED RECORDED JUNE 29, 2001, AS INSTRUMENT NO. 0112582 OF OFFICIAL RECORDS OF SAID KINGS COUNTY, CALIFORNIA.

APNs: 012-091-006, 012-086-007

EXHIBIT B

PURCHASE PAYMENT SCHEDULE

Payment Date	Principal Component	Interest Component	Total
2/1/17			
3/1/17			
4/1/17			
5/1/17			
6/1/17			
7/1/17			
8/1/17			
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Attachment: First Installment Sale Agreement (1769 : Issuance of Certificates of Participation)

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SECOND INSTALLMENT SALE AGREEMENT

by and between the

CITY OF HANFORD

and

FAMILY HEALTHCARE NETWORK

Dated as of December 1, 2016

Attachment: Second Installment Sale Agreement (1769 : Issuance of Certificates of Participation)

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EXHIBIT A: DESCRIPTION OF REAL PROPERTY
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SECOND INSTALLMENT SALE AGREEMENT

This SECOND INSTALLMENT SALE AGREEMENT (this "Second Installment Sale Agreement") is dated as of December 1, 2016, by and between the CITY OF HANFORD (herein called the "City"), a municipal corporation and general law city organized existing under the laws of the State of California, and FAMILY HEALTHCARE NETWORK, Visalia, California (herein called the "Corporation"), a nonprofit public benefit corporation organized and existing under the laws of the State of California;

WITNESSETH:

In consideration of the mutual covenants hereinafter contained and for other valuable consideration, the parties hereto do hereby agree as follows:

Attachment: Second Installment Sale Agreement (1769 : Issuance of Certificates of Participation)

ARTICLE I

DEFINITIONS AND GENERAL PROVISIONS

Section 101. Definitions. Unless the context clearly otherwise requires, all capitalized terms used herein shall have the meanings assigned to such terms in the Trust Agreement, dated as of December 1, 2016, by and among the City, the Corporation and U.S. Bank National Association, as trustee (the "Trustee"), as originally executed or as it may, from time to time, be supplemented, modified or amended as provided therein (the "Trust Agreement"). The term "Agreement" as used herein shall mean this Second Installment Sale Agreement, unless the context clearly requires some other meaning.

Section 102. Rules of Construction.

(a) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons.

(b) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Second Installment Sale Agreement, all refer to this Second Installment Sale Agreement.

(c) For all purposes of this Second Installment Sale Agreement, reference to the "assignee" of the City means the Trustee acting, pursuant to the First Assignment Agreement on behalf of the Owners of the Certificates delivered pursuant to the Trust Agreement.

ARTICLE II

RECITALS; REPRESENTATIONS AND WARRANTIES

Section 201. Status and Powers of the City. The City is a municipal corporation and general law city and is authorized by the California Government Code to purchase and receive real property and personal property and to control and dispose of it for the common benefit and in furtherance of its public purposes.

Section 202. Status and Powers of the Corporation. The Corporation is a nonprofit public benefit corporation organized and existing for the purpose of operating a health facility, is an organization that meets the requirements of section 501(c)(3) of the Code and is authorized to purchase and hold real property and personal property.

Section 203. Purpose of Agreement. In furtherance of its authorized purposes, the City desires to convey and sell the Facilities to the Corporation and the Corporation desires to acquire and purchase the Facilities from the City. The purpose of this Second Installment Sale Agreement is to accomplish such transfer.

Section 204. Related Agreements. The parties hereto acknowledge the following related agreements:

(a) the First Installment Sale Agreement pursuant to which the Corporation grants, conveys and sells the Facilities to the City and the City agrees to make Purchase Payments therefor;

(b) the First Assignment Agreement pursuant to which the City assigns all of its rights and remedies under this Second Installment Sale Agreement to the Trustee as security for the City's obligation to make Purchase Payments under the First Installment Sale Agreement;

(c) the Second Assignment Agreement pursuant to which the Corporation assigns to the Trustee all of its rights and remedies under the First Installment Sale Agreement; and

(d) the Trust Agreement pursuant to which the Trustee, the Corporation and the City agree to implement the First Installment Sale Agreement by providing for the delivery of Certificates, for the administration of funds and for the exercise of rights and remedies;

Section 205. No Merger. The parties acknowledge that the Corporation constitutes the purchaser of the Facilities under this Second Installment Sale Agreement and the seller of the Facilities under the First Installment Sale Agreement. The First Installment Sale Agreement and this Second Installment Sale Agreement represent, and in all respects of any nature whatsoever shall always represent, be interpreted as and constitute, separate and distinct obligations. Under no circumstances whatsoever shall a merger of the roles or the obligation of the Corporation as purchaser under this Second Installment Sale Agreement and seller under the First Installment Sale Agreement occur or be deemed to occur by reason of the City's assignment to the Trustee under the First Assignment Agreement of its rights against the Corporation under this Second Installment Sale Agreement, or otherwise.

Section 206. Representations and Warranties of the Authority. The City makes the following representations and warranties:

(a) The City is a municipal corporation and general law city duly organized and existing under the laws of the State and is duly authorized to perform its obligations under the Trust

Agreement, the First Installment Sale Agreement, this Second Installment Sale Agreement and the First Assignment Agreement.

(b) All requirements have been met and procedures have occurred in order to authorize the execution and delivery of the Trust Agreement, the First Installment Sale Agreement, this Second Installment Sale Agreement and the First Assignment Agreement. The City has taken all necessary action and has complied with all provisions of the law required to make the Trust Agreement, the First Installment Sale Agreement, this Second Installment Sale Agreement and the First Assignment Agreement valid and binding limited obligations of the City, except to the extent limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity, or by public policy.

(c) There is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency or public board or body pending or threatened against the City that (i) affects or seeks to prohibit, restrain or enjoin the execution and delivery of the Certificates, or the execution and delivery of the Trust Agreement, the First Installment Sale Agreement, this Second Installment Sale Agreement and the First Assignment Agreement, (ii) affects or questions the validity or enforceability of the Trust Agreement, the First Installment Sale Agreement, this Second Installment Sale Agreement and the First Assignment Agreement or (iii) questions the tax-exempt status of interest with respect to the Certificates.

Section 207. Representations and Warranties of the Corporation. The Corporation represents and warrants to the Authority and the Original Purchaser that, as of the date of execution of the Trust Agreement, the First Installment Sale Agreement, this Second Installment Sale Agreement, the Deed of Trust and the Second Assignment Agreement and as of the date of delivery of the Certificates to the Original Purchaser thereof (such representations and warranties to remain operative and in full force and effect regardless of the execution and deliver of the Certificates or any investigations by or on behalf of the City or the results thereof):

(a) Organization/Authority. The Corporation is a nonprofit, public benefit corporation duly organized and in good standing under the laws of the State and has full legal right, power and authority to enter into the Trust Agreement, the First Installment Sale Agreement, this Second Installment Sale Agreement, the Deed of Trust and the Second Assignment Agreement and to carry out and consummate all transactions contemplated thereby and by proper corporate action has duly authorized the execution, delivery and performance of the Trust Agreement, the First Installment Sale Agreement, this Second Installment Sale Agreement, the Deed of Trust and the Second Assignment Agreement.

(b) Execution/Delivery. The Trust Agreement, the First Installment Sale Agreement, this Second Installment Sale Agreement, the Deed of Trust and the Second Assignment Agreement have been duly authorized, executed and delivered by the Corporation.

(c) Enforceability. This Trust Agreement, the First Installment Sale Agreement, this Second Installment Sale Agreement, the Deed of Trust and the Second Assignment Agreement will constitute the legal, valid and binding agreements of the Corporation enforceable against the Corporation in accordance with their terms for the benefit of the Owners of the Certificates; except in each case as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity and by public policy.

(d) No Conflicts. The execution and delivery of the Trust Agreement, the First Installment Sale Agreement, this Second Installment Sale Agreement, the Deed of Trust and the Second

Assignment Agreement, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the articles of incorporation, bylaws, any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Corporation is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Corporation, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Trust Agreement, the First Installment Sale Agreement, this Second Installment Sale Agreement, the Deed of Trust and the Second Assignment Agreement or the financial condition, assets, properties or operations of the Corporation.

(e) No Other Consents. No consent or approval of any trustee or holder of any indebtedness of the Corporation or any guarantor of indebtedness of or other provider of credit or liquidity to the Corporation, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except with respect to any state securities or "blue sky" laws) is necessary in connection with the execution and delivery of the Trust Agreement, the First Installment Sale Agreement, this Second Installment Sale Agreement, the Deed of Trust and the Second Assignment Agreement, or the consummation of any transaction herein or therein contemplated, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect.

(f) No Litigation. There is no action, suit, proceeding, inquiry or investigation, before or by any court or federal, state, municipal or other governmental authority, pending, or to the knowledge of the Corporation, after reasonable investigation, threatened, against or affecting the Corporation or the assets, properties or operations of the Corporation which, if determined adversely to the Corporation or its interests, would have a material adverse effect upon the consummation of the transactions contemplated by or the validity of the Trust Agreement, the First Installment Sale Agreement, this Second Installment Sale Agreement, the Deed of Trust and the Second Assignment Agreement, or upon the financial condition, assets, properties or operations of the Corporation.

(g) Disclosures Accurate. No written information, exhibit or report furnished to the City and the Original Purchaser by the Corporation in connection with the negotiation of the Trust Agreement, the First Installment Sale Agreement, this Second Installment Sale Agreement, the Deed of Trust and the Second Assignment Agreement, and no official statement or other offering document in connection with the delivery of the Certificates, if any, as of its date or as of the date hereof, contains any untrue statement of a material fact or omits to state a 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.

(h) Financial Condition. All financial statements and information heretofore delivered to the City and the Original Purchaser by the Corporation, including without limitation, information relating to the financial condition of the Corporation, the Project, the partners, joint venturers or members of the Corporation, and/or any guarantor, fairly and accurately present the financial position thereof and have been prepared (except where specifically noted therein) in accordance with generally accepted accounting principles consistently applied. Since the date of such statements, there has been no material adverse change in the financial condition or results of operations of the Corporation or the other subjects of such statements.

(i) Title to Facilities. The Corporation has good and marketable title to the Facilities free and clear from all encumbrances other than Permitted Encumbrances.

(j) No Defaults. The Corporation is not in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) (1) under the Trust Agreement, the First Installment Sale Agreement, this Second Installment Sale Agreement, the Deed of Trust and the Second Assignment Agreement, or (2) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default could reasonably be expected to have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Trust Agreement, the First Installment Sale Agreement, this Second Installment Sale Agreement, the Deed of Trust and the Second Assignment Agreement, or the financial condition, assets, properties or operations of the Corporation, and the Corporation is not in material default (and no event has occurred and is continuing which, with the giving of notice or the passage of time or both, could constitute a material default) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Trust Agreement, the First Installment Sale Agreement, this Second Installment Sale Agreement, the Deed of Trust and the Second Assignment Agreement or the financial condition, assets, properties or operations of the Corporation or its properties. All tax returns (federal, state and local) required to be filed by or on behalf of the Corporation have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by the Corporation in good faith, have been paid or adequate reserves have been made for the payment thereof, which reserves, if any, are reflected in the financial statements described in subsection (i) of this Section 207. As of the date of initial execution and delivery of the Certificates, the Corporation will have good and marketable title to the Facilities, free and clear from all encumbrances other than Permitted Encumbrances.

(k) No Reliance on City for Advice. The Corporation acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the refinancing of the Project; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which the Corporation is a party or of which it is a beneficiary, including the Indenture; that it understands the risks inherent in such transactions; and that it has not relied on the City for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by the Trust Agreement, the First Installment Sale Agreement, this Second Installment Sale Agreement, the Deed of Trust and the Second Assignment Agreement or otherwise relied on the City for any advice.

(l) No Use by Nonexempt Person. No portion of the proceeds of the Certificates is or at any time will be used by any person that is not an "exempt person" within the meaning of the Code and the regulations proposed and promulgated thereunder, or by a governmental unit or a 501(c)(3) organization (including the Corporation) in an "unrelated trade or business" within the meaning of Section 513(a) of the Code and the regulations proposed and promulgated thereunder, in such manner or to such extent as would result in loss of exclusion from gross income for federal tax purposes of interest with respect to any of the Certificates under Section 103 of the Code.

(m) Nonprofit Status of Corporation. The Corporation is an organization described in Section 501(c)(3) of the Code, does not constitute a private foundation under Section 509(a) of the Code, and the income of the Corporation is exempt from federal taxation under Section 501(a) of the Code. The Corporation has received a determination from the Internal Revenue Service to the foregoing effect, and none of the bases for such determination have changed since the date thereof.

(n) Anti-Terrorism Laws. The Corporation is not in violation of any laws relating to terrorism or money laundering ("Anti Terrorism Laws"), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "Executive Order"), and the Patriot Act:

(i) The Corporation is not any of the following:

(A) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(B) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(C) a Person with which the Purchaser is prohibited from dealing or otherwise engaging in any transaction by any Anti Terrorism Law;

(ii) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order; or

(A) a Person that is named as a "specially designated national and blocked person" on the most current list published by the Office of Foreign Asset Control ("OFAC") or any list of Persons issued by OFAC pursuant to the Executive Order at its official website or any replacement website or other replacement official publication of such list;

The Corporation does not (x) conduct any business or engage in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in subsection (i)(B) above, (y) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or (z) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law."

(o) ERISA. Each ERISA Plan has been established and heretofore maintained by the Corporation in compliance in all material respects with the applicable provisions of ERISA and the Code. To the knowledge of the Corporation, no ERISA Plan has engaged in a prohibited transaction, and compliance by the Corporation with the provisions of this Loan Agreement will not involve any prohibited transaction that would subject the Corporation to a tax or penalty on prohibited transactions. No ERISA Plan that is subject to Part 3 of Subtitle B of Title I of ERISA or Section 412 of the Code has had an accumulated funding deficiency, whether or not waived as of the last day of the most recent plan year of such ERISA Plan ended prior to the date hereof. No liability to the PBGC has been, or is expected by the Corporation to be, incurred by the Corporation with respect to any ERISA Plan subject to Title IV of ERISA, other than for premium payments. There has been no material Reportable Event with respect to any ERISA Plan subject to Section 4043 of ERISA since the effective date of said Section 4043, and since such date no event or condition has occurred that presents a material risk of termination of any such ERISA Plan by the PBGC. As of the most recent valuation date, the present value of all vested accrued benefits under each ERISA Plan subject to Title IV of ERISA as determined by each ERISA Plan's enrolled actuary within the meaning of Section 103 of ERISA under actuarial assumptions used in connection with the actuarial valuation of each such ERISA Plan did not exceed the value of such ERISA Plan's assets (less all liabilities other than those attributable to accrued benefits), as determined by each such enrolled actuary, allocable to such vested accrued

benefits by more than \$1,000,000. Neither the Corporation nor any Common Control Entity has incurred any withdrawal liability in connection with a Multiemployer Plan which has not yet been paid. As used in this paragraph, the terms PBGC, "Common Control Entity" and "Multiemployer Plan" shall have the respective meanings ascribed thereto in Section 5.12(d) of this Second Installment Sale Agreement.

ARTICLE III
SALE OF THE FACILITIES

Section 301. Sale of the Facilities. In consideration of the payment by the Corporation to the City or its assignee of the Installment Payments, the City hereby grants, conveys and sells to the Corporation, the Facilities.

Section 302. Title. Title to the Facilities shall vest in the Corporation pursuant to the conveyance made by Section 301, subject to Permitted Encumbrances.

Section 303. Payment of Delivery Costs. The Corporation acknowledges that payment of Delivery Costs shall be made from moneys deposited in the Delivery Costs Account. Delivery Costs shall be disbursed in accordance with the provisions relating thereto contained in the Trust Agreement. On March 29, 2017, unexpended moneys remaining in the Delivery Costs Account shall be deposited in the Purchase Payment Account.

Section 304. Payment of Project Costs. The Corporation acknowledges that payment of Project Costs shall be made from moneys deposited in the Project Account. Project Costs shall be disbursed in accordance with the provisions relating thereto contained in the Trust Agreement. Upon completion of the Project, as certified by the Corporation to the Trustee, unexpended moneys remaining in the Project Account shall be transferred to the Purchase Payment Account.

Section 305. Grant of Right of Entry. In order to enable the City or its assignee to provide for enforcement of remedies hereunder and under the First Installment Sale Agreement upon an Event of Default, the Corporation hereby grants to the City and its assignee a right to enter the Facilities and a right, following the occurrence of, but only during the continuation of, an Event of Default, to do and perform all acts necessary or appropriate thereon for the aforesaid purposes. The Corporation represents that it is empowered to grant such right of entry and that such grant does not violate the terms of any agreement to which it is a party, and acknowledges that, pursuant to the terms of the First Installment Sale Agreement, the City is granting such right of entry to the Corporation and its assignee.

ARTICLE IV

INSTALLMENT PAYMENTS; SECURITY

Section 401. Installment Payments.

(a) In consideration of the City's conveyance to the Corporation by the terms of this Second Installment Sale Agreement of title to the Facilities, the Corporation shall pay to the Owners, for the account of the City, the Installment Payments set forth in Exhibit B attached hereto and by this reference incorporated herein, as Exhibit B may from time to time be amended in accordance with the terms of this Second Installment Sale Agreement.

The Installment Payments shall be payable and shall be due for the Payment Dates specified in said Exhibit B. The City directs that the Corporation shall make the Installment Payments directly to the Owner.

(b) The Corporation agrees to pay to the party entitled thereto, to the extent not previously paid from the proceeds of the Certificates, each of the following as an "Additional Payment":

(i) All taxes and assessments of any type or character charged to the City, to the Trustee or to the Original Purchaser affecting the amount available to the City or the Trustee from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Trustee and taxes based upon or measured by the net income of the Trustee; provided, however, that the Corporation shall have the right to protest any such taxes or assessments and to require the City or the Trustee, at the Corporation's expense, to protest and contest any such taxes or assessments levied upon them and that the Corporation shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the City, the Trustee or the Original Purchaser;

(ii) All reasonable fees, charges and expenses of the Trustee for services rendered under the Trust Agreement and all amounts referred to in Section 502 of the Trust Agreement, as and when the same become due and payable;

(iii) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the City, the Trustee or the Original Purchaser to prepare audits, financial statements, reports, opinions or provide such other services required under the Financing Documents or the Trust Agreement; and

(iv) The reasonable fees and expenses of the City or any agent or attorney selected by the City to act on its behalf in connection with the Financing Documents, the Certificates or the Trust Agreement, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of any such Certificates or in connection with any litigation, investigation or other proceeding which may at any time be instituted involving this Second Installment Sale Agreement, the Financing Documents, the Certificates or the Trust Agreement or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Corporation, the Facilities, its other properties, assets or

operations or otherwise in connection with the administration of the Financing Documents.

(v) Any amounts due and payable by the Corporation as arbitrage rebate under Section 148 of the Code, pursuant to Corporation's covenants and agreements with respect thereto in the Loan Agreement or the Tax Compliance Certificate.

Such Additional Payments shall be billed to the Corporation by the City or the Trustee from time to time, together with a statement certifying that the amount billed has been incurred or paid by the City or the Trustee for one or more of the above items. After such a demand, amounts so billed shall be paid by the Corporation within thirty (30) days after the date of invoice. Notwithstanding the foregoing, the City shall not be required to submit a bill to the Corporation for any amounts due with respect to arbitrage rebate under Section 148 of the Code, the calculation and payment for which is the responsibility of the Corporation.

(c) Installment Payments have been calculated based upon the interest portion of the Certificate payments being excludable from gross income for federal, state and local income tax purposes. If, based upon an opinion of nationally recognized bond counsel, the Owners are no longer entitled to exclude the interest portion of the Certificate payments from their respective gross income for federal, state and local income tax purposes, the Owners, at the Owners' option, shall recalculate the Installment Payments for the remaining term of this Second Installment Sale Agreement and/or extend the original term of this Second Installment Sale Agreement, as permitted by law, to protect the Owners' originally anticipated after tax yield from the Closing Date to the final maturity of the Certificates. Such recalculations shall be on the basis that the interest portion of the Certificate payments is subject to (a) federal income tax at the highest marginal corporate tax rate or such other corporate tax rate that is then applicable to the Owners and (b) state and local income tax at the highest marginal corporate tax rate or other similar tax rate as may be applicable in each state or locality, as applicable. In such event, the City authorizes the Owners to correct the Installment Payment schedule set forth in Exhibit B attached hereto (and all related documentation) to reflect such changes, and the Corporation, if requested by the Owners, shall execute an amendment to Exhibit B hereto prepared by the Owners to reflect such changes.

Section 402. Interest Component. A portion of each Installment Payment is paid as, and represents payment of, interest. The interest component of each Installment Payment is set forth in Exhibit B.

Section 403. Payment in Lawful Money; No Set-Off. Each Installment Payment shall be paid by the Corporation in lawful money of the United States of America, which at the time of payment is legal tender for the payment of public and private debts, to the Owner. So long as Umpqua Bank is the Owner, and notwithstanding any provision in the Trust Agreement or this Second Installment Sale Agreement to the contrary, all payments of principal of and any interest on any Certificate registered in the name of the Original Purchaser shall be made to the Original Purchaser directly by the Corporation by electronic wire transfer in immediately available funds directly for credit to the ABA routing number and account number filed by the Original Purchaser with the Trustee and the Corporation on the Closing Date, and without payment by the Corporation to the Trustee (without any presentment of such Certificate, except upon payment of the final installment of principal, and without any notation of such payment being made thereon).

Any subsequent Owner shall provide its ABA routing number and account number to the Corporation and such account shall be used in place of the account provided by the Original Purchaser.

Interest with respect to any such Installment Payment which shall not be paid on the Payment Date to which such Installment Payment pertains shall be payable at the rates reflected by the interest component of Installment Payments from said Payment Date until the same shall be paid. Notwithstanding any dispute between the Corporation and the City, the Corporation shall make or cause to be made each and all Installment Payments when due and shall not withhold or permit to be withheld any Installment Payments pending the final resolution of such dispute nor shall the Corporation assert nor permit to be asserted any right of set-off or counter-claim against the obligation to make Installment Payments as set forth herein. The Corporation hereby agrees to perform all of its obligations, covenants and agreements hereunder without notice or demand. Nothing in this Second Installment Sale Agreement shall be construed as a waiver by the Corporation of any right or claim the Corporation may have against the City or its assignee under this Second Installment Sale Agreement or otherwise, but any recovery resulting from such right or claim shall be had from the City or its assignee separately, it being the intent of this Second Installment Sale Agreement that the Corporation be unconditionally and absolutely obligated to perform fully all of its obligations, agreements and covenants under this Second Installment Sale Agreement.

Section 404. Prepayment.

(a) The Installment Payments payable on or before December 1, ____, are not subject to prepayment.

(b) Subject to the terms and conditions of this Section 404 the City hereby grants an option to the Corporation to prepay the principal component of Installment Payments payable after December 1, ____, in whole on any Payment Date, at prepayment prices corresponding to the redemption prices of the Certificates as set forth in the Trust Agreement.

Said option shall be exercised by the Corporation by giving written notice to the City, the Owner and the Trustee of the exercise of such option at least forty-five (45) days prior to said prepayment date.

(c) The City hereby grants an option to the Corporation to prepay the principal component of Installment Payments in whole on any date, or in part on any Payment Date, from net proceeds of insurance or condemnation awards received with respect to the Facilities and not used for repair, restoration or replacement, at a prepayment price of the principal amount to be prepaid, plus accrued interest to the prepayment date, without premium.

(d) In the event of prepayment of Installment Payments in part pursuant to subsection (c) above, the partial prepayment shall be applied by the City or its assignee against the principal component of Installment Payments in inverse order of their Payment Dates, and the Corporation shall prepare or cause to be prepared an amended Exhibit B setting forth the revised schedule of Installment Payments reflecting said partial prepayment. For the avoidance of doubt, no interest component shall be due in connection with Installment Payments for which the principal component was prepaid other than accrued interest to the payment date.

Section 405. Advance Security Deposit. Notwithstanding any other provision of this Second Installment Sale Agreement, the Corporation may, on any date, secure the payment of all or a portion of the Installment Payments by a deposit with the Trustee, as escrow holder under an escrow deposit and trust agreement as referenced in Section 902 of the Trust Agreement, of: (a) in the case of a security deposit relating to all Installment Payments, either (i) an amount which, together with amounts on deposit in the Trust Fund and the accounts therein and in the Redemption Fund, is sufficient to pay all unpaid Installment Payments, including the principal and interest components thereof, in accordance with the Installment Payment schedule set forth in Exhibit B as then applicable, or (ii) non-callable Federal Securities, together

with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon, without reinvestment thereof, and, if required, all or a portion of moneys or Federal Securities then on deposit and interest earnings thereon in the Trust Fund and the accounts therein, be fully sufficient to pay all unpaid Installment Payments on their Payment Dates; or (b) in the case of a security deposit relating to a portion of the Installment Payments both (i) a Written Certificate executed by an Authorized Representative of the Corporation designating the portion of the Installment Payments to which the deposit pertains, and (ii) non-callable Federal Securities, together with cash, if required, in such amount as will, together with amounts, if any, available to be released from the Trust Agreement (which availability shall be based upon an opinion of counsel whose opinions are customarily accepted in the marketing of tax-exempt securities to the effect that such release of moneys will not adversely affect the tax exemption for federal income tax purposes of the interest component of the Installment Payments) in the opinion of an independent certified public accountant, together with interest to accrue thereon, be fully sufficient to pay the portion of the Installment Payments designated in the aforesaid Authorized Representative's Written Certificate.

In the event of a deposit pursuant to this Section 405 as to all Installment Payments, all obligations of the Corporation under this Second Installment Sale Agreement, and all security provided by this Second Installment Sale Agreement for said obligations, including but not limited to all rights and interest provided pursuant to the First Assignment Agreement, shall cease and terminate, excepting only the obligation of the Corporation to make, or cause to be made, Installment Payments from the deposit made by the Corporation pursuant to this Section 405 and the obligation of the Corporation pursuant to Section 530 hereof. Said deposit shall be deemed to be and shall constitute a special fund for the payment of Installment Payments in accordance with the provisions of this Second Installment Sale Agreement. Upon said deposit the City or its assignee will execute or cause to be executed a reconveyance of any and all documents as may be necessary to evidence the release of security provided for hereby and to confirm title to the Facilities in the Corporation.

Section 406. Obligations of the Corporation Unconditional; Net Contract. The obligations of the Corporation to make the Installment Payments required hereunder and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, and shall not be abated, rebated, set-off, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner or to any extent whatsoever, while any Installment Payments remain unpaid, regardless of any contingency, act of God, event or cause whatsoever, including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Facilities, commercial frustration of purpose, any change in the laws of the United States of America or of the State or any political subdivision of either or in the rules or regulations of any governmental authority, or any failure of the City or the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Second Installment Sale Agreement, the First Installment Sale Agreement, the First Assignment Agreement, the Second Assignment Agreement or the Trust Agreement. This Second Installment Sale Agreement shall be deemed and construed to be a "net contract," and the Corporation shall pay absolutely net the Installment Payments and all other payments required hereunder, regardless of any rights of set-off, recoupment, abatement or counterclaim that the Corporation might otherwise have against the City or the Trustee or any other party or parties.

Section 407. Deed of Trust.

(a) In order to further secure the payment and performance of all obligations of the Corporation under this Second Installment Sale Agreement, the Corporation agrees to execute

and deliver the Deed of Trust and such other deed of trust as may be necessary from time to time to grant the Trustee a first priority lien upon the Pledged Property. The Corporation hereby covenants and agrees to grant, concurrently with the delivery of the Certificates, a lien on the Pledged Property pursuant to the Deed of Trust; provided that the lien of such Deed of Trust will be subject to Permitted Encumbrances. The Corporation hereby covenants and agrees that, simultaneously with the delivery of the Certificates, the Corporation will deliver to the Trustee a mortgagee title insurance policy on the Pledged Property in an amount equal to the aggregate outstanding principal amount of the Certificates.

(b) The Corporation hereby represents and warrants that (i) each portion of the Pledged Property is an essential asset of the Corporation, and (ii) if any portion of the Pledged Property is vacated in compliance with Section 519 hereof, the Corporation shall replace such portion of the Pledged Property with a similar property of equal or greater value as portion of the Pledged Property and shall be responsible for all costs related to such substitution, including, but not limited to, reasonable attorney fees of the Original Purchaser.

ARTICLE V

COVENANTS

Section 501. Right of Access to the Facilities. The Corporation agrees that during the term of this Second Installment Sale Agreement the City, the Trustee and the Original Purchaser and the duly authorized agents of any of them, shall have the right (but not the duty) at all reasonable times during normal business hours to enter, examine and inspect the Facilities. The rights of access hereby reserved to the City, the Trustee and the Original Purchaser and their respective authorized agents may be exercised only after the party seeking such access shall have given reasonable advance notice and executed release of liability (which release shall not limit any of the Corporation's obligations hereunder) agreements if requested by the Corporation in the form then currently used by the Corporation.

Section 502. Corporation's Maintenance of Its Existence; Consolidation, Merger, Sale or Transfer Under Certain Conditions.

(a) The Corporation agrees that during the term of this Second Installment Sale Agreement and so long as any Certificate is Outstanding, it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into another corporation or permit one or more corporations to consolidate with or merge into it; provided, that the Corporation may, without violating the agreements contained in this Section 502, consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it, or sell or otherwise transfer to another corporation or an agency of the State all or substantially all of its assets as an entirety and thereafter dissolve, so long as, following such consolidation or merger, based upon the most recent audited financial statements of the Corporation and such other entity, combined Net Revenues Available for Debt Service shall be at least 1.50 times combined Annual Debt Service (including any debt service that has been incurred since the date of the audited financial statements and any debt service related to the consolidation or merger) and combined Days Cash on Hand shall be at least 50 or such lesser coverage ratio or Days Cash on Hand with the prior written consent of the Original Purchaser; provided, that in the event the Corporation is not the surviving, resulting or transferee corporation, as the case may be, that the surviving, resulting corporation, or the transferee of all or substantially all of the Corporation's assets (i) is a corporation (1) organized under the laws of the United States or any state, district or territory thereof; (2) is qualified to do business in the State; and (3) is an organization described in Section 501(c)(3) of the Code, or a corresponding provision of the federal income tax laws then in effect; and (ii) assumes in writing all of the obligations of the Corporation under this Second Installment Sale Agreement. Notwithstanding the foregoing, as a condition precedent to any consolidation, merger, sale or other transfer, the Trustee, the City and the Original Purchaser shall receive (A) an Opinion of Special Counsel to the effect that such merger, consolidation, sale or other transfer will not in and of itself affect the Tax-Exempt status of interest on the Certificates and (B) an Opinion of Counsel reasonably acceptable to the City to the effect that after such merger, consolidation, sale or other transfer, this Second Installment Sale Agreement is a valid and binding obligation of the surviving, resulting or transferee corporation, enforceable according to its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, or by the application of equitable principles if equitable remedies are sought, and the security interest created in this Second Installment Sale Agreement will not be adversely affected by such sale or other transfer.

Notwithstanding any other provision of this Section 502(a), the Corporation need not comply with any of the provisions of the first paragraph of this Section 502(a) if, at the time of

any transaction not satisfying the terms of the first paragraph of this Section 502(a), provision for the payment of all Outstanding Certificates will be made as provided in Article VIII of the Trust Agreement.

(b) If a merger, consolidation, sale or other transfer is effected, as provided in this Section 502, the provisions of this Section 502 shall continue in full force and effect and no further merger, consolidation, sale or transfer shall be effected except in accordance with the provisions of this Section 502.

(c) Another entity may also agree to become a co-obligor and jointly and severally liable with the Corporation (without the necessity of merger, consolidation or transfer of assets) under this Second Installment Sale Agreement if the foregoing provisions are satisfied. In such event, references in this Second Installment Sale Agreement to indebtedness of the Corporation shall apply to the combined indebtedness of the Corporation and such other entity, references to the financial condition or results of operation of the Corporation shall apply to the combined financial condition and results of operation of the Corporation and such other entity, and the Corporation and such other entity shall be considered to be the Corporation for all purposes of this Second Installment Sale Agreement.

Section 503. Records and Financial Statements of Corporation and Reporting of Other Information. The Corporation will furnish the following to the City, the Original Purchaser and the Trustee, as specified below, so long as any Certificates remain Outstanding:

(a) its audited financial statements certified by an independent public accountant selected by the Corporation as of the end of each of its fiscal years, as soon as accepted by its Board, or the Finance or Executive Committee, or equivalent, thereof, but in any event within 150 days after the end thereof, together with a certificate of the Corporation that no Event of Default is then existing and that the representations and warranties of the Corporation set forth in the Financing Documents are then true and correct;

(b) as soon as possible and in any event within thirty (30) days after the Corporation knows or has reason to know that any event, which would constitute a Reportable Event (as defined in ERISA) with respect to any ERISA Plan, has occurred, or that the PBGC (as that term is defined in Section 15(c) of ERISA) or the Corporation has instituted or will institute proceedings under Title IV of ERISA to terminate any ERISA Plan, a certificate of the chief financial officer of the Corporation setting forth details as to such Reportable Event and the action which the Corporation proposes to take with respect thereto, together with a copy of any notice of such Reportable Event which may be required to be filed with the PBGC, or any notice delivered by the PBGC evidencing its intent to institute such proceedings or any notice to the PBGC that any ERISA Plan is to be terminated, as the case may be. For all purposes of this covenant, the Corporation will be deemed to have all knowledge or knowledge of all facts attributable to the ERISA Plan administrator. The Corporation will furnish the City and the Trustee (or cause the ERISA Plan administrator to furnish the City and the Trustee) with the annual report for each ERISA Plan covered by Title IV and filed with the Internal Revenue Service not later than ten (10) days after such report has been filed with the PBGC;

(c) unaudited interim financial statements as available, but at least quarterly, within 30 days of their availability;

(d) the Corporation's annual budget within 45 days of adoption;

(e) immediate notice of any event occurring that materially impacts the Corporation's financial position, including, but not limited to, notice of any threatened termination of any accreditation material to the activities of the Corporation or the commencement of any litigation

or other governmental or judicial proceeding in which an outcome adverse to the Corporation could result in a judgment in excess of available insurance coverage or otherwise have a material adverse effect on the operations or financial condition of the Corporation, and any other event which reasonably could be expected to have a material adverse effect on the operations or financial condition of the Corporation, within five (5) Business Days after the Corporation has knowledge of such threatened termination, the commencement of such litigation or proceeding or the occurrence of such other event;

(f) Fifteen days prior written notice of new Indebtedness with calculations and certifications, including certifications of covenant compliance or an estimate if actual data is not yet available; and

(g) Upon the request of the City, the Original Purchaser or the Trustee, the Corporation shall promptly furnish such other information regarding the financial position, results of operations, business or prospects of the Corporation as such party may reasonably request from time to time.

Section 504. Maintenance and Repair; Taxes, Utility and Other Charges. The Corporation agrees to maintain, or cause to be maintained, the Facilities (i) in as reasonably safe condition as its operations shall permit and (ii) in good repair and in good operating condition, ordinary wear and tear excepted, making from time to time all necessary repairs thereto and renewals and replacements thereof.

The Corporation agrees that as between the City and the Corporation, the Corporation will pay or cause to be paid all taxes and governmental charges of any kind lawfully assessed or levied upon the Facilities or any part thereof, all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Facilities and all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Facilities, provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Corporation, to the extent described above, shall be obligated to pay or cause to be paid only such installments as are required to be paid during the term of this Second Installment Sale Agreement. The Corporation may, at the Corporation's expense and in the Corporation's name, in good faith, contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during that period of such contest and any appeal therefrom unless by such nonpayment the Facilities or any part thereof will be subject to loss or forfeiture.

Section 505. Qualification in California. The Corporation agrees that throughout the term of this Second Installment Sale Agreement it, or any successor or assignee as permitted by Section 502, will be qualified to do business in the State.

Section 506. Tax-Exempt Status of Interest with Respect to the Certificates.

(a) It is the intention of the parties hereto that interest with respect to the Certificates shall be and remain Tax-Exempt, and to that end the covenants and agreements of the City and the Corporation in this Section 506 and the Tax Agreement are for the benefit of the Trustee and each and every Person who at any time will be an Owner of Certificates.

(b) Each of the Corporation and the City covenants and agrees that it will not directly or indirectly use or permit the use of any proceeds of the Certificates or other funds, or take or omit to take any action that will cause any Certificate to be an "arbitrage bond" within the meaning of Section 148 of the Code. Each of the Corporation and the City further covenants and agrees that it will not direct the Trustee to invest any funds held by it under the Trust

Agreement or this Second Installment Sale Agreement, in such manner as would, or enter into or allow any related person to enter into any arrangement (formal or informal) that would, cause any Certificate to be an "arbitrage bond" within the meaning of Section 148(a) of the Code. To such ends with respect to the Certificates, the City and the Corporation will comply with all requirements of Section 148 of the Code to the extent applicable to the Certificates. In the event that at any time the City or the Corporation is of the opinion that for purposes of this Section 5.6(b) it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under this Second Installment Sale Agreement or the Trust Agreement, the City or the Corporation shall so instruct the Trustee in writing and the Trustee shall comply with such written instructions.

Without limiting the generality of the foregoing, the Corporation and the City agree that there shall be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any applicable Treasury Regulations. This covenant shall survive payment in full of the Certificates or provision for the payment of the Certificates in accordance with the Trust Agreement. The Corporation specifically covenants to calculate or cause to be calculated and to pay or cause to be paid for and on behalf of the City to the United States of America at the times and in the amounts determined under Section 407 of the Trust Agreement the Rebate Requirement as described in the Tax Agreement, and under no circumstance shall payment of the Rebate Requirement be the obligation of the City.

(c) The City certifies, represents and agrees that it has not taken, and will not take, any action which will cause interest paid on the Certificates to become includable in gross income of the Owners of the Certificates for federal income tax purposes pursuant to Sections 103 and 141 through 150 of the Code; and the Corporation certifies and represents that it has not taken or, to the extent within its control, permitted to be taken, and the Corporation covenants and agrees that it will not take or, to the extent within its control, permit to be taken any action which will cause the interest on the Certificates to become includable in gross income of the Owners of the Certificates for federal income tax purposes pursuant to such provisions of the Code. The Corporation acknowledges having read Section 407 of the Trust Agreement and agrees to perform all duties imposed on it by such Section, by this Section and by the Tax Agreement. Insofar as Section 407 of the Trust Agreement and the Tax Agreement impose duties and responsibilities on the Corporation, they are specifically incorporated herein by reference.

(d) Notwithstanding any provision of this Section 506, Section 407 of the Trust Agreement or any provision of the Tax Agreement, if the Corporation shall provide to the City and the Trustee an Opinion of Bond Counsel that any specified action required under this Section 506, Section 407 of the Trust Agreement or any provision of the Tax Agreement is no longer required or that some further or different action is required to maintain the Tax-Exempt status of interest on the Certificates, the Corporation, the Trustee, the Original Purchaser and the City may conclusively rely on such opinion in complying with the requirements of this Section 506, Section 407 of the Trust Agreement and the provisions of the Tax Agreement; and the covenants contained in this Section 506, Section 407 of the Trust Agreement and the Tax Agreement shall be deemed to be modified to that extent.

Section 507. Deposit Relationship. The Corporation agrees that, within 90 days of the Closing Date, it will deposit and maintain deposited with the Original Purchaser a minimum amount of \$1,500,000, to be invested at the direction of the Corporation in any type of account offered by the Original Purchaser in the normal course of business, including but not limited to checking, savings, money market accounts and certificates of deposit (excluding CDARS). If the funds are deposited into an interest-bearing account, such account shall pay interest at the comparable market rate. If, at any time prior to the maturity date of the Certificates, the depository relationship is terminated or falls below 20% of the outstanding principal amount of the Certificates, the interest rate on the Certificates will be increased by 0.25 % to ____ %.

Section 508. Insurance. So long as any Certificates remain Outstanding:

(a) The Corporation covenants and agrees that it will keep (or cause to be kept) insurance against any casualty loss or damage to any structure constituting any part of the Facilities, including losses caused by fire and lightning with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by terrorism, explosion, windstorm, riot, terrorism, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. All insurance provided pursuant to this subsection shall be in an amount equal to the greater of: (i) one hundred percent (100%) of the replacement cost (without deduction for depreciation) of all buildings, structures and fixtures constituting any part of the Facilities, or (ii) the principal amount of the Certificates then remaining unpaid (except that casualty insurance may be subject to deductible clauses of not to exceed \$100,000). Each requirement of this Section 508 shall apply to the extent that the requisite coverage actually exists in the marketplace.

(b) The Corporation covenants and agrees to procure and maintain at all times such other insurance on the Facilities and all operations thereon (including, without limitation, liability insurance, business interruption insurance, professional liability insurance, and Director's and Officers' omissions coverage of the types and in the amounts reviewed and recommended by the independent insurance consultant described below and acceptable to the Original Purchaser; provided, however, the Corporation shall not be required to obtain earthquake insurance with respect to the Facilities if such insurance cannot be obtained at commercially reasonable rates. The amount of business interruption insurance shall be based on the Corporation's budgeted revenues and debt service requirements.

(c) Self-insurance may be maintained by the Corporation in lieu of purchasing an insurance policy for liability if:

(i) The Corporation is required under the self-insurance program to deposit and maintain in a separate trust account, established for such purpose with a financial institution having trust powers, money in an amount sufficient, in the opinion of an independent consulting actuary, to pay claims up to the amount of the Corporation's retained liability and to pay anticipated claims expense; and

(ii) The self-insurance plan is reviewed at least annually by an independent consulting actuary to determine the required amount of additional deposits into the trust or those amounts which the Corporation may withdraw from the trust and that a copy of the consulting actuary's annual review shall be filed with the City (if requested by the City) and the Trustee; and

(iii) The Corporation has received a report from its consulting actuary concerning the program, including the Corporation's obligation to deposit money into the trust as required and such report has been filed with the City (if requested by the City) and the Trustee; the actuary must be a fellow in the Society of Actuaries; and

(iv) The program provides for the administration and payment of claims to the extent of the Corporation's retained liability; and

(v) The program requires that the Corporation purchase and maintain in effect excess coverage sufficient in amount so that the Corporation's retained liability and other excess coverage equals the minimum amount of coverage required hereof for the type of coverage as to which the Corporation intends to act or is acting as a self-insurer.

(d) The Corporation shall review the insurance requirements of the Corporation with respect to the Facilities from time to time (but not less frequently than once every year). If such review indicates that the Corporation should increase any of the coverage required by this Section 508, the Corporation shall review such recommendation with the governing body of the Corporation and shall, increase such coverage; provided, however, that such coverage is available from reputable insurance companies.

(e) The Corporation covenants that it will use its best efforts to apply for any grants, loans or other relief available from the State or federal government to obtain amounts necessary to rebuild any portion of the Facilities destroyed or damaged in connection with an uninsured or underinsured calamity causing destruction or damage; provided, however, that the Corporation shall not be required to accept such amounts if doing so would jeopardize the integrity of the Corporation's programs.

(f) All insurance shall be reviewed and recommended, by an independent insurance consultant at least once every other year, to confirm amounts and coverage of risks as is customarily maintained by other corporations in connection with the ownership and operation of facilities of similar character and size of the Facilities. The independent consultant shall prepare a report, addressed to the Original Purchaser and the Trustee summarizing its conclusions with respect to insurance required hereunder.

(g) To the extent that the Corporation obtains insurance coverage in the form of insurance policies issued by insurance companies, each such insurance policy maintained by the Corporation shall be carried by stock, reciprocal or mutual insurance companies authorized to do business (or subject to service of process) in the State which are financially responsible and capable of fulfilling the requirements of such policies; provided, however, such policies shall be provided by carriers rated at least "A" by S&P or "Excellent (A or A-)" (by A.M. Best Company, Inc. (or, to the extent approved by the Original Purchaser, an equivalent rating by a recognized equivalent rating service if A.M. Best Company, Inc. is no longer issuing such report); and the Original Purchaser agrees to accept the Corporation's current insurance carriers meeting such ratings.

(h) All such policies with respect to the Pledged Property shall name the Corporation, the Trustee and the Original Purchaser as insured parties, beneficiaries or loss payees as their interests may appear. Each policy shall be in such form and contain such provisions as are generally considered standard for the type of insurance involved and shall contain a provision to the effect that the insurer shall not cancel or substantially modify the policy provisions without first giving thirty days' prior written notice thereof to the Corporation, the Trustee and the Original Purchaser. In lieu of separate policies, the Corporation may maintain blanket policies which cover any one or more risks required to be insured against so long as the minimum coverage required herein are met. The general liability insurance policies shall be endorsed to show the Original Purchaser as additional insured.

(i) Annually within one hundred fifty (150) days after the end of each Fiscal Year, the Corporation shall file with the Trustee and the Original Purchaser a Statement setting forth the policies of insurance maintained pursuant to this Second Installment Sale Agreement, the names of the insurers and insured parties, the amounts of such insurance and applicable deductibles, the risks covered thereby and the expiration dates thereof and that the insurance requirements hereof have been complied with. The Trustee may conclusively reply upon such certification. All insurance policies required by this Second Installment Sale Agreement, or ACORD 25 certificates of the insurers (or equivalent) that such insurance is in full force and effect, shall be deposited with the Trustee and the Original Purchaser (together with receipts indicating that premiums are being paid on an annual or more frequent basis in accordance with the terms of each such policy) and, prior to expiration of any such policy, the Corporation

shall furnish to the Original Purchaser satisfactory evidence that such policy has been renewed or replaced or is no longer required by the financing documents. All policies evidencing such required insurance shall provide for prior written notice to the Corporation, the Trustee and the Original Purchaser of any cancellation, reduction in amount or material change in coverage.

(j) The Corporation shall at all times also maintain worker's compensation coverage as required by the laws of the State.

Section 509. Investments. The Corporation, by written request, may direct the investment by the Trustee of moneys in the funds and accounts established pursuant to the Trust Agreement, subject to the limitations set forth in Section 407 of the Trust Agreement. The Corporation covenants that it will not direct the Trustee to make any investments and itself will not make any investments of the proceeds of the Certificates, or any other funds in any way pledged to the security of or reasonably expected to be used to pay the Certificates, which would cause any of the Certificates to be "arbitrage Certificates" subject to federal income taxation by reason of Section 103(b)(2) of the Code. The Corporation shall not purchase any obligations of the City, pursuant to an arrangement, formal or informal, in an amount related to the amount of the loans made to the Corporation under this Second Installment Sale Agreement. Nothing in this Section shall prohibit the Corporation from receiving Certificates by gift, bequest or devise or from purchasing Certificates in the secondary market other than pursuant to an arrangement related to the loan made hereby.

Section 510. Compliance with Laws. The Corporation will comply in all material respects with all laws, statutes, ordinances, regulations, covenants, conditions and restrictions now or hereafter affecting the Corporation or its operations, and it will not commit, suffer or permit any act to be done in violation of any law, ordinance or regulation, except, in each case, where such noncompliance or act would not have a material adverse effect upon the Corporation's assets, operations or financial condition or upon the Certificates.

Section 511. Prohibited Uses. No portion of the proceeds of the Certificates shall be used to finance or refinance any facility, place or building to be used (1) for sectarian instruction or study or as a place for devotional activities or religious worship for the useful life of the Facilities or (2) by a person that is not an organization described in Section 501(c)(3) of the Code or a Governmental Unit or by an organization described in Section 501(c)(3) of the Code (including the Corporation) in an "unrelated trade or business" (as set forth in Section 513(a) of the Code), in such a manner or to such extent as would result in any of the Certificates being treated as an obligation not described in Section 103(a) of the Code.

Section 512. ERISA. The Corporation will not, so long as any Certificates are Outstanding, with respect to any ERISA Plan:

(a) incur any "accumulated funding deficiency," as such term is defined in Section 412 of the Code, whether or not waived, if the amount of such accumulated funding deficiency, plus any accumulated funding deficiencies previously incurred with respect to such ERISA Plan and not eliminated, would aggregate more than \$100,000; provided that the incurring of such an accumulated funding deficiency will not be an "event of default" under Section 7.1 hereof if it is reduced below \$100,000 or eliminated within ninety (90) days after the date upon which the Corporation becomes aware of such accumulated funding deficiency; or

(b) terminate any such ERISA Plan in a manner which could result in the imposition of a material lien on the property of the Corporation pursuant to Section 4068 of ERISA and which could materially adversely affect the business, earnings, properties or financial condition of the Corporation; or

(c) withdraw from a Multiemployer Pension Plan in a “complete withdrawal,” or a “partial withdrawal” as defined in Sections 4203(a) and 4205(a), respectively, of ERISA, if such withdrawal could materially adversely affect the Corporation’s ability to comply at any time with any of the provisions of this Second Installment Sale Agreement.

(d) The Corporation will:

(i) fund all current and past service pension liabilities under the provisions of all ERISA Plans such that if all such ERISA Plans were terminated at the same time by the Corporation any liens imposed on the Corporation under Section 4068 of ERISA would not be in an amount in the aggregate which would materially affect the Corporation’s ability to, comply at any time with any of the provisions of this Second Installment Sale Agreement; and

(ii) otherwise comply in all material respects with the provisions applicable to its ERISA Plans contained in ERISA, the Code and the regulations published thereunder; and

(iii) notify the City promptly in writing after the Corporation knows or has reason to know (i) of the happening of any material Reportable Event with respect to any ERISA Plan and, in any event, at least five (5) days prior to any notification of such material Reportable Event given to the PBGC pursuant to the terms of Section 4043 or (ii) of an assessment against the Corporation or any Common Control Entity of any withdrawal liability to a Multiemployer Pension Plan. Notwithstanding anything herein to the contrary, the Corporation need not notify the Trustee or the City of such material Reportable Event or withdrawal liability unless it might materially adversely affect the business, prospects, earnings, properties or condition (financial or otherwise) of the Corporation.

(iv) For purposes of this paragraph and the representations and warranties of the Corporation contained in Paragraph (o) of Section 207, the following terms shall have the following meanings. The term “Multiemployer Plan” has the meaning set forth in Section 4001(a)(3) of ERISA and all rules and regulations promulgated from time to time thereunder. The term “Common Control Entity” means any entity which is a member of a “controlled group of corporations” with, or is under “common control” with, the Corporation as defined in Section 4144(b) or (c) of the Code. The term “PBGC” means the Pension Benefit Guaranty Corporation.

Section 513. Rates and Charges; Debt Service Coverage; Days Cash on Hand. The Corporation covenants and agrees to comply with the requirements of Subsection (a) and (b) of this Section 513.

(a) (i) The Corporation covenants and agrees to operate the Facilities such that its operations are reasonably projected in each Fiscal Year to provide Net Revenues Available for Debt Service at least equal to 1.25 times Annual Debt Service.

(ii) Within 150 days after the end of each Fiscal Year, the Corporation shall compute, or cause to be computed, Net Revenues Available for Debt Service, Annual Debt Service and the ratio thereof for such Fiscal Year and promptly furnish to the Trustee and the Original Purchaser a Certificate setting forth the results of such computations.

(b) The Corporation shall maintain, as of the end of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2017, at least forty-five (45) Days Cash on Hand, as shown on the

Corporation's audited financial statements for such Fiscal Year. For purposes of this requirement, "Days Cash on Hand" shall mean, for any Fiscal Year, the quotient obtained by dividing (1) the Corporation's cash and cash equivalents (including board designated funds and funded depreciation, but excluding proceeds of Short-Term Indebtedness) as of the end of such Fiscal Year by (2) the quotient of dividing (a) the Corporation's operating expenses (excluding depreciation, amortization, allowance for bad debts, and any other noncash expenses) for such Fiscal Year by (b) the number of days in such Fiscal Year.

The Corporation further covenants and agrees that if, at the end of such Fiscal Year, (i) Net Revenues Available for Debt Service shall be less than 1.25 times Annual Debt Service for such Fiscal Year, or (ii) the Days Cash on Hand shall have been less than 45, it will promptly employ a Consultant to make recommendations as to a revision of the methods of operation of the Corporation which will result in producing (x) Net Revenues Available for Debt Service at least equal to 1.25 times Annual Debt Service in the current Fiscal Year, and (y) at least 65 Days Cash on Hand in the current Fiscal Year. Copies of the recommendations of the Consultant shall be filed with the City, the Trustee and the Original Purchaser. The Corporation shall, to the extent feasible, promptly upon its receipt of such recommendations, subject to applicable requirements or restrictions imposed by law, revise its methods of operation or collections and shall take such other action as shall be in conformity with such recommendations.

If the Corporation complies in all material respects with the reasonable recommendations of the Consultant in respect to said rates, fees, charges and methods of operation or collection for two consecutive years, the Corporation will be deemed to have complied with the covenants contained in this 513 for such Fiscal Year, notwithstanding that Net Revenues Available for Debt Service shall be less than 1.25 times Annual Debt Service or the Days Cash on Hand shall be less than 45; provided, that (1) this sentence shall not be construed as in any way excusing the Corporation from taking any action or performing any duty required under this Second Installment Sale Agreement or be construed as constituting a waiver of any other event of default under this Second Installment Sale Agreement and (2) Net Revenues Available for Debt Service shall be at least equal to 1.0 times Annual Debt Service for such Fiscal Year.

Section 514. Limitation on Indebtedness. The Corporation covenants and agrees that it will not incur any additional Indebtedness; provided, however, the Corporation may incur:

(a) Parity Debt, provided that (i) for the most recent fiscal year for which an audit is available, as evidenced by a certificate of an independent certified public accountant, the Corporation had Net Revenues Available for Debt Service at least equal to 1.35 times Maximum Annual Debt Service on all outstanding and proposed debt, (ii) the trustee for such Parity Debt is the Trustee, (iii) such Parity Debt shall have the same principal and interest payment dates as the Certificates or payments shall be made to the Trustee on the same dates as principal and interest payment dates as the Certificates, and (iv) no default shall have occurred and be continuing under this Second Installment Sale Agreement or under any agreement providing for the issuance of Parity Debt.

(b) Parity Debt which does not meet the requirements of clause (i) of subsection (a) of this Section 514 incurred for the purpose of refunding any Outstanding Parity Debt so as to render it no longer Outstanding provided that Maximum Annual Debt Service on such refunding Indebtedness, does not exceed Maximum Annual Debt Service on the refunded Indebtedness.

(c) Completion Indebtedness, with the consent of the Original Purchaser, in an amount not greater than 15% of the Indebtedness incurred to finance the project to be completed otherwise not requiring the compliance with any specific other incurrence test.

(d) Short-Term Indebtedness (i) incurred pursuant to subsection (a) of this Section 514 or (ii) there is delivered to the Trustee a Certificate of the Corporation certifying that (A) the total amount of such Short-Term Indebtedness does not exceed 20% of Total Revenues of the Corporation for the most recent Fiscal Year for which audited financial statements are available; and (B) in every Fiscal Year, there shall be at least a thirty (30) day period when the balance of such Short-Term Indebtedness is reduced to zero.

(e) Liabilities (other than for borrowed money, rents payable under lease agreements and operating leases) incurred in the regular course of operations of the Corporation.

(f) Reimbursement and other obligations arising under reimbursement agreements relating to letters of credit or similar credit facilities used to secure Indebtedness.

(g) Subordinate Indebtedness and purchase money security indebtedness, without limitation, except as set forth in subsections (a)(i) and (a)(ii) above.

(h) Personal property/equipment financing as stated in paragraph (xii) of the definition of Permitted Encumbrances.

(i) Other Indebtedness approved in writing by the Original Purchaser.

Section 515. Gross Revenue Pledge. In consideration of the execution and delivery of the Certificates and to secure the payment of the Installment Payments and Additional Payments and the performance of the other obligations of the Corporation hereunder, the Corporation does hereby pledge and grant a security interest, to the extent permitted by law, to the City in all Gross Revenues and the proceeds thereof, to secure the obligations of the Corporation under this Second Installment Sale Agreement. The Corporation agrees that, as long as any of the Certificates remain Outstanding or any Additional Payments remain unpaid, all of the Gross Revenues shall be deposited as soon as practicable upon receipt in a fund designated as the "Gross Revenue Fund" in an account or accounts at such banking institution or institutions as the Corporation shall from time to time designate in writing to the Trustee for such purpose (herein called the "Depository Bank(s)"). Subject to the provisions of this Second Installment Sale Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein, the Corporation hereby pledges, and to the extent permitted by law grants a security interest to the Original Purchaser and the Trustee, as assignee of the City (for the benefit of the Owners and the holders of any Parity Debt, as and to the extent set forth in this Section), in the Gross Revenue Fund and all of the Gross Revenues to secure the payment of the Installment Payments and Additional Payments and the performance by the Corporation of its other obligations under this Second Installment Sale Agreement and the payment and performance of all obligations of the Corporation under any Parity Debt agreements. The Corporation agrees to execute and deliver such control agreements and other documents and instruments, and to take any other action as may be necessary or reasonably requested by the Trustee or the City in order to perfect or maintain as perfected such security interest or give public notice thereof. If at any time when there are Certificates Outstanding, the Corporation shall establish a new depository account with a Depository Bank constituting a part of the Gross Revenue Fund, the Corporation covenants and agrees to notify the Trustee and the Original Purchaser thereof and to cooperate with the Trustee in effecting a first lien on such agreements and other documents and instruments and by taking any other action, as may be necessary or reasonably required by the Trustee or the City in order to perfect or maintain as perfected such security interest or give public notice thereof.

(b) Amounts in the Gross Revenue Fund may be used and withdrawn by the Corporation at any time for any lawful purpose, except as hereinafter provided. In the event

that the Corporation is delinquent for more than one Business Day in the payment or required prepayment of any Installment Payment or any payment with respect to Parity Debt, the Trustee shall notify the City, the Corporation, the Original Purchaser and the Depository Bank(s) of such delinquency, and, unless such Installment Payment or payment with respect to Parity Debt is paid within five (5) days after receipt of such notice, the Corporation shall cause the Depository Bank(s) to transfer the Gross Revenue Fund to the name and credit of the Trustee, as assignee of the City. The Gross Revenue Fund shall remain in the name and to the credit of the Trustee until the amounts on deposit in said fund are sufficient to pay in full (or have been used to pay in full) all Installment Payments in default and payments required with respect to Parity Debt in default and until all other Installment Sale Agreement Defaults and events of default with respect to Parity Debt known to the Trustee shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, whereupon the Gross Revenue Fund (except for the Gross Revenues required to make such payments or cure such defaults) shall be transferred by the Depository Bank(s) automatically back to the name and credit of the Corporation. During any period that the Gross Revenue Fund is held in the name and to the credit of the Trustee, the Trustee shall use and withdraw from time to time amounts in said fund to make Installment Payments, Additional Payments and the other payments required of the Corporation under this Second Installment Sale Agreement or with respect to any Parity Debt as such payments become due (whether by maturity, prepayment, acceleration or otherwise), and, if such amounts shall not be sufficient to pay in full all such payments due on any date, then, first, to the payment of Installment Payments and debt service with respect to Parity Debt, ratably, according to the amounts due respectively for Installment Payments and such Parity Debt debt service, without discrimination or preference, and then to such other payments in the order which the Trustee, in its sole discretion, shall determine to be in the best interests of the holders of the Certificates and such Parity Debt, without discrimination or preference. During any period that the Gross Revenue Fund is held in the name and to the credit of the Trustee, the Corporation shall not be entitled to use or withdraw any of the Gross Revenues unless (and then only to the extent that) the Trustee, in its sole discretion, so directs for the payment of current or past due operating expenses of the Corporation pursuant to a budget prepared by the Corporation; provided, however, that the Corporation shall be entitled to use or withdraw any amounts in the Gross Revenue Fund which do not constitute Gross Revenues. The Corporation shall execute and deliver all instruments as may be required to implement this Section. The Corporation further agrees that a failure to comply with the terms of this Section shall cause irreparable harm to the Owners from time to time of the Certificates and the holders from time to time of Parity Debt, and shall entitle the Trustee, as assignee of the City, with or without notice to the Corporation, to take immediate action to compel the specific performance of the obligations of the Corporation as provided in this Section.

Section 516. Limitation on Encumbrances. The Corporation covenants and agrees that it will not create, assume or suffer to exist any mortgage, deed of trust, pledge, security interest, encumbrance, lien or charge of any kind (including any charge upon property purchased under conditional sales or other title retention agreements) upon the Corporation or the Pledged Property, whether now owned or hereafter acquired ; provided, however, that notwithstanding the foregoing, the Corporation may create, assume or suffer to exist Permitted Encumbrances.

Section 517. Environmental Indemnity.

(a) The Corporation shall not cause or permit the Facilities or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Substances, except in compliance with all applicable Federal, state and local laws or regulations, nor shall the Corporation cause or permit, as a result of any intentional or unintentional act or omission on the part of the Corporation or any tenant or subtenant, a release of Hazardous Substances onto the Facilities. The Corporation shall comply with and

ensure compliance by all tenants and subtenants with all applicable Federal, state and local laws, ordinances, rules and regulations, whenever and by whomever triggered, and shall obtain and comply with, and ensure that all tenants and subtenants obtain and comply with, any and all approvals, registrations or permits required thereunder.

(b) The Corporation shall (i) conduct and complete all investigations, studies, sampling and testing, and all remedial, removal, and other actions necessary to clean up and remove all Hazardous Substances, on, from, or affecting the Facilities (A) in accordance with all applicable Federal, state and local laws, ordinances, rules, regulations, and policies, (B) to the satisfaction of the Trustee, and (C) in accordance with the orders and directives of all Federal, state and local governmental authorities, and (ii) defend, indemnify, and hold harmless the City, the Original Purchaser and the Trustee from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to, (A) the presence, disposal, release, or threatened release of any Hazardous Substances which are on, from, or affecting the soil, water, vegetation, buildings, personal property, persons, animals, or otherwise; (B) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Substances, and/ or (C) any violation of laws, orders, regulations, requirements or demands of government authorities, or any policies or requirements of the mortgage trustee, which are based upon or in any way related to such Hazardous Substances including, without limitation, attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses.

(c) In the event that the Trustee elects to control, operate, sell or otherwise claim property rights in the Facilities, the Corporation shall deliver the Facilities free of any and all Hazardous Substances so that the conditions of the Facilities shall conform with all applicable Federal, state and local laws, ordinances, rules or regulations affecting the Facilities. Prior to any such delivery of the Facilities, the Corporation shall pay the Trustee, from its own funds, any amounts then required to be paid under subsection (ii) above.

(d) The provisions of this Section 517 shall survive any termination of this Second Installment Sale Agreement prior to payment in full of the Certificates.

Section 518. Nondiscrimination. The Corporation herein covenants that this Second Installment Sale Agreement is made and accepted upon and subject to the conditions that there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the Facilities nor shall the Corporation establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the Facilities.

Section 519. Limitation on Disposition of Assets.

(a) The Corporation shall not sell or otherwise dispose of any part of the Facilities, including any facilities or equipment thereon (other than as part of a disposition of assets as permitted by Section 502 hereof) unless:

(i) such assets shall have become inadequate, obsolete, worn out, unsuitable, undesirable, unprofitable or unnecessary to the Corporation, and the sale, removal or other disposition thereof will not, in the opinion of the Corporation, materially impair the structural soundness, efficiency, economic value or revenue generating capacity of the Corporation;

(ii) the proceeds from such sale or other disposition are equal to at least the fair market value of the assets sold or otherwise disposed of and the Corporation either pays the net proceeds of such sale or other disposition to the Trustee for deposit in the optional redemption account to be created in the Trust Fund or utilizes the net proceeds of such sale or other disposition to acquire property that will thereafter constitute Facilities; or

(iii) the aggregate market value of the portions of the Facilities disposed of in any Fiscal Year does not exceed five percent (5%) of the value of the tangible Facilities reflected on the balance sheet of the Corporation, reduced by accumulated depreciation and amortization with respect to such Facilities retained by the Corporation.

(b) Before any disposition of any part of the Facilities in any Fiscal Year in accordance with subsection (a) above, the Corporation shall furnish to the Trustee and the Original Purchaser (A) a certificate of the Corporation stating that such disposition is for a purpose specified in clauses (i) , (ii) or (iii) of subsection (a) of this Section, as appropriate, that no Event of Default under the Trust Agreement or this Second Installment Sale Agreement or default under the Deed of Trust has occurred and is continuing and stating the amount of the net proceeds or other consideration received, if any, from such sale or other disposition, and (B) if applicable, an appraisal of the property to be acquired with the net proceeds or other consideration received from such sale or other disposition, showing that such property is to be acquired at a price not more than its fair market value. Upon receipt of such certificate, appraisal(s) and report, the Trustee shall execute and deliver any releases or other documents reasonably requested by the Corporation in connection with such sale or other disposition.

(c) The Trustee shall also execute and deliver any documents reasonably requested by the Corporation in connection with the sale or other disposition of any part of the Facilities in any Fiscal Year upon receipt of a Statement of the Trustee and the Original Purchaser stating that the parts of the Facilities so sold or disposed of and all other parts of the Facilities sold or otherwise disposed of during the same Fiscal Year do not in the aggregate exceed the limitations set forth in this Section.

Notwithstanding the foregoing, the Corporation may replace any portion of the Facilities that constitutes fixtures if the Corporation substitutes fixtures of equivalent utility and not less than equivalent value and such substituted fixtures are free of any liens or encumbrances including, without limitation, purchase money security interests.

(d) In addition to the foregoing limitations, the Corporation may not sell or otherwise dispose of any of the Pledged Property unless it shall be established to the satisfaction of the Trustee and the Original Purchaser that (i) all consents and approvals of governmental entities, board and other bodies required in connection therewith have been obtained, (ii) the security of the Deed of Trust and the ability of the trustee thereunder to foreclose upon the remaining Pledged Property will not be impaired as a result of the disposition of such property and (iii) the Corporation shall have conveyed to the trustee under the Deed of Trust such rights-of-way, easements and other rights in land as are required for ingress to and egress from the remaining Pledged Property, for the utilization of the facilities located thereon and for utilities required to serve such facilities.

(e) Notwithstanding any other provision of this Second Installment Sale Agreement, no cash, investments and other current assets ("Liquid Assets") may be sold or otherwise disposed of unless (i) fair market value is received in return, or (ii) the total market value of Liquid Assets disposed of in any Fiscal Year does not exceed one percent (1%) of all Liquid Assets of the Corporation.

Section 520. Indemnification.

(a) To the fullest extent permitted by law, the Corporation agrees to indemnify, hold harmless and defend the City, the Trustee, the Original Purchaser and each of its respective past, present and future officers, members, directors, officials, employees, attorneys and agents (collectively, the "Indemnified Parties"), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under or any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

(i) the Certificates, the Trust Agreement, the First Installment Sale Agreement, the Second Installment Sale Agreement, the First Assignment Agreement, the Second Assignment Agreement, the Deed of Trust and the Tax Agreement or the execution or amendment hereof or thereof or in connection with transactions contemplated hereby or thereby, including the execution, sale or resale of the Certificates;

(ii) any act or omission of the Corporation or any of its agents, contractors, servants, employees, tenants or licensees in connection with the Facilities, the operation of the Facilities, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Facilities or any part thereof;

(iii) any lien or charge upon payments by the Corporation to the City and the Trustee hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the City or the Trustee in respect of any portion of the Facilities;

(iv) the defeasance and/or redemption, in whole or in part, of the Certificates;

(v) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in the documents relating to the Certificates, or any omission or alleged omission of any material fact necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(vi) any violation of any Environmental Regulation with respect to, or the release of any Hazardous Substance from, the Pledged Property or any part thereof;

(vii) any declaration of taxability of interest with respect to the Certificates, or allegations that interest with respect to the Certificates is taxable or any regulatory audit or inquiry regarding whether interest with respect to the Certificates is taxable;

(viii) the Trustee's acceptance or administration of the trust of the Trust Agreement, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Certificates to which it is a party;

except (A) in the case of the foregoing indemnification of the Trustee or any of its respective officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the negligence or willful misconduct of such Indemnified Party; or (B) in the case of the foregoing indemnification of the City or any of its officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the willful

misconduct of such Indemnified Party. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Corporation, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Corporation shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Corporation if in the judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

(b) The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses pursuant to any documents relating to the Certificates shall survive the final payment or defeasance of the Certificates and in the case of the Trustee any resignation or removal. The provisions of this Section 520 shall survive the termination of this Second Installment Sale Agreement and the redemption or other payment in full of the Certificates.

Section 521. Waiver of Personal Liability. No officer, agent or employee of the City or any director, officer, agent or employee of the Corporation shall be individually or personally liable for the payment of any principal (or Redemption Price) or interest with respect to the Certificates or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Second Installment Sale Agreement, but nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by this Second Installment Sale Agreement.

Section 522. Obligation to Continue Payments. So long as any Certificates are Outstanding, if (i) the Facilities or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty, or (ii) the temporary use of the Facilities or any portion thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the Corporation shall nevertheless be obligated to continue to pay the Installment Payments and Additional Payments to the extent not prepaid.

Section 523. Disposition of Insurance and Condemnation Proceeds.

(a) All proceeds of the insurance carried pursuant to Section 508(a) hereof (except proceeds of the liability portion, if any, of such insurance), and proceeds of any condemnation awards with respect to the Facilities in excess of \$100,000 shall be paid immediately upon receipt by the Corporation. In the event that the proceeds of any loss or damage to or condemnation of the Facilities shall be less than or equal to \$100,000 the Corporation may retain such proceeds without any formality whatsoever. If the Corporation elects to repair or replace such property, the Corporation shall proceed reasonably promptly to repair or replace such property.

(b) In the event the Corporation shall elect to apply the proceeds to the prepayment of the Installment Payments (and the consequent redemption of Certificates), and not to the repair or replacement of the property damaged, destroyed or taken, the Corporation shall apply such amounts to prepay the Installment Payments (and thereby the Certificates).

ARTICLE VI

DISCLAIMER OF WARRANTIES; ASSIGNMENT; AMENDMENT

Section 601. Disclaimer of Warranties. Neither the City nor its assignee make any warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the Corporation of the Facilities or any portion thereof, or any other representation or warranty with respect to the Facilities, or any portion thereof. In no event shall the City or its assignee be liable for incidental, indirect, special or consequential damages, in connection with this Second Installment Sale Agreement or the existence, furnishing, or functioning of the Facilities, or the Corporation's or any other person's use of the Facilities, except such damages as may arise by reason of the City's breach of this Second Installment Sale Agreement.

Section 602. No Assignment. The Corporation's rights and obligations under this Second Installment Sale Agreement may not be assigned.

Section 603. Amendment. With the prior written consent of the Owners, this Second Installment Sale Agreement may be amended in writing by the parties hereto or by their assignees on their behalf or in their name, provided that no such amendment shall be made unless there is filed with the Trustee and the Owners the opinion of Special Counsel that under existing laws in effect on the date of the opinion, said amendment will not impair the exclusion from gross income for federal income tax purposes of the interest component of Purchase Payments. No amendment hereof which affects the rights, duties or immunities of the Trustee will take effect without the express written consent of the Trustee.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 701. Events of Default Defined. Any one of the following which occurs shall constitute an Event of Default under this Second Installment Sale Agreement:

(a) failure by the Corporation to pay or cause to be paid any amounts required to be paid under Section 401 hereof when due; or

(b) failure of the Corporation to observe and perform any covenant, condition or agreement on its part required to be observed or performed under this Second Installment Sale Agreement, other than making the payments referred to in (a) above, which continues for a period of thirty (30) days after written notice from the Trustee or the City, which notice shall specify such failure and request that it be remedied, unless the City and the Trustee shall agree in writing to an extension of such time period; provided, however, that if the failure stated in the notice cannot be corrected within such period, the City and the Trustee will not unreasonably withhold their consent to an extension of such time period if corrective action is instituted within such period and diligently pursued until the default is corrected; provided, however, that such failure or breach shall be cured within 120 days of such notice; or

(c) any of the representations or warranties of the Corporation made herein or in the application filed with the City in connection with the Certificates was false or incorrect in any material respect when made; or

(d) an Act of Bankruptcy occurs with respect to the Corporation; or

(e) the occurrence of an Event of Default under the First Installment Sale Agreement or the Trust Agreement.

(f) any reportable event (as defined in ERISA) which the Original Purchaser determines in good faith constitutes grounds for the termination of any Plan of the Corporation or for the appointment by the appropriate United States District Court of a trustee to administer or liquidate any such Plan, shall have occurred and be continuing thirty (30) days after written notice to such effect shall have been given to the Corporation by the Purchaser; or any such Plan shall be terminated; or a trustee shall be appointed by the appropriate United States District Court to administer any such Plan; or the PBGC shall institute proceedings to administer or terminate any such Plan; and in the case of any such event the aggregate amount of vested unfunded liabilities under such Plan shall exceed (either singly or in the aggregate in the case of any such liability arising under more than one such Plan) five percent (5%) of the total assets of the Corporation;

(g) the liens provided under the Deed of Trust shall cease at any time to be in effect and fully perfected as to any material part of the Pledged Property;

(h) any final judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes the operation or result of which, individually or in the aggregate, equals or exceed \$250,000, which are not covered in full by insurance, with written acknowledgement of such coverage having been provided by the provider of such insurance coverage to the Original Purchaser shall be entered or filed against the Corporation or against any of its Facilities and remain unpaid, unvacated, unbonded or unstayed for a period of sixty (60) days; or

(i) the Corporation fails to provide the Original Purchaser with any financial information required by Section 503 for a period of sixty (60) days within the dates required thereof.

Section 702. Remedies on Default. (a) Whenever any Event of Default hereunder shall have occurred and shall continue, the City, the Trustee or the Original Purchaser may take whatever action or institute any proceeding, at law or in equity, as may be necessary or desirable for the collection of the payments and other amounts then due, including Installment Payments, and thereafter to become due hereunder or the enforcement of the performance and observance of any obligation, agreement or covenant of the Corporation under this Second Installment Sale Agreement, including but not limited to: (i) instituting and prosecuting to judgment or final decree and enforcing any such judgment or decree against the Corporation and collect in the manner provided by law moneys decreed to be payable; (ii) by injunctive and other equitable relief, to require the Corporation to perform each of its obligations hereunder and to otherwise protect the City's and the Original Purchaser's rights hereunder, and (iii) institute foreclosure proceedings under the Deed of Trust if permitted under the terms thereof.

(b) In case the Trustee or the City shall have proceeded to enforce its rights under this Second Installment Sale Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the City, then, and in every such case, the Corporation, the Trustee and the City shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Corporation, the Trustee and the City shall continue as though no such action had been taken (provided, however, that any settlement of such proceedings duly entered into by the City, the Trustee or the Corporation shall not be disturbed by reason of this provision).

Section 703. Remedies Not Exclusive. No remedy by the terms of this Second Installment Sale Agreement, the Second Assignment Agreement or the Trust Agreement conferred upon or reserved to the Trustee (or to the Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Owners hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right, power or remedy accruing upon any Event of Default shall impair any such right, power or remedy or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every such right, power or remedy may be exercised from time to time and as often as may be deemed expedient.

Section 704. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Second Installment Sale Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver shall be effective unless in writing and signed by the party making the waiver. The City shall have no power to waive any Event of Default hereunder by the Corporation without the consent of the Trustee to such waiver.

Section 705. Status Quo Ante. In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and then discontinued or abandoned, then, and in every such case, the City and its assignee, shall be restored to its and their former position and rights and remedies as if no such suit, action or proceedings had been brought or taken.

Section 706. Agreement to Pay Attorneys' Fees and Expenses. Upon an Event of Default under this Second Installment Sale Agreement, if the City, the Owners or the Trustee employ attorneys or incur other expenses for the collection of Installment Payments or the enforcement

of performance or observance of any obligation or agreement on the part of the Corporation or the City herein contained, the Corporation agrees that it will on demand therefor pay to the City, the Owners or the Trustee, as the case may be, the reasonable fees and disbursements of such attorneys and such other expenses so incurred by the City, the Owners or the Trustee. The obligations of the Corporation hereunder shall be and remain valid and binding obligations of the Corporation, notwithstanding payment of the Installment Payments in full, for a period of not to exceed any applicable statute of limitations period.

ARTICLE VIII

ADMINISTRATIVE PROVISIONS

Section 801. Preservation and Inspection of Documents. All documents received by the City or the Corporation under the provisions of this Second Installment Sale Agreement shall be retained in their respective possessions and shall be subject at all reasonable times to the inspection of the other party hereto and its assigns, agents and representatives, any of whom may make copies thereof.

Section 802. Parties of Interest. Nothing in this Second Installment Sale Agreement, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or party other than the City and its assignee and the Corporation any rights, remedies or claims under or by reason of this Second Installment Sale Agreement or any covenants, condition or stipulation hereof; and all covenants, stipulations, promises and agreements in this Second Installment Sale Agreement contained by or on behalf of the City or the Corporation shall be for the sole and exclusive benefit of the City and its assignee where expressly so noted and the Corporation and its assignee. Notwithstanding the foregoing, the Trustee shall be a third party beneficiary of this Second Installment Sale Agreement for all purposes.

Section 803. No Recourse Under Agreement. All covenants, stipulations, promises, agreements and obligations of the parties hereto contained in this Second Installment Sale Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the parties hereto, respectively, and not of any officer, employee or agent of the parties hereto in an individual capacity, and no recourse shall be had for the payment of the Installment Payments or for any claim based thereon or under this Second Installment Sale Agreement against any officer, employee or agent of the parties hereto.

Section 804. Notices. All notices, Written Certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or deposited in the United States mail in registered or certified form with postage fully prepaid, or by fax:

If to the Corporation:	Family HealthCare Network 305 East Center Avenue Visalia, CA 93291-6331 Attention: Chief Financial Officer Phone: (559) 737-4700 Fax: (559) 734-1247
If to the City:	City of Hanford 315-321 North Douty Street Hanford, CA 93230 Attention: City Manager Phone: (559) 585-2516 Fax: (559) 582-1152
If to the Trustee:	U.S. Bank National Association One California Street, Suite 1000 San Francisco, CA 94111 Attention: Global Corporate Trust Services Phone: (415) 677-3593 Fax: (415) 677-3769

To the Original Purchaser: Umpqua Bank
2998 Douglas Boulevard, Suite 100
Roseville, CA 95661
Attention: Ms. Melody Stricklin
Telephone: (916) 774-3931
Fax: (916) 783-2448
E-mail: melodystricklin@umpquabank.com

The parties hereto, by notice given hereunder, may, respectively, designate different addresses to which subsequent notices, certificates or other communications will be sent. Copies of all notices Written Certificates or other documents to be delivered to the Trustee hereunder shall simultaneously be delivered to the Owners at the addresses set forth in the Certificate Register.

A copy of any notice, certificate or other communication given hereunder shall be provided to the Trustee.

Section 805. Binding Effect. This Second Installment Sale Agreement shall inure to the benefit of and shall be binding upon the City and the Corporation and their respective successors and assigns.

Section 806. Severability. If any one or more of the covenants, stipulations, promises, agreement or obligations provided in this Second Installment Sale Agreement on the part of the City or the Corporation to be performed should be determined by a court of competent jurisdiction to be contrary to law, then such covenant, stipulation, promise, agreement or obligation shall be deemed and construed to be severable from the remaining covenants, stipulations, promises, agreements and obligations herein contained and shall in no way affect the validity of the other provisions of this Second Installment Sale Agreement.

Section 807. Headings. Any headings preceding the text of the several Articles and Sections hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience or reference and shall not constitute a part of this Second Installment Sale Agreement, nor shall they affect its meaning, construction or effect.

Section 808. Applicable Law. This Second Installment Sale Agreement is a contract made under the laws of the State and shall be governed by and construed in accordance with the Constitution and laws applicable to contracts made and performed in the State of California. This Second Installment Sale Agreement shall be enforceable in the State, and any action arising out of this Second Installment Sale Agreement shall be filed and maintained in Kings County, California, unless the City waives this requirement in writing.

Section 809. City and Corporation Representatives. Whenever under the provisions of this Second Installment Sale Agreement the approval of the City or the Corporation is required or the City or the Corporation are required to take some action at the request of the other, such approval of such request may be given for the City by an Authorized Representative of the City and for the Corporation by an Authorized Representative of the Corporation, and any party hereto shall be authorized to rely upon any such approval or request.

Section 810. Form of Written Certificate of Officers. Every Written Certificate with respect to compliance with a condition or covenant provided for in this Second Installment Sale Agreement and which is precedent to the taking of any action under this Second Installment Sale Agreement shall include:

(a) A statement that the person making or giving such Written Certificate has read such covenant or condition and the definitions herein relating thereto;

(b) A brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such Written Certificate are based;

(c) A statement that, in the opinion of the signer, he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) A statement as to whether or not, in the opinion of the signer, such condition or covenant has been complied with.

A Written Certificate may be based, insofar as it relates to legal matters, upon a Written Certificate or opinion of or representations by counsel, unless the persons providing the Written Certificate know that the Written Certificate or representations with respect to the matters upon which the Written Certificate may be based are erroneous, or in the exercise of reasonable care should have known that the same were erroneous.

Section 811. Business Days. Any act or thing required to be done or exist on any date set forth herein which does not constitute a Business Day in any year shall be deemed to be done or to exist on such date if such act or thing is done or exists on the next date which constitutes a Business Day.

Section 812. Execution in Counterparts. This Second Installment Sale Agreement may be executed in counterparts and each of said counterparts shall be deemed an original for all purposes of this Second Installment Sale Agreement. All of such counterparts taken together shall be deemed to be one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Second Installment Sale Agreement to be executed in their respective names by their duly Authorized Representatives as of the date first above written.

CITY OF HANFORD

By _____

 Mayor

FAMILY HEALTHCARE NETWORK

By _____
 Kerry L. Hydash
 President & CEO

Attachment: Second Installment Sale Agreement (1769 : Issuance of Certificates of Participation)

EXHIBIT A

DESCRIPTION OF REAL PROPERTY

The land referred to herein is situated in Kings County, State of California, described as follows:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF HANFORD, COUNTY OF KINGS, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

A PARCEL OF LAND SITUATED IN THE NORTHWEST ¼ OF SECTION 36, TOWNSHIP 18 SOUTH, RANGE 21 EAST, MOUNT DIABLO BASE AND MERIDIAN, IN THE CITY OF HANFORD, COUNTY OF KINGS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTHERLY RIGHT-OF-WAY LINE OF FIFTH STREET AND THE WESTERLY RIGHT-OF-WAY LINE OF DOUTY STREET AS SHOWN ON THAT CERTAIN MAP RECORDED IN THE MAP BOOK AT PAGE 11 OF KINGS COUNTY RECORDS AND BEING SITUATED IN SECTION 36, TOWNSHIP 18 SOUTH, RANGE 21 EAST OF THE MOUNT DIABLO BASE & MERIDIAN; THENCE SOUTH 79° 14' 12" WEST ALONG SAID NORTHERLY RIGHT-OF-WAY LINE OF FIFTH STREET AS SHOWN ON SAID MAP RECORDED AT PAGE 11 OF THE MAP BOOK, A DISTANCE OF 439.85 FEET TO THE POINT OF INTERSECTION WITH THE CENTERLINE OF IRWIN STREET; THENCE SOUTH 79° 15' 11" WEST CONTINUING ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF SAID FIFTH STREET A DISTANCE OF 439.88 FEET TO THE INTERSECTION OF THE EASTERLY RIGHT-OF-WAY LINE OF REDINGTON STREET AS SHOWN ON SAID MAP; THENCE NORTH 10° 51' 13" WEST ALONG SAID EASTERLY RIGHT-OF-WAY LINE A DISTANCE OF 94.89 FEET TO A POINT 25 FEET SOUTHERLY OF THE CENTERLINE OF THE RAILS OF THE UNION PACIFIC RAILROAD COMPANY (FORMERLY SOUTHERN PACIFIC RAILROAD COMPANY); THENCE NORTH 79° 14' 08" EAST ALONG A LINE PARALLEL WITH AND 25 FEET SOUTHERLY OF THE LAST SAID CENTERLINE OF RAILS, A DISTANCE OF 879.97 FEET TO A POINT ON THE WESTERLY RIGHT-OF-WAY LINE OF DOUTY STREET; THENCE SOUTH 10° 42' 35" EAST ALONG LAST SAID RIGHT-OF-WAY LINE OF DOUTY STREET A DISTANCE OF 95.03 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL MINERAL RIGHTS AS RESERVED BY UNION PACIFIC RAILROAD COMPANY, A DELAWARE CORPORATION, BY GRANT DEED RECORDED BY GRANT DEED RECORDED JUNE 29, 2001, AS INSTRUMENT NO. 0112582 OF OFFICIAL RECORDS OF SAID KINGS COUNTY, CALIFORNIA.

APNs: 012-091-006, 012-086-007

EXHIBIT B

INSTALLMENT PAYMENT SCHEDULE

Payment Date	Principal Component	Interest Component	Total
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Attachment: Second Installment Sale Agreement (1769 : Issuance of Certificates of Participation)

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TRUST AGREEMENT

by and among

U.S. BANK NATIONAL ASSOCIATION, as Trustee,

the

CITY OF HANFORD

and

FAMILY HEALTHCARE NETWORK

Dated as of December 1, 2016

Attachment: Trust Agreement (1769 : Issuance of Certificates of Participation)

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EXHIBIT A DEFINITIONS

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TRUST AGREEMENT

This TRUST AGREEMENT is dated as of December 1, 2016, by and among U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under and by virtue of the laws of the United States of America, and qualified to accept trusts of the type herein set forth (herein called the "Trustee"), the CITY OF HANFORD, a municipal corporation and general law city and existing under the laws of the State of California (herein called the "City"), and FAMILY HEALTHCARE NETWORK, a nonprofit public benefit corporation organized and existing under the laws of the State of California (herein called the "Corporation");

WITNESSETH:

In consideration of the mutual covenants herein contained and for other valuable consideration, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS AND GENERAL PROVISIONS

Section 101. Definitions. Unless the context clearly otherwise requires, all capitalized terms used herein shall have the meanings assigned to such terms in Exhibit A attached hereto.

Section 102. Content of Certificates and Opinions. Every certificate or opinion provided for in this Trust Agreement with respect to compliance with any provision hereof shall include (1) a statement that the Person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that, in the opinion of such Person, he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; (4) a statement of the assumptions upon which such certificate or opinion is based, and that such assumptions are reasonable; and (5) a statement as to whether or not, in the opinion of such Person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the City may be based, insofar as it relates to legal, accounting or facility matters, upon a certificate or opinion of or representation by counsel, an Accountant or an Independent Consultant, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an Accountant or an Independent Consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the City) upon a certificate or opinion of or representation by an officer of the City, unless such counsel, Accountant or Independent Consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such Person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the City, or the same counsel or Accountant or Independent Consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Trust Agreement, but different officers, counsel, Accountants or Independent Consultants may certify to different matters, respectively.

Section 103. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Trust Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

RECITALS AND REPRESENTATIONS

Section 201. First Installment Sale Agreement. The Corporation has entered into the First Installment Sale Agreement with the City whereby the Corporation has agreed to sell the Facilities to the City and the City has agreed to purchase the Facilities from the Corporation.

Section 202. Deposit of Moneys. Under the First Installment Sale Agreement, in order to assure the City that amounts required to pay Delivery Costs and Project Costs will be paid without delay and that the Facilities will be available for purchase without delay, the Corporation is required to deposit with or transfer to the Trustee, for further deposit or transfer as required, the aggregate sum of \$_____, representing proceeds of the Certificates.

Section 203. Purchase Payments. Under the First Installment Sale Agreement, the City is obligated to pay to the Corporation, or its assignee, Purchase Payments for the purchase of the Facilities, which Purchase Payments have a principal component and an interest component and are subject to prepayment with, in certain instances, a premium. The obligation of the City to make Purchase Payments is a special obligation payable solely from Revenues.

Section 204. Second Assignment Agreement. For the purpose of obtaining the moneys required to be deposited by it with the Trustee, the Corporation has assigned and transferred its rights under the First Installment Sale Agreement to the Trustee pursuant to the Second Assignment Agreement, and in consideration of such assignment and the execution of this Trust Agreement, the Trustee has agreed to execute and deliver, upon written request from the City, certificates of participation, each evidencing a direct, undivided fractional interest in Purchase Payments to be made by the City to the Corporation.

Section 205. Second Installment Sale Agreement; First Assignment Agreement. The parties hereto acknowledge that on the date hereof, the City has entered into the Second Installment Sale Agreement whereby the City has agreed to sell the Facilities back to the Corporation, and that the City has assigned to the Trustee all of its rights under the Second Installment Sale Agreement by the First Assignment Agreement and the Corporation has assigned all of its rights under the First Assignment Agreement to the Trustee pursuant to the Second Assignment Agreement.

Section 206. Conditions Precedent Satisfied. All acts, conditions and things required by law to exist, happen and be performed precedent to and in connection with the execution and entering into of this Trust Agreement have happened and have been performed in regular and due time, form and manner as required by law and the parties hereto are now duly empowered to execute and enter into this Trust Agreement.

ARTICLE III
APPOINTMENT OF TRUSTEE

Section 301. Appointment of Trustee. In consideration of the recitals hereinabove set forth and for other valuable consideration, the Corporation and the City hereby agree to appoint the Trustee to receive, hold, invest and disburse the moneys to be paid to it as assignee pursuant to the First Installment Sale Agreement and the Second Installment Sale Agreement for credit to the various funds and accounts established by this Trust Agreement; to execute and deliver the Certificates upon written request from the City; to apply and disburse the Purchase Payments to the Owners of Certificates; and to perform certain other functions, all as hereinafter provided and subject to the terms and conditions of this Trust Agreement.

Section 302. Acceptance of Appointment. In consideration of the compensation hereinafter provided for, the Trustee accepts the appointment above-referenced subject to the terms and conditions of this Trust Agreement.

ARTICLE IV

ESTABLISHMENT AND ADMINISTRATION OF FUNDS AND ACCOUNTS; PLEDGE

Section 401. Establishment of Trust Fund, Accounts and Pledge.

(a) *Trust Fund.* There is hereby established with the Trustee a special trust fund to be designated the "Trust Fund." The Trustee shall keep the Trust Fund separate and apart from all other funds and moneys held by it. Within the Trust Fund, there are hereby established the Delivery Costs Account more particularly described in Section 402 hereof, the Purchase Payment Account more particularly described in Section 403 hereof and the Insurance and Condemnation Proceeds Fund more particularly described in Section 404 hereof. The Trustee shall keep such accounts separate and apart from all other funds and accounts held by it and shall administer such accounts as provided in such Sections. On the Closing Date, the Trustee, as assignee of the City under the First Assignment Agreement and as assignee of the Corporation under the Second Assignment Agreement, agrees to receive \$_____ from the proceeds of the sale of the Certificates, being the first advance and first draw-down, \$_____ of which amount shall be deposited in the Delivery Costs Account in accordance with Section 402 hereof ~~and \$_____ of which shall be deposited in the Project Account in accordance with Section 403 hereof.~~

(b) *Pledge.* Subject only to the provisions of this Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein, there are hereby pledged to secure the payment of Purchase Payments and, therefore, principal and interest due with respect to the Certificates in accordance with their terms and the provisions of this Trust Agreement, all of the Revenues and any other amounts (including proceeds of the sale of Certificates) held in any fund or account established pursuant to this Trust Agreement.

Section 402. Application of Delivery Costs Account.

(a) The Trustee shall, on the Closing Date, deposit to the Delivery Costs Account, the sum of \$_____ derived from the proceeds of the sale of the Certificates. In addition, the Trustee shall, on the Closing Date, deposit to the Delivery Costs Account, the sum of \$_____ derived from an equity contribution from the Corporation (for a total amount of \$_____ therein).

(b) Amounts in the Delivery Costs Account shall be disbursed by the Trustee for Delivery Costs upon receipt of a requisition therefor executed by the Corporation.

(c) The Trustee may conclusively rely upon the requisitions required by this Section 402. The Trustee shall have no responsibility to independently make any calculation, verification, determination or other review of the correctness or completeness of the matters stated therein.

(d) Investment earnings and profits on amounts in the Delivery Costs Account shall be retained therein.

(e) Upon payment of all Delivery Costs, which shall be determined by a certificate to that effect by an Authorized Representative of the Corporation, or on March 29, 2017, whichever occurs first, the Trustee shall transfer all funds remaining in the Delivery Costs Account to the Purchase Payment Account, and the Delivery Costs Account shall thereupon be closed.

Section 403. Application of Project Account.

~~(a) The Trustee shall, on the Closing Date, deposit to the Project Account, the sum of \$_____ derived from the proceeds of the sale of the Certificates.~~

~~(b) Amounts in the Project Account shall be disbursed by the Trustee for Project Costs upon receipt of a requisition therefor executed by the Corporation.~~

~~(c) The Trustee may conclusively rely upon the requisitions required by this Section 403. The Trustee shall have no responsibility to independently make any calculation, verification, determination or other review of the correctness or completeness of the matters stated therein.~~

~~(d) Investment earnings and profits on amounts in the Project Account shall be retained therein.~~

~~(e) Upon completion of the Project, which shall be determined by a certificate to that effect by an Authorized Representative of the Corporation, the Trustee shall transfer all funds remaining in the Project Account to the Purchase Payment Account, and the Project Account shall thereupon be closed.~~

Section 403. Application of Purchase Payment Account.

(a) Purchase Payments paid to the Trustee as assignee of the Corporation pursuant to the Second Assignment Agreement shall be deposited by the Trustee in the Purchase Payment Account. In addition, the Trustee shall deposit in the Purchase Payment Account other amounts required by this Trust Agreement to be deposited in the Purchase Payment Account.

(b) Subject to the provisions of the Second Installment Sale Agreement permitting the Corporation to make payments directly to the Owners for the account of the City with respect to Purchase Payments, the Trustee shall withdraw from the Purchase Payment Account, on or prior to each Payment Date, an amount equal to the aggregate Purchase Payments due on or before such Payment Date, and shall cause the same to be applied to the payment of principal and interest payments due with respect to the Certificates on such Payment Date.

(c) If on any Payment Date amounts on hand in the Purchase Payment Account are insufficient to pay the full amount of principal and interest then due and payable with respect to the Certificates and such amount has not been otherwise paid to the Owners, the Trustee shall apply such amounts first to the payment of interest past due, *pro rata* if necessary, and second to the payment of principal past due, *pro rata*, if necessary.

(d) Investment earnings and profits on amounts in the Purchase Payment Account shall be retained in the Purchase Payment Account and applied to the payment of subsequent Purchase Payments.

(f) Any amounts remaining in the Purchase Payment Account after payment in full of the principal, interest and premium, if any, payable with respect to the Certificates (or provision for payment thereof as provided in this Trust Agreement), the reasonable fees, charges and expenses of the City and the Trustee and all other amounts required to be paid under the Second Installment Sale Agreement, the First Installment Sale Agreement and this Trust Agreement, shall upon the written request of an Authorized Representative of the Corporation be paid to the Corporation.

Section 404. Establishment and Application of Insurance and Condemnation Proceeds Fund.

(a) The Trustee shall deposit Net Proceeds of insurance and condemnation received by the Trustee or paid to the Trustee pursuant to Section 508 of the Second Installment Sale Agreement in the Insurance and Condemnation Proceeds Fund which it shall establish when required to do so by the provisions of this Trust Agreement. Amounts in the Insurance and Condemnation Proceeds Fund shall be disbursed by the Trustee for repair or replacement of the property damaged, destroyed or taken in the event that the Corporation elects to repair or replace the property damaged, destroyed or taken. Disbursement shall be upon the basis of a Certificate requesting disbursement executed by an Authorized Representative of the Corporation and approved for payment by the Owners. Each Certificate requesting disbursement shall:

(i) set forth the amounts to be disbursed for payment or reimbursement of previous payments of costs of repair or replacement and the person or persons to whom said amounts are to be disbursed;

(ii) state that the amounts to be disbursed constitute costs of repair or replacement, that said amounts are required to be disbursed pursuant to a contract entered into therefor by or on behalf of the Corporation, or were necessarily and reasonably incurred; and that said amounts are not being paid in advance of the time, if any, fixed for payment (for the avoidance of doubt, is a payment is due under a contract as an initial deposit or progress payment, the payment shall be permitted hereunder);

(iii) state that no amount set forth in the Certificate was included in any Certificate requesting disbursement previously filed with the Trustee pursuant to this Section 404; and

(iv) state that the amount remaining in the Insurance and Condemnation Proceeds Fund, including deposits made therein by the Corporation, will, after payment of the amount set forth in the Certificate requesting disbursement, be sufficient to pay the costs of repair or replacement then requested and all remaining costs of repair or replacement as then estimated.

(c) In the event that the Corporation does not elect to repair or replace the property damaged, destroyed or taken, moneys in the Insurance and Condemnation Proceeds Fund shall, subject to Section 508 of the Second Installment Sale Agreement, be deposited by the Trustee in the Purchase Payment Account upon receipt by the Trustee of written direction from the Corporation, and shall be applied by the Trustee as a mandatory prepayment (for the avoidance of doubt, no redemption premium shall accrue with respect to that prepayment) of Purchase Payments to the Corporation on the Payment Date next succeeding forty-five (45) days after the date of such deposit. Upon such application, the Corporation shall prepare or cause to be prepared a revised schedule of Purchase Payments and Installment Payments in accordance with the procedures described in Section 404(d) of the First Installment Sale Agreement and Section 404(d) of the Second Installment Sale Agreement.

(d) The Trustee may conclusively rely upon the certifications required by this Section 404. The Trustee shall have no responsibility to independently make any calculation, verification, determination or other review of the correctness or completeness of the matters stated therein.

(e) In the event that moneys remain in the Insurance and Condemnation Proceeds Fund upon completion of the repair or replacement of the property damaged, destroyed or taken,

such moneys shall, upon written direction from the Corporation, be withdrawn therefrom by the Trustee and transferred to the Purchase Payment Account.

(f) Investment earnings and profits on amounts in the Insurance and Condemnation Proceeds Fund shall be retained therein.

Section 405. No Unauthorized Transfers. No amount shall be withdrawn or transferred from or paid out of any fund or account except as expressly provided in this Trust Agreement.

Section 406. Deposit and Investment of Moneys in Funds.

(a) Except as otherwise provided herein, all moneys held by the Trustee in any of the funds or accounts established pursuant to this Trust Agreement shall be deposited or invested, according to written instructions of the Corporation, in Permitted Investments, provided that in the event that such written instructions are not received by the Trustee by 12:00 Noon Pacific Time of the Business Day preceding the day when investments are to be made, the Trustee shall invest such moneys in Permitted Investments described in paragraph (d) of the definition thereof. The Corporation shall not direct the Trustee to invest any moneys held by the Trustee in anything other than Permitted Investments.

(b) The Trustee shall act only as agent in making or disposing of any investment. The Trustee shall not be liable for any loss resulting from the making or disposition of any investment pursuant to this Section 406, absent negligence or willful misconduct, and any such losses shall be charged to the account with respect to which such investment was made.

(c) All moneys and investments deposited with or held by the Trustee under the provisions of this Trust Agreement, the First Installment Sale Agreement, the Second Installment Sale Agreement, the First Assignment Agreement or the Second Assignment Agreement shall be held in trust and applied only in accordance with the provisions of this Trust Agreement, the First Installment Sale Agreement, the Second Installment Sale Agreement, the First Assignment Agreement and the Second Assignment Agreement and shall not be subject to lien other than as specified in said documents.

(d) The Trustee shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient for the purposes of such fund or account.

(e) Except as otherwise provided below, the City and the Corporation covenant that all investments of amounts deposited in any fund or account created by or pursuant to this Trust Agreement, or otherwise containing gross proceeds of the Certificates (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued at Fair Market Value.

Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code shall be valued at their present value (within the meaning of section 148 of the Code).

(f) Any investment made by the Trustee pursuant to this Trust Agreement may be made through its own or its affiliate's trading department. The City and the Corporation acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory agency grant the City or the Corporation the right to receive brokerage confirmations of security transactions as they occur, the City and the Corporation specifically waive receipt of such confirmations to the extent permitted by law. The Trustee shall furnish to the City and the Corporation, as applicable, periodic statements of account which shall include detail of all investment transactions made by the Trustee. The Trustee or any of its affiliates may act as

agent, sponsor or advisor in connection with any investment made by the Trustee hereunder. The Trustee shall not be liable for any loss from any investment or disposition thereof made by it in accordance with the provisions of this Trust Agreement. The Trustee shall have no duty in connection with the determination of Fair Market Value or the meaning of the Code other than to follow the written investment directions of the Corporation.

(g) Investments in any and all funds and accounts may be commingled for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in a particular fund or account amounts received or held by the Trustee hereunder, provided that the Trustee shall, at all times, account for such investments, including profits and earnings thereon, strictly in accordance with the particular funds or accounts to which they are credited and otherwise as provided in this Trust Agreement.

(h) Notwithstanding any other provision of this Trust Agreement, the Corporation shall not enter into, or instruct the Trustee to enter into, any agreement, including, without limitation, any investment or sale agreement involving the sale of future interest income or a forward delivery agreement or a forward purchase contract or a forward purchase supply contract, which provides for an upfront payment to the Corporation, in connection with the investment of any of the funds or accounts established under this Trust Agreement and held by the Trustee.

Section 407. Rebate Fund.

(a) The Trustee shall establish and maintain, when required, a fund separate from any other fund established and maintained hereunder designated as the Rebate Fund. Within the Rebate Fund, the Trustee shall maintain such accounts as shall be necessary to comply with instructions of the Corporation given pursuant to the terms and conditions of the Tax Agreement. Subject to the transfer provisions provided in paragraph (e) below, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Agreement), for payment to the federal government of the United States of America. Neither the City, the Corporation nor the Owner of any Certificates shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section 407 and by the Tax Agreement (which is incorporated herein by reference). The Trustee shall be deemed conclusively to have complied with such provisions if it follows the directions of the Corporation including supplying all necessary information in the manner provided in the Tax Agreement, and shall have no liability or responsibility to enforce compliance by the Corporation or the City with the terms of the Tax Agreement or any other tax covenants contained herein. The Trustee shall not be responsible for calculating rebate amounts or for the adequacy or correctness of any rebate report or rebate calculations. The Trustee shall have no independent duty to review such calculations or enforce the compliance by the Corporation with such rebate requirements. The Trustee shall have no duty or obligation to determine the applicability of the Code and shall only be obligated to act in accordance with written instructions provided by the Corporation.

(b) Upon the Corporation's written direction, an amount shall be deposited to the Rebate Fund by the Trustee from deposits by the Corporation, if and to the extent required, so that the balance in the Rebate Fund shall equal the Rebate Requirement. Computations of the Rebate Requirement shall be furnished by or on behalf of the Corporation in accordance with the Tax Agreement. The Trustee shall supply to the Corporation and/or the City all necessary information in the manner provided in the Tax Agreement to the extent such information is reasonably available to the Trustee.

(c) The Trustee shall have no obligation to rebate any amounts required to be rebated pursuant to this Section 407, other than from moneys held in the funds and accounts created under this Trust Agreement or from other moneys provided to it by the Corporation.

(d) At the written direction of the Corporation, the Trustee shall invest all amounts held in the Rebate Fund in Permitted Investments, subject to the restrictions set forth in the Tax Agreement. Moneys shall not be transferred from the Rebate Fund except as provided in paragraph (e) below. The Trustee shall not be liable for any consequences arising from such investment.

(e) Upon receipt of the Corporation's written directions, the Trustee shall remit part or all of the balances in the Rebate Fund to the United States, as so directed. In addition, if the Corporation so directs, the Trustee will deposit money into or transfer money out of the Rebate Fund from or into such accounts or funds as directed by the Corporation's written directions; provided, however, only moneys in excess of the Rebate Requirement may, at the written direction of the Corporation or the City, be transferred out of the Rebate Fund to such other accounts or funds or to anyone other than the United States in satisfaction of the arbitrage rebate obligation. Any funds remaining in the Rebate Fund after each five year remission to the United States of America, redemption and payment of all of the Certificates and payment and satisfaction of any Rebate Requirement, or provision made therefor satisfactory to the Trustee, shall be withdrawn and remitted to the Corporation.

(f) Notwithstanding any other provision of this Trust Agreement, including in particular Section 802, the obligation to remit the Rebate Requirement to the United States and to comply with all other requirements of this Section 407 and the Tax Agreement shall survive the defeasance or payment in full of the Certificates.

ARTICLE V

THE TRUSTEE

Section 501. Trustee Duties, Removal and Resignation. By executing and delivering this Trust Agreement, the Trustee accepts the duties and obligations of the Trustee provided in this Trust Agreement, but only upon the terms and conditions set forth in this Trust Agreement.

The City may, in the absence of an Event of Default, or the Owners of a majority in aggregate principal amount of all Certificates Outstanding may, by thirty (30) days prior written notice to the Trustee and the Corporation, remove the Trustee initially a party to this Trust Agreement, and any successor thereto, and may appoint a successor Trustee, but any such successor shall be a corporation or association organized and doing business under the laws of any state or the District of Columbia or the United States of America, authorized under such laws to exercise corporate trust powers, which shall have (or in the case of a corporation included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least fifty million dollars (\$50,000,000) and which shall be subject to supervision or examination by federal or state authority. If such corporation publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section 501 the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the City and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on request of the City or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its lien, if any, provided for in Section 502. Upon request of any such successor Trustee, the City shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts.

The Trustee may at any time resign by giving thirty (30) days prior written notice to the City, the Corporation and to the Certificate Owners of such resignation. Upon receiving such notice of resignation, the City shall promptly appoint a successor Trustee by an instrument in writing; *provided, however*, that in the event that the City does not appoint a successor Trustee within thirty (30) days following receipt of such notice of resignation, the Corporation may appoint a successor Trustee and in the event that the Corporation does not appoint such a successor Trustee within such thirty (30) day period, the resigning Trustee may petition any court of competent jurisdiction to appoint a successor Trustee. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee.

Section 502. Compensation of the Trustee. The Corporation shall pay to the Trustee reasonable compensation for its services and shall reimburse the Trustee for all its reasonable advances, disbursements and expenditures, including but not limited to reasonable advances to and fees and expenses of independent appraisers, accountants, consultants, counsel and agents or other experts employed by it in the exercise and performance of its powers and duties with respect to the exercise of any of its rights or obligations as Trustee of the trust created hereunder.

Such compensation and reimbursement shall be paid or caused to be paid by the Corporation pursuant to Section 520 of the Second Installment Sale Agreement. In addition, the City shall cause the Corporation to pay to the Trustee the compensation and expenses set forth in Section 507 of this Trust Agreement.

Section 503. Covenants of Trustee as to Performance of Obligations. The Trustee covenants that it will remit promptly to each Certificate Owner, such Owner's interest in each installment of Purchase Payments to the extent received by the Trustee at the places, on the dates and in the manner provided herein.

Section 504. Covenant to Perform Undertakings. The Trustee covenants that it will perform faithfully at all times any and all covenants, undertakings, stipulations and obligations of the Trustee contained in this Trust Agreement. The Trustee covenants that it is duly authorized to execute and deliver the Certificates upon written request from the City and to enter into this Trust Agreement and the Second Assignment Agreement and to perform its obligations hereunder and thereunder. The Trustee shall not consent to or waive any right, action, obligation or remedy hereunder or under any document in connection herewith without the written direction of the Owners.

Section 505. Protection to the Trustee. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, facsimile transmission, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Trust Agreement, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee shall not be bound to recognize any person as an Owner of any Certificate or to take any action at his request unless such Certificate shall be deposited with the Trustee or satisfactory evidence of the ownership of such Certificate shall be furnished to the Trustee. Before the Trustee acts or refrains from acting, the Trustee may consult with counsel selected by Trustee with reasonable care with regard to legal questions and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance therewith.

Whenever in the administration of its duties under this Trust Agreement, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) shall be deemed to be conclusively proved and established by the Certificate of an Authorized Representative of the City or the Corporation and such Certificate shall be full warranty to the Trustee for any action taken or suffered under the provisions of this Trust Agreement upon the faith thereof, or in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable, but in any event Trustee may rely upon such Certificate or other evidence only if such reliance does not result from willful misconduct or negligence of the Trustee.

The Trustee may buy, sell, own, hold and deal in any of the Certificates provided pursuant to this Trust Agreement, and may join in any action which any Owner may be entitled to take with like effect as if the Trustee were not a party to this Trust Agreement. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the City or the Corporation, and may act as depository, trustee, or agent for any committee or body of Owners of Certificates or other obligations of the City or the Corporation as freely as if it were not Trustee hereunder.

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. The Trustee shall not be answerable for the exercise of any discretion or power under this Trust Agreement or for anything whatever in connection with the funds and accounts established hereunder, except only for its own willful misconduct or negligence.

Section 506. Responsibilities of the Trustee. The Trustee does not assume any responsibility for the correctness of the recitals of fact contained herein, nor shall the Trustee be deemed to make any representations as to the legality, validity or sufficiency of this trust Agreement, the First Installment Sale Agreement, the Second Installment Sale Agreement, the First Assignment Agreement, the Second Assignment Agreement, the Certificates, this Trust Agreement or any amendment to any of said documents in respect of the security afforded thereby, or insuring the Facility or collecting any insurance proceeds, nor shall the Trustee incur any responsibility or duty with respect to the delivery of the Certificates for value or the application of any proceeds thereof or any Revenues. The Trustee shall have no responsibility, opinion or liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the Certificates. The Trustee shall not be under any obligation or duty to perform any act which would involve it in any expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own moneys, unless properly indemnified to its satisfaction. The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful default. The Trustee shall not be under any responsibility or duty with respect to the application of any moneys paid to any one of the other parties hereto. The immunities, exemptions and indemnifications from liability of the Trustee under this Trust Agreement shall extend to its directors, officers, employees, affiliates and agents. The Trustee shall not be responsible for the validity, execution by other parties thereto, or sufficiency of the Certificates, this Trust Agreement, the First Installment Sale Agreement or the Second Installment Sale Agreement. The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Trust Agreement and no implied covenants or obligations shall be read into this Trust Agreement against the Trustee. The Trustee shall not be deemed to have knowledge of any Event of Default hereunder, under the First Installment Sale Agreement or under the Second Installment Sale Agreement unless and until it shall have actual knowledge thereof, or a responsible officer shall have received written notice thereof, at its Principal Corporate Trust Office. The term "actual knowledge" means the actual fact or statement of knowing, without any duty to make any investigation with regard thereto. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Certificates, or as to the existence of an Event of Default hereunder, under the First Installment Sale Agreement or under the Second Installment Sale Agreement. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it. The Trustee shall not be responsible for the recording or filing of any document relating to this Trust Agreement or of financing statements (or continuation statements in connection therewith) or of any supplemental instruments or documents of further assurance as may be required by law in order to perfect the security interests in any collateral given to or held by it; provided that the Trustee shall notify the Corporation when the filing of any continuation statements in connection with financing statements for which the Trustee is a secured party shall be required and in the event the Corporation does not file the continuation statement, the Trustee will file and provide the Corporation with a copy thereof. In case an Event of Default has occurred under the First Installment Sale Agreement or the Second Installment Sale Agreement and has not been cured, the Trustee shall exercise such of the rights and powers vested in it by this Trust Agreement 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.

Anything herein to the contrary notwithstanding, whenever it is provided that the Trustee shall take any action, including the giving of any notice, or refrain from taking any action upon the happening or continuation of a specified event or upon the fulfillment of any condition or upon the request of the Owners, the Trustee shall have no liability for failure to take such action or for failure to refrain from taking such action unless and until a responsible officer of the Trustee, who is a responsible officer at the Principal Corporate Trust Office, has actual knowledge of such event or continuation thereof or the fulfillment of such condition or shall have received such request.

Responsible officer means, in the case of the Trustee, the chairman or vice chairman of the executive committee of the board of directors or trustees, the president, any vice president, the secretary, the treasurer, any trust officer, any executive or senior or second or assistant vice president, or any other officer or assistant officer customarily performing functions similar to those performed by the persons who at the time shall be such officers, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with the particular subject.

The permissive right of the Trustee to do things enumerated in this Trust Agreement shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence and willful misconduct.

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.

The Trustee's right to immunities and protection from liability hereunder and its rights to payment of its fees and expenses shall survive its resignation or removal and the final payment or defeasance of the Certificates or the discharge of the Certificates or defeasance of the lien of this Trust Agreement.

The Trustee is authorized and directed to execute, in its capacity as Trustee, the Second Assignment Agreement.

Section 507. Indemnification. The Corporation shall pay fees and compensation due to the Trustee and the City under the Trust Agreement upon periodic billing therefor by Trustee to the Corporation. In addition, the Corporation agrees, to the extent permitted by law, to indemnify and save the Trustee and its officers, employees, affiliates and agents harmless from and against all claims, losses and damages, including legal fees and expenses incurred by them in any action or proceeding brought by reason of any such claim arising out of (i) the use, maintenance, condition or management of, or from any work or thing done on, the Facilities by the Corporation, (ii) any breach or default on the part of the Corporation in the performance of any of its obligations under this Trust Agreement or any document related hereto, (iii) any act of negligence of the Corporation or of any of its agents, contractors, servants, employees or licensees with respect to the Facilities, (iv) any act of negligence of any assignee or sublessee of the Corporation or of any of its agents, contractors, servants, employees or licensees with respect to the Facilities, (v) the authorization of payment of the Delivery Costs, (vi) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading in any official statement or other offering materials utilized in connection with the sale of the Certificates, all to the extent permitted by law, or (vii) any alleged or actual violation of any federal or state securities laws in connection with the marketing and sale of the Certificates.

In the event that any action or proceeding is brought against the Trustee or its officers, employees or agents by reason of any such claim or demand, the Corporation, upon notice from the Trustee, covenants to resist and defend such action or proceeding on demand of the Trustee or its officers, employees or agents and that the Corporation also covenants and agrees, to the extent permitted by law, at its expense, to pay, and to indemnify the Trustee from and against all cost, expenses and charges, including reasonable attorneys' fees, incurred in obtaining possession of the Facilities upon the occurrence of an Event of Default under the Second Installment Sale Agreement, or in enforcing any covenant or agreement of the Corporation contained in the Second Installment Sale Agreement. The Corporation also agrees, to the extent permitted by law, to indemnify the Trustee from and against any claim, loss, liability, expense, including reasonable attorneys' fees, or advance arising in connection with Trustee's administration of the trust created by the Trust Agreement or any document related hereto and to pay to the Trustee all moneys to which the Trustee is entitled pursuant to the Trust Agreement.

Indemnification for any tort mentioned in this Section 507 shall be limited to the extent and in the amounts provided for by applicable law. Notwithstanding the foregoing, no indemnification will be made under this Section 507 or elsewhere in this Trust Agreement for willful misconduct under this Trust Agreement by the City, the Corporation or the Trustee or its officers, agents, employees, affiliates, successors or assigns. The obligations of the Corporation hereunder shall be and remain valid and binding obligations of the Corporation notwithstanding payment in full of the Installment Payments, or the resignation, removal or replacement of the Trustee, for a period of not to exceed the statute of limitations period.

Section 508. Merger or Consolidation of Trustee. Any corporation into which the Trustee may be merged or converted, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business as a whole or substantially as a whole, or any corporation resulting from any merger, conversion, consolidation, sale or transfer to which the Trustee shall be a party, or any corporation succeeding to the corporate trust business of the Trustee shall be the successor trustee hereunder, provided such corporation shall be eligible hereunder, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 509. Accounting Records and Financial Statements.

(a) The Trustee shall, at all times, keep, or cause to be kept, proper books of record and account, prepared in accordance with the Trustee's accounting practices for books of record and account relating to similar trust accounts, in which complete and accurate entries shall be made of all transactions by the Trustee relating to the proceeds of the Certificates, the Revenues, the First Installment Sale Agreement and the Second Installment Sale Agreement and all funds and accounts established pursuant to this Trust Agreement. Such books of record and account shall be available for inspection by the City, the Corporation and any Owner, or his agent or representative duly authorized in writing, at reasonable hours and under reasonable circumstances upon reasonable notice.

(b) The Trustee shall furnish (i) to each Owner who shall have filed his name and address with the Trustee for such purpose (at such Owner's cost) a copy of the most recent audited financial statements of the Corporation or the most recent quarterly unaudited financial statements of the Corporation, as furnished to the Trustee pursuant to the Second Installment Sale Agreement, and (ii) to the Corporation and the City monthly a statement (which need not be audited) covering receipts (including whether the Trustee has received the Installment Payments required to be paid by the Corporation in such month), disbursements, allocation and application of Revenues and other moneys (including proceeds of the Certificates) in any of the fund and accounts established pursuant to this Trust Agreement for the preceding month.

ARTICLE VI

CERTIFICATES; TERMS AND PROVISIONS

Section 601. Preparation of Certificates. The Trustee is hereby directed upon written request from the City to execute and deliver to the Original Purchaser, Certificates in an aggregate principal amount of _____ dollars (\$_____) evidencing undivided fractional ownership interests in the Purchase Payments to be paid by the City under the First Installment Sale Agreement, as set forth in such Certificates, derived from Installment Payments to be received from the Corporation. The City hereby certifies, recites and declares that all things, conditions and acts required by the constitution and statutes of the State and this Trust Agreement to exist, to have happened and to have been performed precedent to and in the delivery of the Certificates, exist, have happened and have been performed in due time, form and manner as required by law.

Section 602. General Terms. The Certificates shall be delivered as fully registered certificates, without coupons, in Authorized Denominations and shall all be dated as of the Closing Date.

(a) The Certificates shall be evidenced by one bond in the principal amount of \$_____, and shall be owned by and registered in the name of one single Owner, initially in the name of Umpqua Bank, shall mature on December 1, 2031, and shall be payable as to interest at the rate of _____% per annum (except during any period during which interest with respect to the Certificates may be payable at the Taxable Rate) and pay interest on each Interest Payment Date. Such interest rate is based upon a deposit relationship between the Corporation and the Original Purchaser or an affiliate of the Original Purchaser, as described in Section 507 of the Second Installment Sale Agreement. If such deposit is not maintained, the interest rate with respect to the Certificates will increase to _____%.

(b) (i) In the event a Determination of Taxability occurs, to the extent not payable to each Owner (or to the Original Purchaser for the period that it was the Owner of any of the Certificates) under the terms of this Trust Agreement and the Certificates, the Corporation hereby agrees to pay to each Owner (or, if applicable, the Original Purchaser) on demand therefor (1) an amount equal to the difference between (A) the amount of interest that would have been paid to such Owner (or, if applicable, the Original Purchaser) on the Certificates during the period for which interest on the Certificates is included in the gross income of such Owner (or, if applicable, the Original Purchaser) if the Certificates had borne interest at the Taxable Rate, beginning on the Taxable Date (the "Taxable Period"), and (B) the amount of interest actually paid to the Owner (or, if applicable, the Original Purchaser) during the Taxable Period, and (2) an amount equal to any interest, penalties or charges owed by such Owner (or, if applicable, the Original Purchaser) as a result of interest on the Certificates becoming included in the gross income of such Owner (or, if applicable, the Original Purchaser), together with any and all external attorneys' fees, court costs, or other reasonable out-of-pocket costs incurred by such Owner (or, if applicable, the Original Purchaser) in connection therewith.

(ii) Subject to the provisions of clauses (iii) and (iv) below, such Owner (or, if applicable, the Original Purchaser) shall afford the Corporation or the City the opportunity, at the Corporation's sole cost and expense, to contest (1) the validity of any amendment to the Code which causes the interest on the Certificates to be included in the gross income of such Owner (or, if applicable, the Original Purchaser) or (2) any challenge to the validity of the tax exemption with respect to the interest on the

Certificates, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals).

(iii) As a condition precedent to the exercise by the Corporation or the City of its right to contest set forth in clause (ii) above, the Corporation shall, within thirty (30) days of the written demand therefor, reimburse such Owner for any and all expenses (including attorneys' fees for services that may be required or desirable, as determined by such Owner (or, if applicable, the Original Purchaser) in its sole discretion) that may be incurred by the Original Purchaser in connection with any such contest, and shall, on demand, immediately reimburse the Original Purchaser for any and all penalties or other charges payable by such Owner (or, if applicable, the Original Purchaser) for failure to include such interest in its gross income; and

(iv) The obligations of the Corporation and the City under this Section 602(b) shall survive the termination of this Trust Agreement, and the redemption or other payment in full of the Certificates.

(c) So long as the Certificates are held by the Original Purchaser, the Certificates shall not be (i) assigned a rating by any rating agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) issued pursuant to any type of offering document or official statement, or (iv) assigned a CUSIP number by Standard & Poor's CUSIP Service Bureau,

(d) *General Payment Provisions.* The principal of each Certificate is payable in lawful money of the United States of America upon surrender thereof at the Principal Corporate Trust Office of the Trustee. Interest payments on each Certificate shall be made by the Trustee to the Person appearing on the Certificate Register as the Owner thereof as of the close of business on the Record Date, such interest to be paid by the Trustee to such Owner (A) in immediately available funds (by wire transfer), according to the instructions given by such Owner to the Trustee or (B) in all other cases, by check mailed by first class mail to the Owner at such Owner's address as it appears as of the Record Date on the Certificate Register; except, in each case, that, if and to the extent that there shall be a default in the payment of the interest due on such Interest Payment Date, such defaulted interest shall be paid to the Owner in whose name the Certificate is registered as of a special record date to be fixed by the Trustee.

(e) *Payments while Certificates held by Original Purchaser.* So long as the Certificates are held by the Original Purchaser, and notwithstanding any provision in this Trust Agreement or the Second Installment Sale Agreement to the contrary, all payments of principal of and any interest on any Certificate registered in the name of the Original Purchaser shall be made to the Original Purchaser directly by the Corporation by electronic wire transfer in immediately available funds directly for credit to the ABA routing number and account number filed by the Original Purchaser with the Trustee and the Corporation on the Closing Date, and without payment by the Corporation to the Trustee (without any presentment of such Certificate, except upon payment of the final installment of principal, and without any notation of such payment being made thereon). Any payment made in accordance with the provisions of this paragraph shall be accompanied by sufficient information to identify the source and proper application of such payment. The Corporation shall provide the Trustee with a certification of the date and amount of any payment of principal of or interest on the Certificates made by the Corporation to the Original Purchaser pursuant to this paragraph within two Business Days of the payment (whether made on an Interest Payment Date or any other date on which such payment is made). The Original Purchaser shall promptly notify the Trustee and the City in writing of any failure of the Corporation to make any payment of principal of or interest on the Certificates when due, and the Trustee and the City shall not be deemed to have any notice of such failure unless it has received such notice in writing. If any Certificates are sold or transferred, prior to the transfer

date, the Original Purchaser shall notify the Trustee and the Corporation in writing of the name and address of the transferee, and it will, prior to delivery of such Certificates, make a notation on such Certificates of the date to which interest has been paid thereon and of the amount of any prepayments made on account of the principal thereof. So long as payments of principal and interest are being made to the Original Purchaser as the registered owner thereof in accordance with this Section 602 and no event of default has occurred of which the Trustee has been given written notice thereof, the Trustee shall have no obligations as paying agent in respect to such Certificates, nor shall it be obligated to collect Loan Payments, other than Additional Payments, pursuant to the Second Installment Sale Agreement, to act as Certificate Registrar or to take any other action in respect thereof, except at the express written direction of the Corporation or the City. In responding to audit confirmations or inquiries from auditors, to the extent that the Trustee receives such confirmation or inquiries, it will pass the same on to the Corporation and the Original Purchaser for processing.

(f) *Accrual of Interest.* Interest with respect to each Certificate shall be payable on each Interest Payment Date until the principal sum of such Certificate has been paid; provided, however, that if at the maturity date of any Certificate (or if the same is redeemable and shall be duly called for redemption, then at the date fixed for redemption) funds are available for the payment or redemption thereof, in full accordance with the terms of this Trust Agreement, such Certificates shall then cease to bear interest. Interest on each Certificate shall be computed from the Interest Payment Date to which interest has been paid (or duly provided for) next preceding the date of authentication thereof, unless (a) such date of authentication shall be prior to the first Interest Payment Date, in which case interest shall be computed from the Closing Date or (b) such date of authentication shall be an Interest Payment Date, in which case interest shall be computed from such date of authentication; provided, that if interest on any Certificate shall be in default, the Certificate or Certificates issued in exchange for such Certificate surrendered for transfer or exchange shall bear interest from the last date to which interest has been paid in full (or duly provided for) on such Certificate or, if no interest has been paid (or duly provided for) on such Certificate, from the Closing Date. Interest accrued on any Certificate shall be paid on each Interest Payment Date for the period from and including the date described in the preceding sentence to and including the day before such Interest Payment Date (whether or not the day before such Interest Payment Date is a Business Day).

The Certificates shall be payable as to interest as provided herein from and including the Closing Date to but excluding the date of payment in full of such Certificates computed on an actual day/360 day basis.

(g) *Draw-Down Certificates.* The Certificates are draw-down certificates. Amounts advanced to the Corporation shall be applied to pay the costs of the Project. The total principal amount of the Certificates that may be delivered hereunder is hereby expressly limited to the Authorized Amount, provided that the amount of Certificates Outstanding at any time shall include only those Certificates for which the purchase price has been advanced from time to time by the Original Purchaser. No Certificates may be delivered under the provisions of this Trust Agreement except in accordance with this Article VI. The Original Purchaser shall fund the purchase price of the Certificates from time to time pursuant to the submittal by the Corporation of an advance request, substantially in the form attached hereto as Exhibit C, approved by the Original Purchaser and acknowledged by the Trustee. The Trustee shall record such information in the Certificate recordkeeping system maintained by the Trustee. Following each such draw-down, the aggregate amount of Certificates purchased shall be deemed Outstanding and such amount so drawn down shall begin to accrue interest. The first draw-down, on the Closing Date, shall be \$ _____, being the amounts deposited in the Delivery Costs Fund, as set forth in Section 402.

Section 603. Transfer and Exchange of Certificates. Registration of any Certificate may, in accordance with the terms of this Trust Agreement, be transferred, upon the books of the Trustee required to be kept pursuant to the provisions of Section 3.06, by the Person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Certificate for cancellation, accompanied by a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Certificate shall be surrendered for registration of transfer, the City shall execute and the Trustee shall authenticate and deliver a new Certificate or Certificates of the same tenor and in Authorized Denominations. No registration of transfer of Certificates shall be required to be made during the period after any Record Date and prior to the related Interest Payment Date or during the period of fifteen (15) days next preceding the date on which the Trustee gives any notice of redemption, nor shall any registration of transfer of Certificates called for redemption be required.

Certificates shall be delivered only in Authorized Denominations to an Owner that has executed and delivered to the Trustee an Investor Letter. The Trustee shall not register the transfer of any Certificate unless the Trustee receives an Investor Letter from the proposed transferee.

Notwithstanding any other provision hereof, Certificates may not be registered in the name of, or transferred to, any person except an Approved Buyer.

Only the person(s) whose name(s) the Certificates are registered hereunder shall be treated as Owners and shall have the rights of Owners hereunder.

Certificates may be exchanged at the Principal Corporate Trust Office of the Trustee for a like aggregate principal amount of Certificates of the same tenor and in Authorized Denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange, and there shall be no other charge to any Owners for any such exchange. No exchange of Certificates shall be required to be made during the period after any Record Date and prior to the related Interest Payment Date or during the period of fifteen (15) days next preceding the date on which the Trustee gives notice of redemption, nor shall any exchange of Certificates called for redemption be required.

Section 604. Regulation with Respect to Exchange and Transfers. In all cases of registration of transfer or exchange of Certificates, the Trustee shall execute and deliver Certificates in accordance with the provisions of this Article. The Trustee may require the payment by the Owner requesting such transfer or exchange of any tax or governmental charge so required to be paid with respect to such transfer or exchange. All Certificates surrendered in any transfer or exchange shall forthwith be canceled and destroyed by the Trustee and a certificate of destruction delivered to the City and the Corporation. Notwithstanding any other provision of this Trust Agreement, the cost of preparing each new Certificate upon transfer or exchange following delivery pursuant to Section 601 hereof, and any other expenses of the City or the Trustee incurred in connection therewith shall be paid by the Corporation.

Section 605. Certificate Register.

(a) The Trustee shall keep or cause to be kept at its Principal Corporate Trust Office a Certificate Register, which shall during normal business hours (upon reasonable notice) be open to inspection by the City, the Corporation and Owners of five percent (5%) or more in aggregate principal amount of Outstanding Certificates; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register the transfer or cause to be registered the transfer on the Certificate Register, Certificates as hereinbefore provided.

(b) The Trustee shall deem and treat the person in whose name any Outstanding Certificate shall be registered upon the Certificate Register as the absolute owner of such Certificate, whether such Certificate shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and interest payments with respect to such Certificate and for all other purposes, and all such payments so made to any such Owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Certificate to the extent of the sum or sums so paid, and neither the City nor the Trustee shall be affected by any notice to the contrary. The Corporation agrees, to the extent permitted by law, to indemnify the Trustee or cause the Trustee to be indemnified against any and all loss, cost, charge, expense (including attorneys' fees), judgment or liability incurred by it, acting in good faith and without negligence hereunder, in so treating such Owner. The Agreement contained in the preceding sentence shall survive the termination, resignation and removal of the Trustee and payment of Purchase Payments in full for a period not to exceed the statute of limitations period.

Section 606. Temporary Certificates. Pending preparation of the definitive Certificates, any Certificates delivered under this Trust Agreement may be initially delivered in temporary form exchangeable for definitive Certificates when ready for delivery. The temporary Certificates may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the City, shall be without coupons and may contain such reference to any of the provisions of this Trust Agreement as may be appropriate. Every temporary Certificate shall be executed by the Trustee and be delivered by the Trustee upon the same conditions and in substantially the same manner as definitive Certificates. If the Trustee delivers temporary Certificates, it shall execute and furnish definitive Certificates without delay and, thereupon, the temporary Certificates shall be surrendered for cancellation at the Principal Corporate Trust Office of the Trustee and the Trustee shall deliver in exchange for such temporary Certificates an equal aggregate principal amount of definitive Certificates of authorized denominations and of the same principal Payment Date and interest rate or rates. Until so exchanged, the temporary Certificates shall be entitled to the same benefits under this Trust Agreement as definitive Certificates delivered pursuant hereto.

Section 607. Certificates Mutilated, Lost, Destroyed or Stolen. If any Certificate shall become mutilated, the Trustee, at the expense of the Owner of said Certificate, shall execute and deliver a new Certificate of like tenor and principal Payment Date in exchange and substitution for the Certificate so mutilated, but only upon surrender to the Trustee of the Certificate so mutilated. Every mutilated Certificate so surrendered to the Trustee shall be canceled by it and destroyed.

If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and if an indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Certificate Owner, shall execute and deliver a new Certificate of like tenor and principal Payment Date and numbered as the Trustee shall determine in lieu of and in substitution for the Certificate so lost, destroyed or stolen.

The Trustee may require payment of an appropriate fee for each new Certificate delivered under this Section 607 and of the expenses which may be incurred by the Trustee in carrying out the duties under this Section 607. Any Certificate delivered under the provisions of this Section 607 in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Trust Agreement with all other Certificates delivered under this Trust Agreement. The Trustee shall not be required to treat both the original Certificate and any replacement Certificate as being Outstanding for the purpose of determining the principal amount of Certificates which may be delivered hereunder or for the

purpose of determining any percentage of Certificates Outstanding hereunder, but both the original and replacement Certificate shall be treated as one and the same.

Notwithstanding any other provision of this Section 607, but only when the Trustee is making payments with respect to the Certificates rather than the Corporation making such payments directly to the Owners, in lieu of delivering a new Certificate for which principal has or is about to become due for a Certificate which has been mutilated, lost, destroyed or stolen, the Trustee may make payment of such Certificate in accordance with its terms.

Section 608. Evidence of Signatures of Certificate Owners and Ownership of Certificates. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by Certificate Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Certificate Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of Certificates shall be sufficient for any purpose of this Trust Agreement (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Certificate Owner or his attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certification which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public, or other officer authorized to take acknowledgments of deeds to be recorded in such jurisdictions that the persons signing such instruments acknowledged before him the execution thereof. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such Certificate shall also constitute sufficient proof of his authority.

(b) The fact of the ownership of Certificates by any Certificate Owner and the amount, the principal Payment Date and the numbers of such Certificates and the date of his ownership of the same shall be proved by the Certificate Register held by the Trustee under the provisions of this Trust Agreement.

Nothing contained in this Article shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which may seem sufficient. Any request or consent of the Owner of any Certificate shall bind every future Owner of the same Certificate in respect of anything done or suffered to be done by the City or the Trustee in pursuance of such request or consent.

Section 609. Redemption.

(a) *Optional Redemption.* Except as described below, the Certificates are not subject to optional redemption prior to _____, 20__. The Certificates are subject to optional redemption prior to their stated maturity, on or after _____, 20__, at the option of the City (which option shall be exercised as directed by the Corporation), in whole or in part, in inverse order of Mandatory Sinking Fund Installment payment date, on any date, upon at least forty-five (45) days prior written notice to the Trustee and the Original Purchaser from the Corporation, from any source of available moneys, at a redemption price equal to the principal amount of the Certificates called for redemption, together with accrued interest to the date fixed for redemption, without premium.

Notwithstanding the foregoing, the Certificates are subject to optional redemption prior to their stated maturity, once per year on any date, at the option of the City (which option shall

be exercised as directed by the Corporation), in part, in inverse order of Mandatory Sinking Fund Installment payment date, up to 10% of the outstanding principal amount of the Certificates, upon at least forty-five (45) days prior written notice to the Trustee from the Corporation, from any source of available moneys (other than the proceeds of a refinancing or new borrowing), at a redemption price equal to the principal amount of the Certificates called for redemption, together with accrued interest to the date fixed for redemption, without premium.

(b) *Mandatory Sinking Fund Redemption.* The Certificates are subject to redemption prior to their stated maturity, in part, by lot, from Mandatory Sinking on the first day of each month, commencing February 1, 2017, to and including December 1, 2031, in the following principal amounts together with interest accrued thereon to the date fixed for redemption, without premium:

Redemption	Mandatory Sinking Fund	Redemption	Mandatory Sinking Fund	Redemption	Mandatory Sinking Fund
Date	Installment	Date	Installment	Date	Installment
2/1/17		2/1/22		2/1/27	
3/1/17		3/1/22		3/1/27	
4/1/17		4/1/22		4/1/27	
5/1/17		5/1/22		5/1/27	
6/1/17		6/1/22		6/1/27	
7/1/17		7/1/22		7/1/27	
8/1/17		8/1/22		8/1/27	
9/1/17		9/1/22		9/1/27	
10/1/17		10/1/22		10/1/27	
11/1/17		11/1/22		11/1/27	
12/1/17		12/1/22		12/1/27	
1/1/18		1/1/23		1/1/28	
2/1/18		2/1/23		2/1/28	
3/1/18		3/1/23		3/1/28	
4/1/18		4/1/23		4/1/28	
5/1/18		5/1/23		5/1/28	
6/1/18		6/1/23		6/1/28	
7/1/18		7/1/23		7/1/28	
8/1/18		8/1/23		8/1/28	
9/1/18		9/1/23		9/1/28	
10/1/18		10/1/23		10/1/28	
11/1/18		11/1/23		11/1/28	
12/1/18		12/1/23		12/1/28	
1/1/19		1/1/24		1/1/29	
2/1/19		2/1/24		2/1/29	
3/1/19		3/1/24		3/1/29	
4/1/19		4/1/24		4/1/29	
5/1/19		5/1/24		5/1/29	
6/1/19		6/1/24		6/1/29	
7/1/19		7/1/24		7/1/29	
8/1/19		8/1/24		8/1/29	
9/1/19		9/1/24		9/1/29	
10/1/19		10/1/24		10/1/29	
11/1/19		11/1/24		11/1/29	
12/1/19		12/1/24		12/1/29	
1/1/20		1/1/25		1/1/30	
2/1/20		2/1/25		2/1/30	
3/1/20		3/1/25		3/1/30	
4/1/20		4/1/25		4/1/30	
5/1/20		5/1/25		5/1/30	
6/1/20		6/1/25		6/1/30	
7/1/20		7/1/25		7/1/30	
8/1/20		8/1/25		8/1/30	
9/1/20		9/1/25		9/1/30	
10/1/20		10/1/25		10/1/30	
11/1/20		11/1/25		11/1/30	
12/1/20		12/1/25		12/1/30	
1/1/21		1/1/26		1/1/31	
2/1/21		2/1/26		2/1/31	
3/1/21		3/1/26		3/1/31	
4/1/21		4/1/26		4/1/31	
5/1/21		5/1/26		5/1/31	
6/1/21		6/1/26		6/1/31	
7/1/21		7/1/26		7/1/31	
8/1/21		8/1/26		8/1/31	
9/1/21		9/1/26		9/1/31	
10/1/21		10/1/26		10/1/31	
11/1/21		11/1/26		11/1/31	
12/1/21		12/1/26		12/1/31	
1/1/22		1/1/27			

(b) *Redemption from Net Proceeds of Insurance or Condemnation.* The Certificates are subject to redemption prior to maturity in whole or in part, on any date, in inverse order of their Payment Dates, at the principal amount thereof plus accrued interest to the redemption date, without premium, from the Net Proceeds of insurance or condemnation received with respect to the Facilities and applied to the prepayment of Purchase Payments pursuant to Section 404 of the First Installment Sale Agreement, derived from the prepayment of Installment Payments pursuant to Section 404(c) of the Second Installment Sale Agreement.

(c) Notwithstanding any other provision hereof, but only when the Trustee is making payments with respect to the Certificates rather than the Corporation making such payments directly to the Owners, on redemption, interest shall be payable at the Principal Corporate Trust Office of the Trustee upon surrender of a Certificate for redemption in accordance with Section 617 of this Trust Agreement.

(d) Upon a partial redemption pursuant to this Section 609, the Corporation shall provide the City, the Owners and the Trustee with a revised payment schedule in substitution of Exhibit C attached hereto.

Section 610. Redemption Fund.

(a) Moneys to be used for redemption of Certificates shall be transferred by the Trustee, but only when the Trustee is making payments with respect to the Certificates rather than the Corporation making such payment directly to the Owners, from the Purchase Payment Account, prior to mailing the notice referenced in Section 616, and deposited in a Redemption Fund, which shall be a special fund to be established and held in trust by the Trustee, separate and apart from all other funds. Said moneys shall be set aside in the Redemption Fund solely for the purpose of redeeming the Certificates in advance of their final principal Payment Date and shall be applied on or after the Payment Date designated for redemption to the payment of principal of, and interest from the preceding Payment Date with respect to, the Certificates to be redeemed upon presentation and surrender of such Certificates.

(b) Investment earnings and profits on amounts in the Redemption Fund shall be retained in the Redemption Fund and applied to the redemption of Certificates as set forth in paragraph (a) above.

Section 611. Notice of Redemption.

(a) *Official Notice.* Unless waived by any Owner of Certificates to be redeemed, official notice of any such redemption shall be given by the Trustee on behalf of the City by mailing a copy of an official redemption notice by first class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Owner of the Certificate or Certificates to be redeemed at the address shown on the Certificate Register.

All official notices of redemption shall be dated and shall state: (i) the redemption date, (ii) the redemption price, (iii) if less than all Outstanding Certificates are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Certificates to be redeemed, (iv) that on the redemption date the redemption price will become due and be payable upon each such Certificate or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and (v) the place where such Certificates are to be surrendered for payment of the redemption price, which place of payment shall be the Principal Corporate Trust Office of the Trustee, but only when the Trustee is making payments with respect to the Certificates rather than the Corporation making such payments directly to the Owners,.

Prior to the mailing of notice of redemption, the Corporation shall deposit, or cause to be deposited, with the Trustee, but only when the Trustee is making payments with respect to the Certificates rather than the Corporation making such payments directly to the Owners, an amount of money sufficient to pay the redemption price of all the Certificates or portions of Certificates which are to be redeemed on that date.

Official notice of redemption having been given as aforesaid, the Certificates or portions of Certificates so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) interest with respect to such Certificates or portions of Certificates shall cease to be payable. Upon surrender of such Certificates for redemption in accordance with said notice, such Certificates shall be paid by the Trustee, but only when the Trustee is making payments with respect to the Certificates rather than the Corporation making such payments directly to the Owners, at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Certificate, there shall be prepared for the Owner a new Certificate or Certificates of the same maturity in the amount of the unpaid principal. All Certificates which have been redeemed shall be canceled and destroyed by the Trustee and shall not be reissued.

(b) *Further Notice.* In addition to the foregoing notice, further notice shall be given by the Trustee as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed in subsection (a) above.

Notice of redemption of Certificates shall be given by the Trustee, at the expense of the Corporation.

If upon the expiration of sixty (60) days succeeding any date fixed for redemption, any Certificates called for redemption shall not have been presented to the Trustee for payment, the Trustee shall no later than ninety (90) days following such date fixed for redemption send Notice by Mail to the Owner of each Certificate not so presented. Failure to mail the notices required by this paragraph to any Owner, or any defect in any notice so mailed, shall not affect the validity of the proceedings for redemption of any Certificates nor impose any liability on the Trustee.

Section 612. Payment on Redemption of Certificates. Notice having been given as aforesaid, and the moneys for the redemption, including interest accrued from the preceding Payment Date to the date of redemption and premium, if any, having been set aside in the Redemption Fund, the Certificates to be redeemed shall become due and payable on said date of redemption, and, upon presentation and surrender thereof at the office or offices specified in said notice, said Certificates shall be paid at the unpaid principal amount with respect thereto, plus any such unpaid and accrued interest to said date of redemption.

If, on said date of redemption, moneys for the redemption of all the Certificates to be redeemed and premium, if any, together with interest to said date of redemption, shall be held by the Trustee, but only when the Trustee is making payments with respect to the Certificates rather than the Corporation making such payments directly to the Owners, so as to be available therefor on such Payment Date, and, if notice of redemption thereof shall have been given as aforesaid, then, from and after said Payment Date, interest with respect to the Certificates to be redeemed shall cease to accrue and become payable. If said moneys shall not be so available on said Payment Date, interest with respect to such Certificates shall continue to be payable until paid at the same rates as it would have been payable had the Certificates not been called for redemption. All moneys held by or on behalf of the Trustee for the redemption of particular

Certificates shall be held in trust for the account of the Owners of the Certificates so to be redeemed.

Section 613. Partial Redemption of Certificate. Upon surrender of any Certificate redeemed in part only, the Trustee shall execute, and deliver to the Owner thereof, at the expense of the Corporation, a new Certificate or Certificates of authorized denomination equal in aggregate principal amount to the unredeemed portion of the Certificate surrendered and of the same interest rate and the same principal Payment Date. Such partial redemption shall be valid upon payment of the amount thereby required to be paid to such Owner, and the City, the Corporation and the Trustee shall be released and discharged from all liability to the extent of such payment.

ARTICLE VII

COVENANTS; LIMITATION OF LIABILITY

Section 701. City to Perform. The City covenants and agrees with the Trustee on behalf of the Owners of the Certificates, to perform all obligations and duties imposed on it under the First Installment Sale Agreement, the Second Installment Sale Agreement and the First Assignment Agreement.

Section 702. Corporation to Perform. The Corporation covenants and agrees with the Owners of the Certificates, to perform all obligations and duties imposed on it under the First Installment Sale Agreement, the Second Installment Sale Agreement and the Second Assignment Agreement.

Section 703. Action on Default. Upon the occurrence of an Event of Default by the City under Section 701 of the First Installment Sale Agreement, and in each and every such case during the continuance of such Event of Default, the Trustee shall, with respect to any Event of Default other than subsection (c) or (d) of Section 701 of the First Installment Sale Agreement and may, with respect to an Event of Default pursuant to subsection (c) or (d) of Section 701 of the First Installment Sale Agreement (or shall, in the event of a request therefor by the Owners of not less than a majority in aggregate principal amount of Certificates at the time Outstanding), upon notice in writing to the City and the Corporation, subject to Section 505 hereof, exercise the remedies provided to the Corporation in the First Installment Sale Agreement which remedies have been assigned to the Trustee pursuant to the Second Assignment Agreement.

Section 704. Right of Owners to Direct Proceedings. Anything in this Trust Agreement to the contrary notwithstanding, the Owners of not less than a majority in aggregate principal amount payable with respect to Certificates then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the First Installment Sale Agreement and the Second Installment Sale Agreement, or for the appointment of a receiver or any other proceedings hereunder; *provided, however*, that such direction shall not be otherwise than in accordance with the provisions of law and of this Trust Agreement, and *provided further, however*, that (subject to Section 506) the Trustee shall have the right to decline to follow any such direction if the Trustee, being advised by counsel, shall determine that the action or proceeding so directed may not be lawfully taken or if the Trustee in good faith shall determine that the action or proceeding so directed might involve the Trustee in personal liability or if the trustee in good faith shall so determine that the actions or forbearances specified in or pursuant to such direction shall be unduly prejudicial to the interests of the Owners not joining in the giving of said direction, it being understood that the Trustee shall have no duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such Owners.

Section 705. Application of Moneys. ~~Except as provided in Section 406 hereof, all~~ All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the Certificates hereunder and payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred, in and about the performance of its powers and duties under this Trust Agreement.

(b) After payment of the fees and expenses of the Trustee including, without limitation, fees and expenses of its attorneys, agents and advisors, to the payment of the principal or redemption price of and interest then due with respect to the Certificates (upon presentation of the Certificates to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of this Trust Agreement, as follows:

(i) Unless the principal of all of the Certificates shall have become or have been declared due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference;

Second: To the payment to the persons entitled thereto of the unpaid principal or redemption price of any Certificates which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, with interest on the overdue principal at the rate borne by the respective Certificates, and, if the amount available shall not be sufficient to pay in full all the Certificates due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal or redemption price due on such date to the persons entitled thereto, without any discrimination or preference.

(ii) If the principal of all of the Certificates shall have become or have been declared due and payable, to the payment of the principal or redemption price and interest then due and unpaid upon the Certificates, with interest on the overdue principal at the rate borne by the respective Certificates, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest or redemption price, or of interest over principal or redemption price, or of redemption price over principal or interest, or of any installment of interest over any other installment of interest, or of any Certificate over any other Certificate, according to the amounts due respectively for principal, redemption price, and interest, to the persons entitled thereto without any discrimination or preference; and

Section 706. Remedies Vested in Trustee. All rights of action (including the right to file proofs of claims) under the First Installment Sale Agreement, the Second Installment Sale Agreement and this Trust Agreement may be enforced by the Trustee without the possession of any of the Certificates or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Owners of the Certificates, and any recovery of judgment shall be for the equal and ratable benefit of the Owners of the Outstanding Certificates.

Section 707. Rights and Remedies of Owners. No Owner of any Certificate shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Trust Agreement, the First Installment Sale Agreement or the Second Installment Sale Agreement or for the execution of any trust thereof or hereof or for the appointment of a receiver or any other remedy hereunder, unless (i) an Event of Default has occurred of which the Trustee has been deemed to have actual knowledge of, or has been notified, as provided in Section 505 hereof, (ii) such Event of Default shall be continuing, (iii) the Owners of not less

than a majority in aggregate principal payable with respect to the Certificates then Outstanding shall have made written request to the Trustee to exercise remedies available upon an Event of Default, shall have offered the Trustee reasonable opportunity either to proceed to exercise the powers herein granted or to institute such action, suit or proceeding in its own name, and shall have offered to the Trustee indemnity as provided in Section 508, and (iv) the Trustee shall thereafter fail or refuse for a continuous period of sixty (60) days to exercise the power herein granted, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of opportunity and indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Trust Agreement, and to any action or cause of action for the enforcement of this Trust Agreement, or for the appointment of a receiver or for any other remedy hereunder. No one or more Owners of the Certificates shall have any right in any manner whatsoever to enforce any right hereunder except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal and ratable benefit of the Owners of all Certificates then Outstanding. Nothing herein shall preclude an Owner from instituting a suit, action or proceeding against the City for payment of amounts due with respect to its Certificates.

Section 708. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Trust Agreement by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the City, the Trustee and the Owners shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 709. Waivers of Events of Default. The Trustee may, upon the written direction of the Owners and, in accordance with Section 702 of the Second Installment Sale Agreement, waive any Event of Default under the First Installment Sale Agreement or under the Second Installment Sale Agreement and rescind its consequences; *provided, however*, that there shall not be waived (a) any Event of Default in the payment of the principal or interest components of Purchase Payments or premium when due (whether at the scheduled date of payment or by prepayment) or (b) any covenant default under the Second Installment Sale Agreement unless, in each case, prior to such waiver and rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate reflected by the interest component of Purchase Payments on the date such interest became due on overdue payments of interest and all arrears of principal and premium, if any, when due, as the case may be, together with the reasonable fees and expenses of the Trustee and of the Owners of Certificates representing such Purchase Payments, including reasonable attorneys' fees paid or incurred, shall have been paid or provided for. In the case of any such waiver and rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the City, the Trustee and the Owners shall be restored to their former positions and rights hereunder, respectively, but no such waiver and rescission shall extend to any subsequent or other default, or impair any right consequent thereon. All waivers under this Trust Agreement shall be in writing and a copy thereof shall be delivered to the City and to the Corporation.

Section 710. No Obligation by City to Owners. Except for the payment of Purchase Payments when due from Revenues in accordance with the First Installment Sale Agreement and the performance of the other covenants and agreements of the City contained in the First Installment Sale Agreement, the City shall have no obligation or liability to any of the other parties to this Trust Agreement or to the Owners of the Certificates with respect to this Trust Agreement or the terms, execution, delivery or transfer of the Certificates, or the distribution of Purchase Payments to the Owners by the Trustee.

Section 711. No Liability to Owners for Payment. Except as provided in this Trust Agreement, neither the Corporation nor the Trustee shall have any obligation or liability to the Owners of the Certificates with respect to the payment of the Purchase Payments by the City from Revenues when due, or with respect to the performance by the City of any other covenants made by it in the First Installment Sale Agreement.

Section 712. No Responsibility for Sufficiency. The Trustee shall not be responsible for the sufficiency of the recitals contained in the Certificates, this Trust Agreement, the First Installment Sale Agreement, the Second Installment Sale Agreement, the First Assignment Agreement, the Second Assignment Agreement or of the assignment made to it of rights to receive moneys pursuant to the First Installment Sale Agreement, or the Second Installment Sale Agreement, or the value of or title to the Facilities. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it under the terms of and in accordance with this Trust Agreement, except to the extent of its negligence or willful misconduct.

Section 713. Notice of Noneffect of Second Installment Sale Agreement. Whenever it shall be determined by the City that the Second Installment Sale Agreement is no longer in effect, the City shall provide or cause to be provided written notice to the Trustee of such fact.

Section 714. Tax Covenants. The City, the Corporation and the Trustee each agree to comply with all provisions of the Tax Agreement applicable to it.

ARTICLE VIII

AMENDMENT; DEFEASANCE; ADMINISTRATIVE PROVISIONS

Section 801. Amendment. This Trust Agreement may be amended in writing by agreement among all of the parties hereto with the prior written consent of the Owners of Certificates then Outstanding; provided, however, that no such amendment shall be made unless there is filed with the Trustee the opinion of Special Counsel to the effect that such amendment will not adversely affect the exclusion from gross income for federal income tax purposes of the interest component of Purchase Payments. The Trustee shall have no obligation to amend this Trust Agreement if such amendment would adversely affect the Trustee.

Section 802. Defeasance. If all Outstanding Certificates shall be paid and discharged, or provision for the payment thereof shall be made, in any one or more of the following ways:

(a) by paying or causing to be paid the Purchase Payments as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, moneys which, together with the amounts then on deposit in the Trust Fund and the accounts therein and the Redemption Fund is fully sufficient to pay all unpaid Purchase Payments, including all principal and interest;

(c) by depositing with the Trustee, in trust, non-callable Federal Securities, together with cash, if required, in such amount as an independent certified public accountant shall determine will, together with the interest to accrue thereon without reinvestment thereof and moneys then on deposit in the Purchase Payment Account together with the interest to accrue thereon, be fully sufficient to pay and discharge all unpaid Purchase Payments on or before their Payment Dates; or

(d) by depositing with the Trustee, under an escrow deposit and trust agreement, security for the payment of all Purchase Payments as more particularly described in Section 405 of the First Installment Sale Agreement, said security to be held by the Trustee, as agent for the City, and to be applied by the Trustee to Purchase Payments representing the obligation of the City under the First Installment Sale Agreement, as described in Section 405 of the First Installment Sale Agreement,

then, notwithstanding that any Certificates may not have been surrendered for payment, all obligations of the Corporation, the Trustee and the City under this Trust Agreement with respect to all Outstanding Certificates shall cease and terminate, except only the obligation of the Trustee to pay or cause to be paid to the Owners of the Certificates not so surrendered and paid all sums due thereon from funds provided therefor as provided herein, the obligation of the City to pay, or caused to be paid to, the Trustee the amounts owing to the Trustee hereunder and the obligations of the City under this Trust Agreement.

Any funds held by the Trustee at the time of one of the events described above in subsections (a), (b), (c) or (d) which are not required for the payment to be made to Owners, or for payment to be made to the Trustee for any sums owed pursuant to Sections 507 and 508, shall be paid over to the Corporation. Upon any of said events, the Trustee shall execute, upon request of the Corporation or the City, any written instrument required to reconvey any interests of Trustee pursuant to this Trust Agreement or the Second Assignment Agreement

Section 803. Notices. All written notices to be given under this Trust Agreement shall be given by registered, certified or first class mail to the party entitled thereto at its address set forth below, or by fax, or at such address as the party may provide to the other parties in writing from time to time. All notices to be delivered to the Trustee hereunder shall simultaneously be delivered to the Owners at the addresses set forth in the Certificate Register.

If to the Corporation:	Family HealthCare Network 305 East Center Avenue Visalia, CA 93291-6331 Attention: Chief Financial Officer Phone: (559) 737-4700 Fax: (559) 734-1247
If to the City:	City of Hanford 315-321 North Douty Street Hanford, CA 93230 Attention: City Manager Phone: (559) 585-2516 Fax: (559) 582-1152
If to the Trustee:	U.S. Bank National Association One California Street, Suite 1000 San Francisco, CA 94111 Attention: Global Corporate Trust Services Phone: (415) 677-3593 Fax: (415) 677-3769
<u>To the Original Purchaser:</u>	<u>Umpqua Bank</u> <u>2998 Douglas Boulevard, Suite 100</u> <u>Roseville, CA 95661</u> <u>Attention: Ms. Melody Stricklin</u> <u>Telephone: (916) 774-3931</u> <u>Fax: (916) 783-2448</u> <u>E-mail: melodystricklin@umpquabank.com</u>

Section 804. California Law. This Trust Agreement shall be construed and governed in accordance with the laws of the State.

Section 805. Severability. Any provision of this Trust Agreement found to be prohibited by law shall be ineffective only to the extent of such prohibition, and shall not invalidate the remainder of this Trust Agreement.

Section 806. Binding on Successors. This Trust Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

Section 807. Headings. Headings preceding the text of the several Articles and Sections hereof, and the table of contents, are solely for convenience or reference and shall not constitute a part of this Trust Agreement or affect its meaning, construction or effect.

Section 808. Execution in Counterparts. This Trust Agreement may be executed in counterparts and each of said counterparts shall be deemed an original for all purposes of this Trust Agreement. All of such counterparts taken together shall be deemed to be one and the same instrument.

Section 809. Unclaimed Moneys. Notwithstanding any provisions of this Trust Agreement, any moneys held by the Trustee in trust for the payment of the principal or

redemption price, or interest with respect to, any Certificates appertaining thereto and remaining unclaimed for two years after the date such principal or redemption price or interest with respect to any of the Certificates become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in this Trust Agreement), if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when the principal or redemption price, or interest with respect to any of the Certificates became due and payable, shall be repaid to the Corporation, free from the trusts create by this Trust Agreement, and all liability of the Trustee with respect to such moneys shall thereupon cease; *provided, however*, that before the repayment of such moneys to the Corporation as aforesaid, the Trustee shall (at the cost of the Corporation) first mail to the Owners of any Certificate which has not been paid at the addresses shown on the Certificate Register maintained by the Trustee a notice, in such form as may be deemed appropriate by the Trustee, with respect to the Certificates so payable and not presented and with respect to the provisions relating to the prepayment to the Corporation of the moneys held for the payment thereof.

Section 810. Payments Due on Other than Business Day. If the date for making any payment as provided in this Trust Agreement is not a Business Day, such payment may be made on the next succeeding Business Day with the same force and effect as if done on the date provided therefore herein.

Section 811. Destruction of Certificates. Whenever in this Trust Agreement provision is made for the cancellation by the Trustee and the delivery to the City of any Certificates, the Trustee shall, in lieu of such cancellation and delivery, destroy such Certificates, and deliver a certificate of such destruction to the City.

Section 812. Rights of Original Purchaser. Notwithstanding anything in this Trust Agreement to the contrary, the Deed of Trust (except as otherwise set forth therein) may at any time be amended or modified by the written agreement of the Original Purchaser and the Corporation, without the consent of the Trustee or the City, provided that such amendment is promptly filed with the Trustee and that such amendment does not result in a violation of the provisions of the Tax Agreement.

Notwithstanding anything contained herein to the contrary, any required consent of the Original Purchaser with respect to the Certificates as provided herein shall not be effective unless such consent is in writing and is duly signed by the Original Purchaser, and then only to the extent specifically set forth therein. Furthermore, notwithstanding any other provision in this Trust Agreement to the contrary and for so long as the Original Purchaser is the registered Owner or beneficial Owner of the Certificates, the Purchaser has the right to undertake and enforce its rights and remedies under the Financing Documents without involvement of, but with notice to, the Trustee.

IN WITNESS WHEREOF, the parties have executed this Trust Agreement by their officers thereunto duly authorized as of the date and year first written above.

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Andrew Fung
Vice President

CITY OF HANFORD

By _____

Mayor

FAMILY HEALTHCARE NETWORK

By _____
Kerry L. Hydash
President & CEO

Attachment: Trust Agreement (1769 : Issuance of Certificates of Participation)

EXHIBIT A

DEFINITIONS

“Accountant’s Report” means a written report or certificate signed by an independent certified public accountant of recognized national standing, or a firm of independent certified public accountants of recognized national standing, selected by the Corporation.

“Act of Bankruptcy” means any of the following with respect to any Person: (a) the commencement by or against such Person of a voluntary case under the Bankruptcy Code, as now in effect or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or similar laws; (b) failure by such Person to timely controvert the filing of a petition with a court having jurisdiction over such Person to commence an involuntary case against such Person under the federal bankruptcy laws, as now in effect or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or similar laws; (c) such Person shall admit in writing its inability to pay its debts generally as they become due; (d) a receiver, trustee, custodian or liquidator of such Person or such Person’s assets shall be appointed in any proceeding brought against the Person or such Person’s assets; (e) assignment by such Person for the benefit of its creditors; (f) the entry by such Person into an agreement of composition with its creditors, or (g) becoming insolvent within the meaning of section 101(32) of the Bankruptcy Code.

“Additional Payments” means the amounts payable to the Authority, the Trustee or other Persons pursuant to the Second Installment Sale Agreement.

~~*“Amendment”* means any amendment or modification of any of the Financing Documents.~~

“Annual Debt Service” means, for each Fiscal Year, the aggregate amount (without duplication) of principal and interest scheduled to become due (either by maturity or by mandatory redemption) and sinking fund payments required to be paid in that Fiscal Year on all Long-Term Indebtedness.

“Approved Buyer” means (1) a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as in effect on the date hereof (the “Securities Act”); (2) an “accredited investor” as defined in paragraphs (1) through (3) of subsection (a) of Section 501 (“Section 501”) of Regulation D promulgated under the Securities Act; (3) an entity that is directly or indirectly wholly owned or controlled by the purchaser/bondholder representative (being a financial institution described in (1) above; (4) an “accredited investor” as defined in paragraph (5) of subsection (a) of said Section 501, provided that the minimum net worth shall be \$5,000,000; (5) an “accredited investor” as defined in paragraph (6) of subsection (a) of said Section 501, provided that the minimum income (individual or joint) shall be \$1,000,000; (6) an entity all of the investors in which are described in (1), (2) or (3) above; or (7) a custodian or trustee for a party described in (1), (2), (3), (4) or (5) above.

“Authorized Amount” shall mean \$ _____, the principal amount of Certificates authorized to be issued under the Trust Agreement. The Certificates will be issued as draw-down certificates in accordance with Section 602(g) of the Trust Agreement.

"Authorized Denomination" means \$250,000 or any multiple of one cent above that amount.

"Authorized Representative" means, with respect to the City, the Mayor, any member of the City Council of the City, the City Manager or such other person as may be designated and authorized to sign for the City.

"Authorized Corporation Representative" means any person who at the time and from time to time may be designated, by written certificate furnished to the Authority and the Trustee, as a person authorized to act on behalf of the Corporation. Such certificate shall contain the specimen signature of such person, shall be signed on behalf of the Corporation by any officer of the Corporation and may designate an alternate or alternates.

"Balloon Indebtedness" means Long-Term Indebtedness (or Short-Term Indebtedness which is intended to be refinanced upon or prior to maturity so that such Short-Term Indebtedness and the Indebtedness intended to be used to refinance such Short-Term Indebtedness will be outstanding for more than one year, as certified in an Officer's Certificate), 25% or more of the principal of which becomes due (either by maturity or mandatory redemption) or is payable at the option of the holder during any period of 12 consecutive months, which portion of the principal is not required by the documents governing such Indebtedness to be amortized by redemption prior to such date.

"Bankruptcy Code" means Title 11 of the United States Code, as amended.

"Board of Directors" means the Board of Directors of the Corporation.

"Certificate of the Corporation" means a certificate signed by an Authorized Corporation Representative.

"Certificate of the City" means a certificate signed by an Authorized Representative of City.

"Certificate Register" means the books for registration of Certificates maintained by the Trustee pursuant to Section 605 of the Trust Agreement.

"Certificates" means the \$_____ aggregate principal amount of certificates of participation to be executed and delivered pursuant to the Trust Agreement which evidence direct, undivided fractional interests of the Owners thereof in the Purchase Payments.

"City" means the City of Hanford, California.

"Certified Resolution" means a copy of a resolution of the Authority certified by an Authority Representative to have been duly adopted by the Authority and to be in full force and effect on the date of such certification.

"Closing Date" means December 29, 2016, the date upon which there is a physical delivery of the Certificates in exchange for the amount representing the purchase of the Certificates by the Original Purchaser.

"Corporation" means Family HealthCare Network, a corporation formed under or subject to the Nonprofit Public Benefit Corporation Law of the State that is organized for the purpose of owning and operating a health facility and that also meets the requirements of section 501(c)(3) of the Code, and any corporation which may become obligated under the Second Installment Sale Agreement, or any corporation which is the surviving, resulting or transferee corporation

in any merger, consolidation or transfer of assets permitted under the Second Installment Sale Agreement.

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

"Completion Indebtedness" means any Long-Term Indebtedness incurred for the purpose of financing the completion of construction or equipping of any project for which Long-Term Indebtedness has theretofore been incurred in accordance with the provisions of the Second Installment Sale Agreement, to the extent necessary to provide a completed and fully equipped facility of the type and scope contemplated at the time said Long-Term Indebtedness was incurred, and in accordance with the general plans and specifications for such facility as originally prepared and approved in connection with the related financing, modified or amended only in conformance with the provisions of the documents pursuant to which the related financing was undertaken.

"Consultant" means a person, firm, association or corporation who or which is appointed by the Corporation and, so long as the Original Purchaser owns the Certificates, acceptable to the Original Purchaser, for the purpose of passing on questions relating to the financial affairs, management or operations of the Corporation and, in the good faith opinion of the Corporation, has a favorable reputation for skill and experience in performing similar services in respect of entities engaged in reasonably comparable endeavors.

"Days Cash on Hand" means, for any Fiscal Year, the quotient of (unrestricted cash, cash equivalents and marketable securities, but specifically excluding and exclusive of: (1) all-trustee held fund; (2) borrowed moneys payable in one year or less, unless there exists a firm refinancing commitment from a qualified financial institution rated in the "A+" or "A1" or higher rating category; (3) moneys borrowed pursuant to any demand or tender obligation(s), unless a liquidity facility with term-out provisions providing for repayment over no fewer than five years exists from a qualified financial institution rated in the "A+" or "A1" or higher rating category; and (4) borrowed funds that are entrusted with a lender, as of the end of such Fiscal Year), divided by the Corporation's operating expenses, less depreciation and amortization expense, for such Fiscal Year divided by the number of calendar days in such Fiscal Year.

"Debt Service," when used with respect to the Certificates, means the scheduled principal and interest components of Purchase Payments payable during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"Deed of Trust" means that Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing, dated as of December 1, 2016, from the Corporation for the benefit of the Trustee, as the same may be amended and supplemented in accordance with the Second Installment Sale Agreement and the terms thereof, creating a lien on certain real property of the Corporation for the equal and ratable benefit of the Owners of the Certificates and any Parity Debt.

"Default Rate" means the current rate of interest with respect to the Certificates plus 5%.

"Determination of Taxability" means, and shall be deemed to have occurred on the first to occur of, the following:

(i) on the date when the Corporation or the Authority files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have in fact occurred;

(ii) on the date when the Owner or any former Owner notifies the Authority and the Corporation that it has received a written opinion by a nationally recognized attorney or firm of attorneys of substantial expertise on the subject of Tax-Exempt municipal finance to the effect that an Event of Taxability shall have occurred unless, within one hundred eighty (180) days after receipt by the Corporation of such notification from the Owner or any former Owner, the Corporation shall deliver to the Owner and any former Owner (a) absent any occurrence described in clauses (i), (iii) or (iv) of this definition of "Determination of Taxability, an opinion of a nationally recognized attorney or firm of attorneys of substantial experience on the subject of Tax-Exempt municipal finance reasonably acceptable to the Owner stating that an Event of Taxability has not occurred or (b) a ruling or determination letter issued to or on behalf of the Authority or the Corporation by the Commissioner or any District Director of the Internal Revenue Service (or any other governmental official exercising the same or a substantially similar function from time to time) to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

(iii) on the date when the Authority or the Corporation shall be advised in writing by the Commissioner or any District Director of the Internal Revenue Service (or any other government official or agent exercising the same or a substantially similar function from time to time) that, based upon filings of the Corporation, or upon any review or audit of the Corporation or upon any other ground whatsoever, an Event of Taxability shall have occurred; or

(iv) on the date when the Corporation or the Authority shall receive notice from the Owner or any former Owner that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of such Owner or such former Owner the interest with respect to the Certificates due to the occurrence of an Event of Taxability;

provided, however, no Determination of Taxability shall occur under subparagraph (iii) or (iv) hereunder unless the Corporation or the Authority has been afforded the opportunity, at its expense, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined; provided further, however, that upon demand from the Owner or former Owner, the Authority shall promptly reimburse, but solely from payments made by the Corporation, such Owner or former Owner for any payments, including any taxes, interest, penalties or other charges, such Owner (or former Owner) shall be obligated to make as a result of the Determination of Taxability.

"Delivery Costs" means all costs and expenses of execution and delivery of the First Installment Sale Agreement and the Certificates, including, but not limited to: (i) counsel fees, including special counsel, City's counsel, ~~and the Corporation's counsel and the Original Purchaser's counsel~~, as well as any other specialized counsel fees; (ii) financial advisor fees; (iii) initial trustee fees and trustee counsel fees; (iv) accountant fees; (v) closing fees of City; and (vi) any other cost, charge or fee in connection with the execution and delivery of the Certificates, including the CDIAAC fees.

"Delivery Costs Account" means the account by that name established under Section 401, and held by the Trustee pursuant to Section 402, of the Trust Agreement.

“Event of Default” means, with respect to the First Installment Sale Agreement, any event of default specified in Section 701 of the First Installment Sale Agreement, and with respect to the Second Installment Sale Agreement, any event of default specified in Section 701 of the Second Installment Sale Agreement.

“Environmental Regulations” means any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating to dangerous, toxic or hazardous pollutants, Hazardous Substances, chemical waste, materials or substances.

“Event of Taxability” means (i) the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Corporation or the Authority, or the failure to take any action by the Corporation or the Authority, or the making by the Corporation or the Authority of any misrepresentation herein or in any certificate required to be given in connection with the issuance, sale or delivery of the Certificates) which has the effect of causing interest paid or payable with respect to the Certificates to become includable, in whole or in part, in the gross income of the Owner or any former Owner for federal income tax purposes or (ii) the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, which decree, judgment or action shall be final under applicable procedural law, in either case, which has the effect of causing interest paid or payable with respect to the Certificates to become includable, in whole or in part, in the gross income of the Owner or any former Owner for federal income tax purposes with respect to the Certificates.

“Facilities” means (i) the real property described in Exhibit A to the First Installment Sale Agreement and the Second Installment Sale Agreement; (ii) all buildings, structures, fixtures and improvements thereon and thereto; and (iii) all personal property owned by the Corporation and used in, around or about the aforesaid real property; in all such cases, whether now existing or hereinafter constructed, installed or acquired.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term *“Fair Market Value”* means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security—State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is the Local Agency Investment Fund of the State but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

“Federal Securities” means (i) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America and including certificates or other instruments evidencing ownership interests in direct obligations of the United States of America such as Treasury Receipts), (ii) obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America and (iii) pre-refunded municipal obligations meeting the following conditions: (A) such obligations are not to be callable prior to

maturity or the trustee has been given irrevocable instructions concerning their calling and redemption; (B) such obligations are secured by cash or Federal Securities described in clause (i) above which may be applied only to interest, principal, and premium payments of such obligations; (C) the principal of and interest on such Federal Securities (plus any cash in the fund) are sufficient to meet the liabilities of such obligations; (D) such Federal Securities serving as security for such obligations are held by an escrow agent or trustee; (E) such Federal Securities are not available to satisfy any other claims, including those against the trustee or escrow agent; and (F) the trust or escrow instructions for which cannot be amended to provide for redemption of such Federal Securities prior to the maturity date thereof set forth in the trust or escrow agreement governing such deposit.

“Financing Documents” means, collectively, the First Installment Sale Agreement, the Second Installment Sale Agreement, the First Assignment Agreement, the Second Assignment Agreement, the Trust Agreement and the Deed of Trust.

“First Assignment Agreement” means that certain First Assignment Agreement, dated as of December 1, 2016, by and between the City and the Trustee, as originally executed and as amended from time to time in accordance with its terms.

“First Installment Sale Agreement” means that certain First Installment Sale Agreement, dated as of December 1, 2016, by and between the Corporation and the City, as originally executed and as amended from time to time in accordance with its terms.

“Fiscal Year” means the twelve month period beginning July 1 in each year, or any other twelve-month period hereafter selected and designated as the official fiscal year period of the Corporation.

“501(c)(3) Organization” means an organization described in Section 501(c)(3) of the Code.

“Generally Accepted Accounting Principles” or *“GAAP”* means the uniform accounting and reporting procedures set forth in the opinions, pronouncements and publications of the Accounting Principles Board, the American Institute of Certified Public Accountants and the Financial Accounting Standards Board or in such other statements by such other entity as may be of general use by significant segments of the accounting profession as in effect on the date hereof.

“Gross Revenues” means all revenues, income, receipts and money received in any period by the Corporation (other than donor-restricted gifts, grants, bequests, donations and contributions), including, but without limiting the generality of the foregoing: (a) gross revenues derived from the operation and possession of and pertaining to its Facilities, (b) proceeds with respect to, arising from, or relating to its Facilities and derived from (1) insurance (including business interruption insurance) or condemnation proceeds (except to the extent such proceeds are required by the terms of the Second Installment Sale Agreement or other agreements with respect to the Indebtedness which the Corporation is permitted to incur pursuant to the terms of the Second Installment Sale Agreement to be used for purposes inconsistent with their use for the payment of Loan Payments, Additional Payments or similar payments with respect to Parity Debt), (2) accounts, including but not limited to, accounts receivable, (3) securities and other investments, (4) inventory and intangible property, (5) payment/reimbursement programs and agreements, and (6) contract rights, accounts, instruments, claims for the payment of moneys and other rights and assets now or hereafter owned, held or possessed by or on behalf of the Corporation, and (c) rentals received from the lease of the Facilities, including, but not limited to, future interest on any and all revenues or income of any nature or kind which accrue to the Corporation.

"Guaranty" means all loan commitments and all obligations of the Corporation guaranteeing in any manner whatever, whether directly or indirectly, any obligation of any other Person which would, if such other Person were the Corporation, constitute Indebtedness and is acceptable to the Original Purchaser.

"Hazardous Substances" means (a) any oil, flammable substance, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, materials or pollutants which (i) pose a hazard to the Facilities or to Persons on or about the Facilities or (ii) cause the Facilities to be in violation of any Environmental Regulations; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls, or radon gas; (c) any chemical, material or substance defined as or included in the definition of "waste," "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous waste," "restricted hazardous waste," or "toxic substances" or words of similar import under any Environmental Regulations including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 USC §§ 9601 et seq.; the Resource Conservation and Recovery Act ("RCRA"), 42 USC §§ 6901 et seq.; the Hazardous Materials Transportation Act, 49 USC §§ 1801 et seq.; the Federal Water Pollution Control Act, 33 USC §§ 1251 et seq.; the California Environmental Quality Act ("CEQA"), Cal. Public Resources Code § 21000 et seq.; the California Hazardous Waste Control Law ("HWCL"), Cal. Health & Safety Code §§ 25100 et seq.; the Hazardous Substance Account Act ("HSAA"), Cal. Health & Safety Code §§ 25300 et seq.; the Underground Storage of Hazardous Substances Act, Cal. Health & Safety Code §§ 25280 et seq.; the Porter-Cologne Water Quality Control Act (the "Porter-Cologne Act"), Cal. Water Code §§ 13000 et seq., the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65); and Title 22 of the California Code of Regulations, Division 4, Chapter 30; (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or agency or may or could pose a hazard to the health and safety of the occupants of the Facilities or the owners and/or occupants of property adjacent to or surrounding the Facilities, or any other Person coming upon the Facilities or adjacent property; or (e) any other chemical, materials or substance which may or could pose a hazard to the environment.

"Indebtedness" means any Guaranty and any indebtedness or obligations for borrowed money of the Corporation (other than accounts payable and accruals), as determined in accordance with GAAP, including obligations under conditional sales contracts or other title retention contracts and rental obligations under leases which are considered capital leases under GAAP.

"Independent Consultant" means a firm which (a) is in fact independent; (b) does not have any direct financial interest or any material indirect financial interest in the Corporation; (c) is not connected with the Corporation as an officer, employee, promoter, trustee, partner, director or person performing similar functions, and designated by the Corporation, qualified to pass upon questions relating to the affairs of facilities of the type or types operated by the Corporation and having a favorable reputation for skill and experience in the affairs of such facilities.

"Installment Payments" means the payments so designated and required to be made by the Corporation pursuant to Section 401 of the Second Installment Sale Agreement and received by the City.

"Insurance and Condemnation Proceeds Fund" means the fund by that name established under Section 401, and held by the Trustee pursuant to Section 404, of the Trust Agreement.

"Insurance Consultant" means a person having experience and a favorable reputation in consulting on the insurance requirements of health care facilities in the State of the general size and character of the Facilities, selected by the Corporation.

"Investor Letter" means a letter in the form of Exhibit D attached hereto executed by the Owner.

"Long-Term Indebtedness" means Indebtedness having an original maturity greater than one year or renewable at the option of the Corporation for a period greater than one year from the date of original incurrence or issuance thereof unless, by the terms of such Indebtedness, no Indebtedness is permitted to be outstanding thereunder for a period of at least 30 consecutive days during each calendar year.

"Maximum Annual Debt Service" means the greatest amount of Annual Debt Service becoming due and payable in any Fiscal Year including the Fiscal Year in which the calculation by the Corporation is made or any subsequent Fiscal Year; provided, however, that for the purposes of computing Maximum Annual Debt Service:

(a) there shall be included in the Indebtedness of the Corporation 100% of any Guaranty.

(b) for any Indebtedness for which a binding commitment, letter of credit or other credit arrangement providing for the extension of such Indebtedness beyond its original maturity date exists, the computation of Maximum Annual Debt Service shall, at the option of the Corporation, be made on the assumption that such Indebtedness will be amortized in accordance with such credit arrangement;

(c) for any Balloon Indebtedness, the computation of Maximum Annual Debt Service shall, at the option of the Corporation, assume that such Indebtedness is to be amortized over a period of years to be specified by the Corporation up to a 25-year period, beginning on the date of maturity of such Indebtedness or such earlier date as may be specified by the Corporation, assuming level debt service and a rate of interest (determined as of the time of calculation of Maximum Annual Debt Service) equal to the average rate, certified in a Certificate of the Corporation (which shall be accompanied by and based on an opinion of a banking or investment banking firm, which shall be knowledgeable in such matters) delivered to the Trustee, at which the Corporation could reasonably expect to borrow with such specified term;

(d) if interest on Long-Term Indebtedness is payable pursuant to a variable interest rate formula, the interest rate on such Long-Term Indebtedness for periods when the actual interest rate cannot yet be determined shall be assumed to be equal to the average interest rate calculated pursuant to the provisions of the agreement pursuant to which such Long-Term Indebtedness was incurred during the one calendar year prior to the date of calculation or the interest rate that would have been the average interest rate calculated during the one year prior to the date of calculation had such Long-Term Indebtedness been outstanding for the previous year;

(e) debt service on Long-Term Indebtedness incurred to finance capital improvements shall be included in the calculation of Maximum Annual Debt Service only in proportion to the amount of interest on such Long-Term Indebtedness which is payable in the Fiscal Year after such improvement is placed in service from sources other than the proceeds of such Long-Term Indebtedness; and

(f) if moneys or Investment Securities described in clauses (a), (b), (d) or (e) of the definition hereof have been deposited with a trustee in an amount, together with earnings

thereon sufficient to pay the principal of or interest on Long-Term Indebtedness as it comes due, such principal or interest, as the case may be, shall be excluded from the calculation of Maximum Annual Debt Service.

"Moody's" means Moody's Investors Service, New York, New York, or its successors.

~~*"Net Income Available for Debt Service"* means, with respect to the Corporation, as to any period of time, the excess of revenues over expenses (increase or decrease in unrestricted assets) of the Corporation for such period, to which shall be added depreciation, amortization and interest expense, all as determined in accordance with generally accepted accounting principles; provided that no such determination shall include any gain or loss resulting from either the extinguishment of Indebtedness or any disposition of capital assets not made in the ordinary course of business.~~

"Net Proceeds," when used with respect to any insurance or condemnation award, means the gross proceeds from the insurance (or any alternative risk management program in which the Corporation participates in lieu of or as a supplement to such insurance) or condemnation award with respect to which that term is used remaining after payment of all expenses incurred in the collection of such gross proceeds.

"Net Revenues Available for Debt Service" means, with respect to the Corporation, as to any period of time, the excess of Gross Revenues over expenses of the Corporation for such period, to which shall be added depreciation, amortization and interest, all as determined in accordance with Generally Accepted Accounting Principles; provided that no such determination shall include any gain or loss resulting from either the extinguishment of Indebtedness, any disposition of capital assets not made in the ordinary course of business, or any non-operating revenues and expenses.

"Nonrecourse Indebtedness" means any Indebtedness secured by a lien, which is not a general obligation of the Corporation and liability for which is effectively limited to the property subject to such lien with no recourse, directly or indirectly, to any other property.

"Notice by Mail" or *"notice"* of any action or condition *"by Mail"* shall mean a written notice meeting the requirements of the Trust Agreement mailed by first class mail, postage prepaid, to the Owners of specified Certificates, at the addresses shown on the Certificate Register.

"Opinion of Counsel" means a written opinion of counsel (who may be counsel for City) selected by the Corporation and acceptable to the Trustee.

"Original Purchaser" means Umpqua Bank, the original purchaser of the Certificates delivered pursuant to Section 601 of the Trust Agreement, and its successor and assigns.

"Outstanding" when used with reference to the Certificates and as of any particular date means all Certificates theretofore delivered except: (a) any Certificate canceled by the Trustee at or before said date, (b) any Certificate in lieu of or in substitution for which another Certificate shall have been delivered pursuant to the Trust Agreement and (c) any Certificate paid, discharged or provided for payment pursuant to the provisions of Section 902 of the Trust Agreement.

"Owner" or *"Certificate Owner"* or *"Owner of Certificates"* or any similar term, when used with respect to the Certificates, means any person who shall be the sole registered owner of the Certificates. Initially, the Owner will be the Original Purchaser.

"Parity Debt" means Indebtedness (a) incurred by the Corporation in accordance with Section 5.14 of the Second Installment Sale Agreement and (b) secured by a lien on or security interest in Gross Revenues in the Gross Revenue Fund or other collateral equally and ratably with the obligations of the Corporation under the Second Installment Sale Agreement. The terms of such indebtedness described in clauses (a) and (b) above shall require that (i) the trustee, if any, for such Indebtedness be the Trustee, and (ii) an event of default for such indebtedness shall include an Event of Default; provided, however, that no Parity Debt shall be secured by the same Pledged Property set forth in the Deed of Trust.

"Payment Dates" means the first day of each month commencing on February 1, 2017, and ending on December 1, ____.

"Permitted Encumbrances" means and includes:

(a) undetermined liens and charges incident to construction or maintenance, and liens and charges incident to construction or maintenance now or hereafter filed of record which are being contested in accordance with ~~Section 5.22 of~~ the Second Installment Sale Agreement;

(b) the lien of taxes and assessments which are not delinquent or, if delinquent, are being contested by the Corporation;

(c) minor defects and irregularities in the title to the Facilities which in the aggregate do not materially adversely affect the value or operation of the Facilities for the purposes for which they are or may reasonably be expected to be used;

(d) easements, exceptions or reservations for the purpose of pipelines, telephone lines, telegraph lines, power lines and substations, roads, streets, alleys, highways, railroad purposes, drainage and sewerage purposes, dikes, canals, laterals, ditches, the removal of oil, gas, coal or other minerals, and other like purposes, or for the joint or common use of real property, facilities and equipment, which in the aggregate do not materially interfere with or impair the operation of the Facilities for the purposes for which they are or may reasonably be expected to be used;

(e) rights reserved to or vested in any municipality or governmental or other public authority to control or regulate or use in any manner any portion of the Facilities which do not materially impair the operation of the Facilities for the purposes for which they are or may reasonably be expected to be used;

(f) any obligations or duties affecting any portion of the Facilities to any municipality or governmental or other public authority with respect to any franchise, grant, license or permit;

(g) present or future valid zoning laws and ordinances;

(h) the rights of the Trustee under the Trust Agreement;

(i) liens securing indebtedness for the payment, redemption or satisfaction of which money (or evidences of indebtedness) in the necessary amount shall have been deposited in trust with a trustee or other holder of such indebtedness;

(j) statutory rights of the United States of America to recover against the Corporation by reason of federal funds made available under 42 U.S.C. §§291 *et seq.*, and similar rights under other federal and state statutes;

(k) statutory liens arising in the ordinary course of business which are not delinquent or are being contested in good faith by the Corporation;

(l) other liens, charges and encumbrances in existence on the Closing Date, for which there are none;

(m) the lease or license of the use of a part of the Facilities for use in performing professional or other services necessary for the proper and economical operation of the Facilities in accordance with customary business practices in the industry;

(n) purchase money security interests and capitalized lease obligations, provided the fair market value (as of the date of acquisition and including any soft costs such as shipping) of any asset so encumbered shall equal or exceed the amount of indebtedness so secured;

(o) liens secured by the Corporation's accounts receivable, subject to the requirements of Section 503 of the Second Installment Sale Agreement; and

(p) any other lien or encumbrance provided that, at the option of the Corporation, the aggregate Book Value or the aggregate fair market value (whichever is greater) of the property subject to all such liens and encumbrances incurred pursuant to this clause (p) does not exceed 20% of the aggregate Book Value or the aggregate fair market value (whichever is greater), respectively, of the Property, Plant and Equipment of the Corporation immediately preceding the creation of such lien or encumbrance.

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

(a) Federal Securities;

(b) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America (including stripped securities if the agency has stripped them itself)

(i) U.S. Export-Import Bank;

(ii) Farmers Home Administration;

(iii) Federal Financing Bank;

(iv) Federal Housing Administration;

(v) General Services Administration;

(vi) Government National Mortgage Association ("GNMA") (including guaranteed mortgage-backed bonds and guaranteed pass-through obligations);

(vii) Rural Economic Community Development Administration

(viii) Small Business Administration

(ix) U.S. Maritime Administration (guaranteed Title XI financing); and

(x) U.S. Department of Housing and Urban Development (including project notes, local authority bonds, new communities debentures, U.S. government guaranteed

debentures, U.S. Public Housing Notes and Bonds and U.S. government guaranteed public housing notes and bonds;

(c) Debentures, bonds, notes or other evidence of indebtedness issued or guaranteed by any of the following U.S. government agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America (including stripped securities if the agency has stripped them itself):

(i) Federal Home Loan Bank System (senior debt obligations);

(ii) Resolution Funding Corporation (REFCORP) obligations;

(iii) Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac") senior debt obligations or participation certificates;

(iv) Federal National Mortgage Association (FNMA or "Fannie Mae") mortgage-backed securities and senior debt obligations;

(v) Senior debt obligations of other government sponsored agencies approved by the Office.

(d) Investments in money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G, AAAm or better (including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee provide investment advisory or other management services);

(e) Pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(i) which are rated, based on an irrevocable escrow account or fund (the "Escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or

(ii) (A) which are fully secured as to principal, interest and redemption premium, if any, by an Escrow consisting only of cash or obligations described in paragraph (a) above, which Escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (B) which Escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any with respect to the Certificates or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(f) Repurchase agreements fully secured by collateral security described in clauses (a) (b), (c), or (h) of this definition, which collateral (i) is held by the Trustee or a third party agent during the term of such repurchase agreement, (ii) is not, pursuant to the terms of such agreement, subject to liens or claims of third parties and (iii) has a market value (determined at least once every fourteen days) at least equal to the amount so invested;

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

(h) Municipal obligations rated "Aaa/AAA" on the basis of insurance or credit enhancement, provided the underlying rating of the municipal obligation must be at least "Baa/BBB," uninsured or unenhanced municipal obligations rated at least Aa2/AA or general obligations of states with a rating of "A2/A" by Moody's or S&P;

(i) U.S. dollar denominated deposit accounts, federal funds or bankers acceptances with domestic commercial banks which may include the Trustee and its affiliates which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P (for purposes of rating, ratings on holding companies are not considered as the rating of the bank) and maturing not more than 360 calendar days after the date of purchase;

(j) the Local Agency Investment Fund of the State, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name; and

"Pledged Property" means the property of the Corporation described in Exhibit A to the Deed of Trust.

"Principal Corporate Trust Office" means the principal corporate trust office of the Trustee in San Francisco, California, or any other location which may be so designated by the Trustee.

"Proceeds" means the face amount of the Certificates, plus accrued interest and original issue premium, if any, less original issue discount, if any.

"Project" means the acquisition of a parcel of land located at 250 West 5th Street, Hanford, California, near downtown, and to construct thereon an approximately 39,000 square foot, three-story health center providing 10 dental operatories, 4 optometry exam rooms, 46 medical exam rooms, community meeting space, and a pharmacy.

~~*"Project Account"* means the account by that name established under Section 401, and held by the Trustee pursuant to Section , of the Trust Agreement.~~

"Purchase Payment Account" means the account by that name established under Section 401, and held by the Trustee pursuant to Section 403 of the Trust Agreement.

"Purchase Payments" means the payments so designated and required to be made by the City pursuant to Section 401 of the First Installment Sale Agreement and received by the Corporation.

~~*"Qualified Project Costs"* means costs and expenses of a capital project, including working capital, but specifically excluding costs and expenses for portions of the project to be used for activities constituting unrelated trades or businesses determined by applying section 513(a) of the Code.~~

"Rebate Fund" means the fund by that name created by, and held by the Trustee pursuant to, Section 407 of the Trust Agreement.

"Rebate Requirement" means the amounts required to be rebated to the United States Treasury determined in accordance with the Tax Agreement.

"Regulations" means temporary and permanent regulations promulgated under the Code.

"Revenues" means all payments, receipts, installment payments and other income derived by the City or the Trustee under the Second Installment Sale Agreement or otherwise in respect of the financing of the Project as contemplated by the Second Installment Sale Agreement, and any income or revenue derived from the investment of any money in any fund or account established pursuant to the Trust Agreement, including all Installment Payments and any other payments made by the Corporation with respect to the principal and interest with respect to the Certificates pursuant to the Second Installment Sale Agreement.

~~*"Revenues"* means all Installment Payments received by City or its assignee pursuant to the terms of the Second Installment Sale Agreement, the moneys on deposit in funds and accounts held by the Trustee pursuant to the Trust Agreement, and any interest or other income derived from the investment of the moneys on deposit in funds and accounts held by the Trustee pursuant to the Trust Agreement.~~

"S&P" means S&P Global Ratings or its successors.

"Second Assignment Agreement" means that certain Second Assignment Agreement, dated as of December 1, 2016, by and between the Corporation and the Trustee, as originally executed and as amended from time to time in accordance with its terms.

"Second Installment Sale Agreement" means that certain Second Installment Sale Agreement, dated as of December 1, 2016, by and between the City and the Corporation, as originally executed and as amended from time to time in accordance with its terms.

"Short-Term Indebtedness" means indebtedness of the Corporation which (a) has a final maturity not more than 365 days after the date of creation thereof, and (b) is not, pursuant to the terms of a revolving credit or similar agreement or otherwise, renewable or extendible at the option of the Corporation to a date or for a period or periods ending more than 365 days after the date of creation thereof, unless, by the terms of such agreement, no indebtedness is permitted to be outstanding thereunder for a period of at least thirty (30) consecutive days during each period of twelve (12) consecutive months beginning with the effective date of such agreement.

"State" means the State of California.

"Subordinate Indebtedness" means Indebtedness, and any renewals thereof, which by its terms is specifically subordinated with respect to any security therefor and with respect to right of payment to all Outstanding Certificates and Parity Debt. Subordinate Indebtedness shall also be subject to the following:

(a) The Subordinate Indebtedness shall at all times be wholly subordinate and junior in right of payment to any and all indebtedness of the Corporation under the Second Installment Sale Agreement (herein called *"Superior Indebtedness"*), in the manner and with the force and effect hereafter set forth:

(b) In the event of any liquidation, dissolution or winding up of the Corporation, or of any execution, sale, receivership, insolvency, bankruptcy, liquidation, readjustment,

reorganization, or other similar proceeding relative to the Corporation or its property, all principal and interest owing on all Superior Indebtedness shall first be paid in full before any payment is made upon the Subordinated Indebtedness, provided, however, that, except for Gross Revenues, this sentence shall not apply to payments made on such Subordinated Indebtedness from the proceeds of collateral specifically securing such Subordinated Indebtedness; and in any such event any payment or distribution of any kind or character from sources other than the proceeds of collateral specifically securing the Subordinated Indebtedness, except for Gross Revenues, whether in cash, property or securities (other than in securities, including equity securities, or other evidences of indebtedness, the payment of which is subordinated to the payment of all Superior Indebtedness which may at the time be outstanding) which shall be made upon or in respect of the Subordinated Indebtedness shall be paid over to the holders of such Superior Indebtedness, pro rata, for application in payment thereof unless and until such Superior Indebtedness shall have been paid or satisfied in full.

(c) In the event that the Subordinated Indebtedness is declared or become due and payable because of the occurrence of any event of default under the Second Installment Sale Agreement (or under the Trust Agreement, as appropriate) or otherwise than at the option of the Corporation, under circumstances when the foregoing subparagraph (i) shall not be applicable, the holders of the Subordinated Indebtedness shall be entitled to payments only after there shall first have been paid in full all Superior Indebtedness outstanding at the time the Subordinated Indebtedness so become due and payable because of any such event, or payment shall have been provided for in a manner satisfactory to the holders of such Superior Indebtedness, provided, however, that, except for Gross Revenues, this sentence shall not apply to payments made on such Subordinated Indebtedness from the proceeds of collateral specifically securing such Subordinated Indebtedness.

(d) The Corporation agrees, for the benefit of the holders of Superior Indebtedness, that in the event that any Subordinated Indebtedness is declared due and payable before its expressed maturity because of the occurrence of a default under the Second Installment Sale Agreement, (i) the Corporation will give prompt notice in writing of such happening to the holders of Superior Indebtedness and (ii) all Superior Indebtedness shall forthwith become immediately due and payable upon demand, regardless of the expressed maturity thereof.

(e) Any default in the covenants contained above shall be an immediate "Event of Default" without regard to any "grace period" otherwise contained in the Second Installment Sale Agreement.

(f) If the holder of the Subordinated Indebtedness is a commercial bank, savings bank, savings and loan association or other financial institution which is authorized by law to accept and hold deposits of money or issue certificates of deposit, such holder must agree to waive any common law or statutory right of setoff with respect to any deposits of the Corporation maintained with or held by such holder.

Notwithstanding the foregoing, no Subordinate Indebtedness shall be secured by the same Pledged Property set forth in the Deed of Trust.

"Tax Agreement" means the Tax Certificate and Agreement with respect to the Certificates executed and delivered by the City, the Corporation and the Trustee, as originally executed and as the same may be amended and supplemented from time to time in accordance with the terms thereof.

"Tax-Exempt" means, with respect to interest on any obligations of a state or local government, including the Certificates, that such interest is excluded from the gross income of the owners thereof (other than any owner who is a "substantial user" of facilities financed with

such obligations or a “related person” within the meaning of Section 147(a) of the Code) for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code.

“*Taxable Date*” means the date on which interest with respect to the Certificates is first includable in gross income of the Owner (including, without limitation, any previous Owner) thereof as a result of an Event of Taxability as such a date is established pursuant to either (i) the Determination of Taxability or (ii) an opinion by an attorney or firm of attorneys of nationally recognized standing on the subject of Tax-Exempt municipal finance; provided, however, that, for the avoidance of doubt, the Taxable Date shall not be earlier than the beginning of the period for which interest with respect to the Certificates is included (taking into account the applicable statute of limitations) in the gross income of the Owner.

“*Taxable Period*” has the meaning set forth in Section 6.02(b) of the Trust Agreement.

“*Taxable Rate*” means, with respect to a Taxable Period, the original interest rate with respect to the Certificates multiplied by 1.54 during such period.

“*Total Revenues*” means the sum of total net operating revenues, plus net non-operating revenues, as shown on the financial statements of the Corporation, determined in accordance with GAAP, plus any investment income which is offset against interest expense in accordance with GAAP and as a result is not included in total operating revenues or non-operating revenues.

“*Trust Agreement*” means that certain Trust Agreement, dated as of December 1, 2016, by and among the City, the Corporation and the Trustee, as originally executed and as amended from time to time in accordance with its terms.

“*Trust Fund*” means the Trust Fund established under and held by the Trustee pursuant to Section 401 of the Trust Agreement.

“*Written Certificate*,” “*Statement*,” “*Request*,” “*Requisition*” and “*Order*” of the City or the Corporation mean, respectively, a written certificate, statement, request, requisition or order signed in the name of the City by an Authorized Representative of the City, or in the name of the Corporation by an Authorized Representative of the Corporation, respectively, and delivered to the Trustee. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

EXHIBIT B**FORM OF CERTIFICATE OF PARTICIPATION**

OWNERSHIP OF THIS CERTIFICATE MAY BE TRANSFERRED IN WHOLE ONLY, TO A PERSON THAT THE OWNER REASONABLY BELIEVES IS EITHER (I) A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, THAT IS PURCHASING THE CERTIFICATES FOR NOT MORE THAN ONE ACCOUNT, FOR ITS OWN ACCOUNT AND NOT WITH A THEN PRESENT VIEW TO DISTRIBUTING THE CERTIFICATES (SUBJECT TO THE PROVISIONS OF THE TRUST AGREEMENT), OR (II) AN "ACCREDITED INVESTOR" AS DEFINED IN SECTION 501(A)(1), (2), (3) OR (7) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, THAT IS PURCHASING THE CERTIFICATES FOR NOT MORE THAN ONE ACCOUNT FOR INVESTMENT PURPOSES AND NOT WITH A THEN PRESENT VIEW TO DISTRIBUTING THE CERTIFICATES (SUBJECT TO THE PROVISIONS OF THE TRUST AGREEMENT).

CERTIFICATE OF PARTICIPATION
Evidencing the Direct, Undivided Fractional Interests of the
Owner Hereof in Purchase Payments to be Made by the
CITY OF HANFORD, CALIFORNIA,
As the Purchase Price of Certain Property
Pursuant to a First Installment Sale Agreement with
FAMILY HEALTHCARE NETWORK

INTEREST RATE	FINAL PAYMENT DATE	DATED DATE
____%*	December 1, ____	December <u>29</u> , 2016

REGISTERED OWNER: UMPQUA BANK

PRINCIPAL AMOUNT: _____ DOLLARS (\$_____)

THIS IS TO CERTIFY THAT the Registered Owner stated above or registered assigns ("the Owner"), is the registered owner of this Certificate of Participation (the "Certificate") evidencing a direct, undivided fractional interest in the right to receive certain purchase payments (the "Purchase Payments") to be paid by the City of Hanford (the "City"), pursuant to that certain First Installment Sale Agreement, by and between Family HealthCare Network (the "Corporation"), as seller, and the City, as purchaser, dated as of December 1, 2016 (the "First Installment Sale Agreement"), the Purchase Payments to be made thereunder having been assigned to U.S. Bank National Association, as trustee (the "Trustee"), having an office at which it conducts its corporate trust business in San Francisco, California, or any other location so designated by the Trustee (said office being herein referred to as the "Principal Office").

The Owner of this Certificate is entitled to receive, subject to the terms of the First Installment Sale Agreement, on the first day of each month, commencing February 1, 2017 (each, a "Payment Date"), the Purchase Payments in the amounts shown on Exhibit A hereto, each

* The Interest Rate may, under certain circumstances, be converted to the Taxable Rate or the Default, as set forth in the Trust Agreement.

such payment representing a principal component and an interest component of the Purchase Payments.

The City is authorized to enter into the First Installment Sale Agreement by the Constitution and laws of the State of California. This Certificate has been delivered as a single, fully registered certificate pursuant to the terms of that certain Trust Agreement, by and among the Trustee, the City and the Corporation, dated as of December 1, 2016 (the "Trust Agreement"). Copies of the Trust Agreement are on file at the office of the City and at the Principal Office and reference to the Trust Agreement and the First Installment Sale Agreement and any and all amendments thereto is made for a description of the pledges and covenants of the City securing the obligation to make Purchase Payments, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the registered owners of the Certificates with respect thereto and the terms and conditions upon which the Certificates are delivered thereunder. To the extent and in the manner permitted by the terms of the First Installment Sale Agreement and the Trust Agreement, the provisions of the First Installment Sale Agreement and the Trust Agreement may be amended by the parties thereto under the circumstances provided therein if such amendment does not adversely affect the interests of the registered owners of the Certificates.

The obligation of the City to make Purchase Payments under the First Installment Sale Agreement is a special obligation and is payable solely from Revenues, as said term is defined in the Trust Agreement, consisting primarily of installment payments (the "Installment Payments") made by the Corporation under that certain Second Installment Sale Agreement, dated as of December 1, 2016, by and between the City, as seller, and the Corporation, as purchaser (the "Second Installment Sale Agreement").

The Certificates are not subject to optional redemption prior to December 1, _____. The Certificates are subject to optional redemption in whole on any Payment Date, on or after December 1, _____, at a redemption price equal to the principal amount thereof, together with a premium, as set forth in the following table, plus accrued interest to the date fixed for redemption, from the proceeds of the optional prepayment of Installment Payments made by the Corporation pursuant to the Second Installment Sale Agreement (and, therefore, Purchase Payments to be made by the City pursuant to the First Installment Sale Agreement):

Redemption Dates

Redemption Premium

The Certificates are subject to extraordinary redemption prior to maturity in whole on any date, or in part on any Payment Date, in inverse order of the Payment Dates, at the principal amount thereof plus accrued interest to the redemption date, without premium, from the net proceeds of an insurance or condemnation award received with respect to the Facilities (as defined in the Trust Agreement) and applied to the prepayment of Purchase Payments derived from the prepayment of Installment Payments.

When redemption is authorized or required, the Trustee shall give to the registered owners of the Certificates written notice at the expense of the Corporation of the redemption of the Certificates. Such notice shall specify: (a) that the whole or a designated portion of the Certificates is to be redeemed, (b) the date of redemption, and (c) the place or places where the redemption will be made. Such notice shall further state that on the specified date of redemption there shall become due and payable with respect to each Certificate or portion thereof to be redeemed the principal thereof, and premium, if any, together with interest accrued from the next preceding Payment Date to which interest has been paid, and that from and after such date of redemption interest shall cease to accrue and be payable.

Notice of such redemption shall be given by mail, postage prepaid, not more than sixty (60) days nor less than thirty (30) days prior to said date of redemption, to the registered owners of any Certificates which Certificates are to be redeemed. Failure to mail any such notice or any defect in such notice as mailed shall not affect the validity of the proceedings for the redemption of the Certificates.

The registration of this Certificate shall be transferable only upon the Certificate Register (as defined in the Trust Agreement), upon surrender hereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the Owner or his attorney, duly authorized in writing. Upon the registration of the transfer, and the surrender of this Certificate, the Trustee shall provide, in the name of the transferee, a new fully registered Certificate or Certificates of the same aggregate principal amount and Maturity Date as the surrendered Certificate. The Trustee shall not be required to register the transfer or exchange of any Certificate (i) within the 15 days preceding selection of Certificates for redemption and (ii) selected for redemption.

The obligation of the City to make Purchase Payments does not constitute a debt of the City or its members, of the State of California, or of any other political subdivision of the State of California, within the meaning of any constitutional or statutory debt limitation or restriction, or a pledge of the faith and credit of the City, of the Trustee, of the State of California, or of any other political subdivision of the State of California. THE OBLIGATION OF THE CITY TO MAKE PURCHASE PAYMENTS UNDER THE FIRST INSTALLMENT SALE AGREEMENT IS A SPECIAL OBLIGATION AND IS PAYABLE SOLELY FROM REVENUES, AS SAID TERM IS DEFINED IN THE FIRST INSTALLMENT SALE AGREEMENT, AND FROM NO OTHER SOURCE WHATSOEVER.

The Trustee has no obligation or liability to the registered owners of the Certificates to make payments of principal or interest with respect to the Certificates. The Trustee's sole obligations are to administer, for the benefit of the registered owners of the Certificates, the various funds and accounts established under the Trust Agreement. The recitals of facts, covenants and agreements in this Certificate shall be taken as statements, covenants and agreements of the City and the Corporation and the Trustee assumes no responsibility therefor.

The City and the Corporation have certified, recited and declared that all conditions, things and acts required by the Constitution and statutes of the State of California, the First Installment Sale Agreement and the Trust Agreement to exist, to have happened and to have been performed precedent to and in the delivery of this Certificate, exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, this Certificate has been executed by the manual signature of the Trustee as of the date set forth below.

Date of Execution:

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Signatory

ASSIGNMENT

For value received the undersigned sells, assigns and transfers unto

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

the within-registered Certificate and hereby irrevocably constitute(s) and appoints(s)

attorney, to transfer the same on the Certificate register of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Signature:

Note: Signature(s) must be guaranteed by a qualified guarantor institution.

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

Attachment: Trust Agreement (1769 : Issuance of Certificates of Participation)

EXHIBIT C

CERTIFICATE PAYMENT SCHEDULE

Payment Date	Principal Component	Interest Component	Total
2/1/17			
3/1/17			
4/1/17			
5/1/17			
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Attachment: Trust Agreement (1769 : Issuance of Certificates of Participation)

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Attachment: Trust Agreement (1769 : Issuance of Certificates of Participation)

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Attachment: Trust Agreement (1769 : Issuance of Certificates of Participation)

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Attachment: Trust Agreement (1769 : Issuance of Certificates of Participation)

EXHIBIT DFORM OF ADVANCE REQUEST

CERTIFICATES OF PARTICIPATION
Evidencing the Direct, Undivided Fractional Interests of the
Owners Thereof in Purchase Payments to be Made by the
CITY OF HANFORD, CALIFORNIA,
As the Purchase Price of Certain Property
Pursuant to a First Installment Sale Agreement with
FAMILY HEALTHCARE NETWORK

ADVANCE REQUEST

The undersigned hereby states and certifies:

(i) that the undersigned is the duly appointed, qualified and acting _____ of
the Family HealthCare Network, a corporation formed under or subject to the Nonprofit Public
Benefit Corporation Law of the State of California that is organized for the purpose of owning
and operating a health facility and that also meets the requirements of section 501(c)(3) of the
Internal revenue Code of 1986, as amended (the "Corporation"), and as such, is familiar with
the facts herein certified and is authorized to certify the same on behalf of the Corporation;

(ii) that the undersigned is a duly designated Authorized Corporation
Representative, as such term is defined in that certain Trust Agreement, dated as of December 1,
2016 (the "Trust Agreement"), by and among the City of Hanford, the Corporation and U.S.
Bank National Association, as trustee (the "Trustee");

(iii) that the District hereby requests that Umpqua Bank, as Original Purchaser (as
defined in the Trust Agreement"), advance the sum of \$_____ to the Corporation, being a
draw-down and additional purchase price of the Certificates (as defined in the Trust
Agreement"), as contemplated by the Trust Agreement, with interest to accrue on such amount
when advanced;

(iv) that such advance will be applied to the payment or reimbursement of the Project Costs (as defined in the Trust Agreement) listed on Exhibit A attached to this Advance Request

(v) that the total amount drawn down to date is \$

Dated: _____, 20 _____ FAMILY HEALTHCARE NETWORK

By _____
Name _____
Title _____

APPROVED:

UMPQUA BANK

By _____
Name _____
Title _____

ACKNOWLEDGED:

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By _____
Name _____
Title _____

Attachment: Trust Agreement (1769 : Issuance of Certificates of Participation)

EXHIBIT A TO ADVANCE REQUEST

<u>Amount of Advance</u>	<u>Description of Project Cost</u>
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Attachment: Trust Agreement (1769 : Issuance of Certificates of Participation)



AGENDA STAFF REPORT

MEETING DATE: 12/20/2016	AGENDA SECTION: A
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SUBJECT:

City Clerk: Review the annual Commission Attendance Record and approve the removal of Robert Shoop from the Parks & Recreation Commission.

RECOMMENDATION:

That the City Council, by motion, approve the removal of Robert Shoop from the Parks & Recreation Commission.

BACKGROUND:

Pursuant to the City Council's Handbook of Rules and Procedures, a Commissioner may be removed if they have three (3) consecutive absences or attend less than 70% of the meetings. Attached for your review are the 2016 attendance records for the Planning Commission, Parks & Recreation Commission, and the Parking & Traffic Commission. Mr. Robert Shoop has only attended 50% of the meetings, therefore based on the policy, staff is bringing forward the recommendation to remove him from the Commission.

If he is removed from the Commission, the City Clerk will notice the vacancy. The Mayor and City Council may fill the vacancy after 10 working days.

FISCAL IMPACT:

ATTACHMENTS:

Planning Commission Attendance Record
Parks & Recreation Commission Attendance Record
Traffic Commission Attendance Record

MC = MEETING CANCELLED
P = PRESENT
A = ABSENT
AN—ABSENT, NO NOTICE

DATE: November 29, 2016
TO: Darlene Mata, Jennifer Gomez
FROM: Diana Black
RE: Calendar Year 2016 Planning Commissioners Attendance Record

REGULAR MEETINGS

COMMISSIONER	JAN 12	JAN 26	FEB 9*	FEB 23	MAR 8	MAR 22	APR 12	APR 26
HAM	P	P	MC	P	P	MC	P	P
NAHAL	AN	P	MC	P	AN	MC	P	P
JOHHSTON	P	P	MC	P	P	MC	P	P
PADEN	P	P	MC	P	P	MC	P	AN
DRAXLER	P	P	MC	P	P	MC	P	P
COMMISSIONER	MAY 10	MAY 24*	JUN 14	JUN 28	JUL 12	JUL 26	AUG 9	AUG 23
HAM	P	P	P	MC	P	MC	MC	P
NAHAL	P	P	P	MC	P	MC	MC	P
JOHNSTON	P	P	P	MC	P	MC	MC	P
PADEN	P	P	P	MC	A	MC	MC	P
DRAXLER	P	P	P	MC	P	MC	MC	P
COMMISSIONER	SEPT 13	SEPT 27	OCT 11	OCT 25	NOV 8	NOV 22	DEC 13	DEC 27
HAM	P	MC	MC	MC	P	P		
NAHAL	AN	MC	MC	MC	P	P		
JOHNSTON	A	MC	MC	MC	P	P		
PADEN	P	MC	MC	MC	P	P		
DRAXLER	P	MC	MC	MC	X	X	X	X
DOUGLAS	X	X	X	X	P	P		

*Due to lack of a quorum

Attachment: Planning Commission Attendance Record (1758 : Removal of Commissioner)

MC = MEETING CANCELLED
P = PRESENT
A = ABSENT
AN—ABSENT, NO NOTICE

JOINT MEETINGS WITH CITY COUNCIL

COMMISSIONER	MAY18	JUNE 15	JULY 20	AUG 17	SEPT 28			
HAM	P	P	P	P	P			
NAHAL	P	P	AN	P	P			
JOHNSTON	P	P	P	P	P			
PADEN	P	P	P	P	P			
DRAXLER	A	P	A	A	P			

MEETING ATTENDANCE TOTALS			
	MEETINGS SCHEDULED	MEETINGS ATTENDED	ATTENDANCE PERCENTAGE
HAM	19	19	100%
NAHAL	19	15	79%
JOHNSTON	19	18	95%
PADEN	19	17	89%
DRAXLER	17	14	82%
DOUGLAS	2	2	100%

MC = MEETING CANCELLED
P = PRESENT
A = ABSENT

PARKS & RECREATION COMMISSION 2016- Monthly Attendance Roster

COMMISSIONER	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG
Leah Forte	P	P	P	P	P	P	P	P
Robert Shoop	P	A	P	P	A	P	A	A
Mickey Stoddard	P	P	P	P	P	P	A	P
Catherine Willis	P	P	P	P	P	P	P	P
Jack Schwartz	P	P	P	P	P	A	P	P
COMMISSIONER	SEPT	OCT	NOV	DEC				
Leah Forte	P	MC	P	MC				
Robert Shoop	P	MC	A	MC				
Mickey Stoddard	P	MC	P	MC				
Catherine Willis	P	MC	P	MC				
Jack Schwartz	P	MC	P	MC				

MEETING ATTENDANCE TOTALS			
	MEETINGS SCHEDULED	MEETINGS ATTENDED	ATTENDANCE PERCENTAGE
Leah Forte	10	10	100%
Robert Shoop	10	5	50%
Mickey Stoddard	10	9	90%
Catherine Willis	10	10	100%
Jack Schwartz	10	9	90%

MC = MEETING CANCELLED
P = PRESENT
A = ABSENT

PARKING & TRAFFIC COMMISSION 2016- Monthly Attendance Roster

COMMISSIONER	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG
Richard Butts	P	MC	A	MC	P	P	MC	MC
Glenda Dwyer	P	MC	P	MC	P	P	MC	MC
James MacLellan	P	MC	P	MC	A	P	MC	MC
Shaka Sudds	P	MC	P	MC	P	A	MC	MC
Alex Dwiggins	A	MC	P	MC	P	P	MC	MC
COMMISSIONER	SEPT	OCT	NOV	DEC				
Richard Butts	MC	P	MC	MC				
Glenda Dwyer	MC	P	MC	MC				
James MacLellan	MC	P	MC	MC				
Shaka Sudds	MC	Vacant	MC	MC				
Alex Dwiggins	MC	P	MC	MC				

MEETING ATTENDANCE TOTALS			
	MEETINGS SCHEDULED	MEETINGS ATTENDED	ATTENDANCE PERCENTAGE
Richard Butts	5	4	80%
Glenda Dwyer	5	5	100%
James MacLellan	5	4	80%
Vacant			
Alex Dwiggins	5	4	80%

Attachment: Traffic Commission Attendance Record (1758 : Removal of Commissioner)



AGENDA STAFF REPORT

MEETING DATE: 12/20/2016	AGENDA SECTION: B
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SUBJECT:

Police: Approve the purchases of Mobile Data Terminals, modems, and computer system in the amount of \$110,209.65

RECOMMENDATION:

That the City Council approve this purchase in the amount of \$110,209.65 amending the current budget to authorize this expense.

BACKGROUND:

The Hanford Police department has acquired additional vehicles because of a previous decision to partially implement a take home car program. This required additional computers known as mobile data terminals (MDT's). We accomplished this by replacing 13 MDT's and continuing to use the 12 of the replaced computers. These computers have surpassed their serviceable life and are in need of replacement. The new computers are hard mounted into the vehicles and occupy a much smaller foot print and are therefore safer and more robust than the unit they are replacing. The cost for this replacement is \$64,626.00

We are also requesting 30 CradlePoint modems at a cost of \$39,013.65. These modems provide communication from the officers MDT to the Dispatchers computer and are a robust air cards designed for the heat and cold we experience in the vehicle. Currently we use consumer grade air cards that we obtain for free.

There are several problems with these free units.

1. We have to replace them every few months because they are not designed for police service.
2. Each unit has to be programmed to the computer individually and you have to physically deal with each unit which can be difficult when officers are on night shifts. Because of this Officers are acting as IT people and attempting to fix the units themselves.
3. They plug into the side of the MDT and frequently vibrate loose causing connection issues.
4. They have limited range due to having no antenna and frequently lose connection. Many times this requires the officer to stop and reconnect his computer.

The CradlePoint units fix all of these issues.

1. CradlePoint modems are robust military grade hardware designed for the tough use we put them under.
2. IT specifically requested this particular unit due to its ability to remotely connect to each unit and repair or diagnose problems without having to physically handle the modem.
3. They are a trunk mount unit wired to the computer.
4. They have trunk mounted antennas improving our current connection issues and will automatically reconnect when connection is lost.

These units will ensure the vital exchange of information from officer to dispatcher is as timely and free from malfunction as it should be.

Lastly the Kings County DA's office has transitioned to a new computer system called Carpel this system will interface with Our Current Records System and allow for one button transfer of reports from our records department to the Kings county District Attorneys Office. This will allow for more timely processing of reports, faster delivery to the DA's office and utilize less resources. At the time the budget was done we had no way of knowing the system and cost of this transition so the expense of \$6,570.00 was not budgeted for. This system is in use by one other agency in Kings County and they report that it works extremely well.

These purchases will improve the efficiency and ensure the timely transmission of mission critical information.

The additional revenue created by our dispatching services provided to the City of Lemoore will more than fully fund this purchase.

FISCAL IMPACT:

This is a non-budgeted purchase in the amount of \$110,209.65. This will be paid for by unbugeted revenue from dispatching services provided to the City of Lemoore which currently stands at \$200,000.00 and will probably be \$300,000.00. The amount may differ depending upon Lemoore serving the City of Hanford with notice to discontinue services.

ATTACHMENTS:



AGENDA STAFF REPORT

MEETING DATE: 12/20/2016

AGENDA SECTION: C

SUBJECT:

Public Works: Approve a budget amendment and additional appropriation to purchase one 2017 replacement Hydro Vacuum Truck from Municipal Maintenance Equipment, of Sacramento, Ca., in the amount of \$463,722.75.

RECOMMENDATION:

That the City Council, by motion:

1. Approve a budget amendment to accelerate the procurement of one Hydro Vacuum Truck from FY 17/18 to FY 16/17; and
2. Approve the purchase of one 2017 Hydro Vacuum Truck from Municipal Maintenance Equipment, of Sacramento, California, in the amount of \$463,722.75; and
3. Authorize an additional appropriation of \$160,822.75 from Storm Drainage Reserves; and
4. Declare one existing Hydro Vacuum Truck as surplus and authorize the sale of the vehicle.

BACKGROUND:

The Fleet Replacement Reserve Budget provides funds to replace an existing Hydro Vacuum Truck that has outlived its useful life. The existing truck being replaced, that is used by the City Sewer Division, has met the City's established replacement lifecycle service life of 8 years. The vehicle being replaced is showing signs of advanced wear as documented by equipment maintenance records. Maintenance costs have steadily increased over the years, and the equipment has become unreliable for everyday use. Staff recommends that the replacement of this vehicle be accelerated one year.

The City received a quote through the National Joint Powers Alliance (NJPA), which allows participating municipal agencies to purchase equipment for lower overall purchase prices due to larger overall quantity and contract pricing (Contract No. 022014-AMI). The City of Hanford is a member of NJPA.

FISCAL IMPACT:

The FY 17/18 Fleet Replacement Reserve Budget provided an estimate of \$346,000.00 for the purchase of one Hydro Vacuum Truck. Approximately \$302,900.00 has been collected as part of the City's Fleet Replacement Program to replace this vehicle. The total purchase price for the Hydro Vacuum Truck is \$463,722.75, including tax and delivery. Therefore, an additional appropriation of \$160,822.75 from Storm Drainage Reserves is necessary to fund the purchase.

There are sufficient funds in the Storm Drainage Reserve account to fund this purchase without impacting Capital Projects or Storm Drainage Operations budgeted in the fiscal years FY 16/17 or FY 17/18. The projected Storm Drainage Reserve fund balance for June 30, 2018 is approximately \$4.5 million (see schedule 3).

ATTACHMENTS:

NJPA quote

Budget page

Budget Page - Schedule 3

Public Works

City of Hanford FY16/17 & FY17/18 Biennial Budget

LINE ITEM SUMMARY

PUBLIC WORKS - FLEET REPLACEMENT RESERVE

Fund: 448 Division: 2050

		2014-15 ACTUAL	2015-16 ADOPTED	2015-16 PROJECTED	2016-17 PROPOSED	2017-18 PROPOSED
	<u>FIXED ASSETS</u>					
2050 888599	Prior Year Fixed Assets	1,384,075	976,060	1,500,330	-	-
2050 817049	MISC SMALL EQUIP (PARKS)	-	-	-	5,000	-
2050 817302	1-MOTORCYCLE (PD)	-	-	-	31,000	-
2050 817303	3-CARS, PATROL	-	-	-	135,000	-
2050 817304	4-PICKUP, 1/2 TON	-	-	-	78,400	-
2050 817305	7-PICKUP, 3/4 TON	-	-	-	210,000	-
2050 817306	1-PICKUP, FLATBED (STREETS)	-	-	-	37,000	-
2050 817307	1-PICKUP, 4 DOOR 4X4 (FIRE)	-	-	-	29,100	-
2050 817308	1-SERVICE TRUCK (SEWER)	-	-	-	65,400	-
2050 817309	1-CHIPPER BOX TRUCK (PARKS)	-	-	-	40,700	-
2050 817310	1-PICKUP, FLATBED DUMP TRUCK (STREETS)	-	-	-	64,500	-
2050 817311	1-TRACTOR (STREETS)	-	-	-	99,000	-
2050 817312	1-TRUCK, BOOM/LIFT (PARKS)	-	-	-	114,000	-
2050 817313	1-TRUCK, 30YD AUTOMATED	-	-	-	301,300	-
2050 817314	1-CONTAINER DELIVERY TRUCK	-	-	-	42,000	-
2050 817315	3-TILT TRAILERS (PARKS)	-	-	-	19,500	-
2050 817316	1-TRAILER MOUNTED PUMP (WWTP)	-	-	-	21,930	-
2050 817317	2PORTABLE TRAILER MOUNTED GENSETS	-	-	-	211,000	-
2050 817318	1-RIDING DUMP MOWER	-	-	-	29,000	-
2050 818027	MISC SMALL EQUIP (PARKS)	-	-	-	-	5,000
2050 818300	3-CARS, PATROL	-	-	-	-	135,000
2050 818301	1-TRUCK, 30YD AUTOMATED	-	-	-	-	301,300
2050 818302	1-STREET SWEEPER	-	-	-	-	275,000
2050 818303	1-INTEGRATED TOOL LOADER (STREETS)	-	-	-	-	175,000
2050 818304	1-WOOD CHIPPER (PARKS)	-	-	-	-	38,300
2050 818305	1-HYDRO VAC (SEWER)	-	-	-	-	346,000
	TOTAL FIXED ASSETS	1,384,075	976,060	1,500,330	1,533,830	1,275,600
	<u>TRANSFERS/REIMBURSEMENTS</u>					
2050 9100	Interfund Charges	(1,435,190)	(1,426,880)	(1,426,880)	(1,692,600)	(1,722,540)
	TOTAL TRANSFERS/REIMB.	(1,435,190)	(1,426,880)	(1,426,880)	(1,692,600)	(1,722,540)
	NET EXPENDITURE	(51,115)	(450,820)	73,450	(158,770)	(446,940)

Summary Schedules

City of Hanford FY16/17 & FY17/18 Biennial Budget

SCHEDULE 3

SUMMARY OF FUND TRANSACTIONS

		FUNDS AVAILABLE			APPROPRIATIONS		
		Fund Balance 07/01/17	Receipts/ Transfers	Total Available	Operating	Capital	Debt Service
001	General	1,327,430	26,739,350	28,066,780	26,391,797	-	-
002	Economic Uncertainty Reserve	4,988,000	48,000	5,036,000	-	-	-
004	Accumulated Capital Outlay	2,281,040	(77,880)	2,203,160	-	943,000	-
005	Downtown Re-Investment Fund	114,180	6,510	120,690	-	-	-
020	Parking	107,600	9,350	116,950	-	-	-
023	Special Aviation	-	639,000	639,000	-	639,000	-
025	Central Parking Improvement	130,210	104,550	234,760	81,090	10,000	-
042	Gas Tax (040-044)	2,066,790	1,157,560	3,224,350	-	1,750,000	-
050-054	Transportation Funds	2,023,720	1,132,050	3,155,770	-	722,000	-
055	CMAQ	-	420,000	420,000	-	420,000	-
056	Prop 1B-Transp. Bonds	-	-	-	-	-	-
100-001	CDBG Entitlement	-	127,740	127,740	127,740	-	-
101	City Housing Loan	1,027,430	-	1,027,430	-	-	-
115-101	Cal HOME Program	-	-	-	-	-	-
120-001	HOME Grants	-	257,900	257,900	257,900	-	-
160	9th Ave Sewer Assessment District	100,850	13,750	114,600	-	-	-
161	12th Ave Sewer Assessment District	824,230	56,390	880,620	-	100,000	-
180	Park Impact Fees	4,526,170	842,020	5,368,190	-	150,000	-
181	Transportation Impact Fees	1,369,680	1,082,890	2,452,570	-	150,000	-
182	Fire Protection Impact Fees	1,051,460	161,530	1,212,990	-	-	-
183	Police Protection Impact Fees	713,960	89,190	803,150	-	-	-
184	Storm Water Impact Fees	685,240	66,720	751,960	-	50,000	-
185	Water System Impact Fees	2,645,330	574,980	3,220,310	-	50,000	-
186	Wastewater System Impact Fees	3,073,880	714,100	3,787,980	-	50,000	-
187	Refuse/Recycle Impact Fees	482,300	92,820	575,120	-	-	-
240-275	Landscape Assessment Districts	754,130	475,320	1,229,450	-	-	456,100
300	Airport	2,770	239,830	242,600	155,430	71,000	-
306	Refuse	1,429,480	6,779,970	8,209,450	7,548,790	25,000	-
310	City of Hanford Public Housing Authority	-	172,990	172,990	172,990	-	-
320	Intermodal Facility	-	47,580	47,580	47,580	-	-
330	Courthouse Square	-	187,990	187,990	187,990	-	-
358	Storm Drainage	4,200,850	1,375,410	5,576,260	790,330	223,500	-
361	Wastewater Maintenance and Operation	1,355,010	3,663,730	5,018,740	3,474,850	-	-
362	WWTP Expansion Reserve	2,000,000	-	2,000,000	-	-	-
363	Wastewater Capital Improvement	1,475,070	-	1,475,070	-	296,500	-
369	1996 Sewer Refund Bond Debt Service	-	-	-	-	-	-
374	CIEDB 2002 WW Dbt Svc	-	579,680	579,680	-	-	579,680
375	2011 BofA Lease/Pur	-	219,290	219,290	-	-	219,290
375-001	2012 Rfd Swr Rev Bond	-	940,360	940,360	-	-	940,360
375-002	2015 Rfd Swr Rev Bond	-	312,740	312,740	-	-	312,740
390	Water Maintenance and Operation	2,374,110	3,594,820	5,968,930	3,845,010	-	-
391	Water Capital Improvement	1,702,100	3,203,490	4,905,590	-	2,060,000	-
394-004	Gvmt Capital Wtr Lease/Pur Agrmt	-	296,510	296,510	-	-	296,510
394-005	2013 Water Refund Revenue Bond	-	1,139,800	1,139,800	-	-	1,139,800
394-006	2014 BofA Solar Lease/Purchase	-	583,550	583,550	-	-	583,550
395	Prop 84 Grant Funds	-	-	-	-	-	-
409	Insurance	1,500,000	-	1,500,000	-	-	-
410	Workers' Compensation	1,495,370	-	1,495,370	121,630	-	-
414	Computer Replacement Reserve	667,860	-	667,860	-	-	-
415	Computer Maintenance	90,700	-	90,700	9,300	-	-
416	Building Maintenance	206,450	(38,710)	167,740	(39,980)	-	-
417	Building Capital/Equip. Repl. Reserve	502,180	-	502,180	(80,990)	-	-
447	Fleet Maintenance	222,700	3,500	226,200	13,340	-	-
448	Fleet Reserve	10,255,520	140,400	10,395,920	(359,500)	-	-
450	Fire Cap/Equip Repl Reserve	438,340	-	438,340	44,230	-	-
452	Aquatics Cap/Equip Repl Reserve	272,000	-	272,000	-	-	-
506	RDA Successor Agency Admin Funds	240,000	188,860	428,860	188,860	-	-
514-002	Police Mini Grants	-	-	-	-	-	-
523	Joint Rec/Ed Facility Project	-	-	-	-	-	-
524-001	Grants	-	-	-	-	-	-
555-562	CFD 91-1 Bond	-	-	-	-	-	-
		60,724,140	58,365,630	119,089,770	42,978,387	7,710,000	4,528,030
							63,873,353



AGENDA STAFF REPORT

MEETING DATE: 12/20/2016	AGENDA SECTION: D
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SUBJECT:

Public Works: Purchase decorative street lights for various downtown locations in the amount of \$56,604.13 from Central Parking and Improvement District Funds.

RECOMMENDATION:

That the City Council, by motion:

1. Authorize the purchase of decorative street lights for various downtown locations from Jam Services, Inc. of Livermore, Ca., in the amount of \$56,604.13 (See attached price quote); and
2. Authorize a budget appropriation of \$56,604.13 from Central Parking and Business Improvement District reserve funds.

BACKGROUND:

The FY 2014 Capital Improvement Budget identifies a project to reconstruct an existing parking lot located at the southwest corner of Sixth Street and Douty Street to improve lot drainage and to install additional lighting for security purposes. Improvements will also include the reconstruction of the parking pavement section, the construction of landscaped planter islands and new fencing along the San Joaquin Valley Railroad frontage to improve area aesthetics. The decorative lights to be installed as part of the project are to be furnished by the City and installed by a private contractor by separate contract. It is anticipated that our parking lot reconstruction project will commence in the spring of 2017.

In addition to the need to purchase decorative lights for our proposed parking lot renovation project, staff is including in the purchase quantity some additional lights to replace existing lights that were damaged beyond repair due to accidents located within civic park and at the northeast corner of Fourth Street and Douty Street. If restitution is received via insurance claims the funds would be deposited back into the Central Parking and Improvement District account.

FISCAL IMPACT:

The FY 15/16 Central Parking and Business Improvement Budget identifies an unencumbered fund balance of approximately \$143,000 as of June 30, 2018 (See attached budget fund summary - schedule 3). The current fund balance as of December 1, 2016 is approximately \$198,600.

ATTACHMENTS:

Price Quote

Decorative Light Standard

Budget Page- Schedule 3

JAM SERVICES, INC.

958 E Airway Blvd
LIVERMORE, CA 94550

Telephone (925) 455-5267
Fax (925) 455-5348

PRICE QUOTATION – JFM090716S

City of Hanford
9/7/16

JAM Services is pleased to provide the following price quotation for the subject project.

Qty (5) Dual Decorative Assemblies to each include:

- (2) Sternberg B750A/5P/779PT/XRLED-12L45T3-MDL21/CM
- (1) Visco VI-C-C2-F/14' – 3" TENONS w/ANCHOR BOLTS
- (2) Pemco 25W LED Lamps

UNIT PRICE: \$8,805.00 TOTAL PRICE: \$44,025.00

Qty (1) Single Decorative Assemblies to each include:

- (1) Sternberg B750A/5P/779PT/XRLED-12L45T3-MDL21/CM
- (1) Visco VI-C-1-F/14' – 3" TENONS w/ANCHOR BOLTS
- (1) Pemco 25W LED Lamps

UNIT PRICE: \$5,650.00 TOTAL PRICE: \$5,650.00

QTY (1) Ameron 1C123 1C1 Baseplate Octagonal Pole 23' Above Grade Mix Color (013N) SCE Black & White Exposed Finish w/ No Coating & 1AP6DA 6' Double Alum Pipe Arm Assembly w A/Bs

UNIT PRICE: \$2,480.00 TOTAL PRICE: \$2,480.00

QTY (2) Leotek Roadway 1 Luminaire w/S/C EC3-10M-MV-NW-3CT-GY-700-WL

UNIT PRICE: \$ 250.00 TOTAL PRICE: \$ 500.00

SUBTOTAL: \$52,655.00

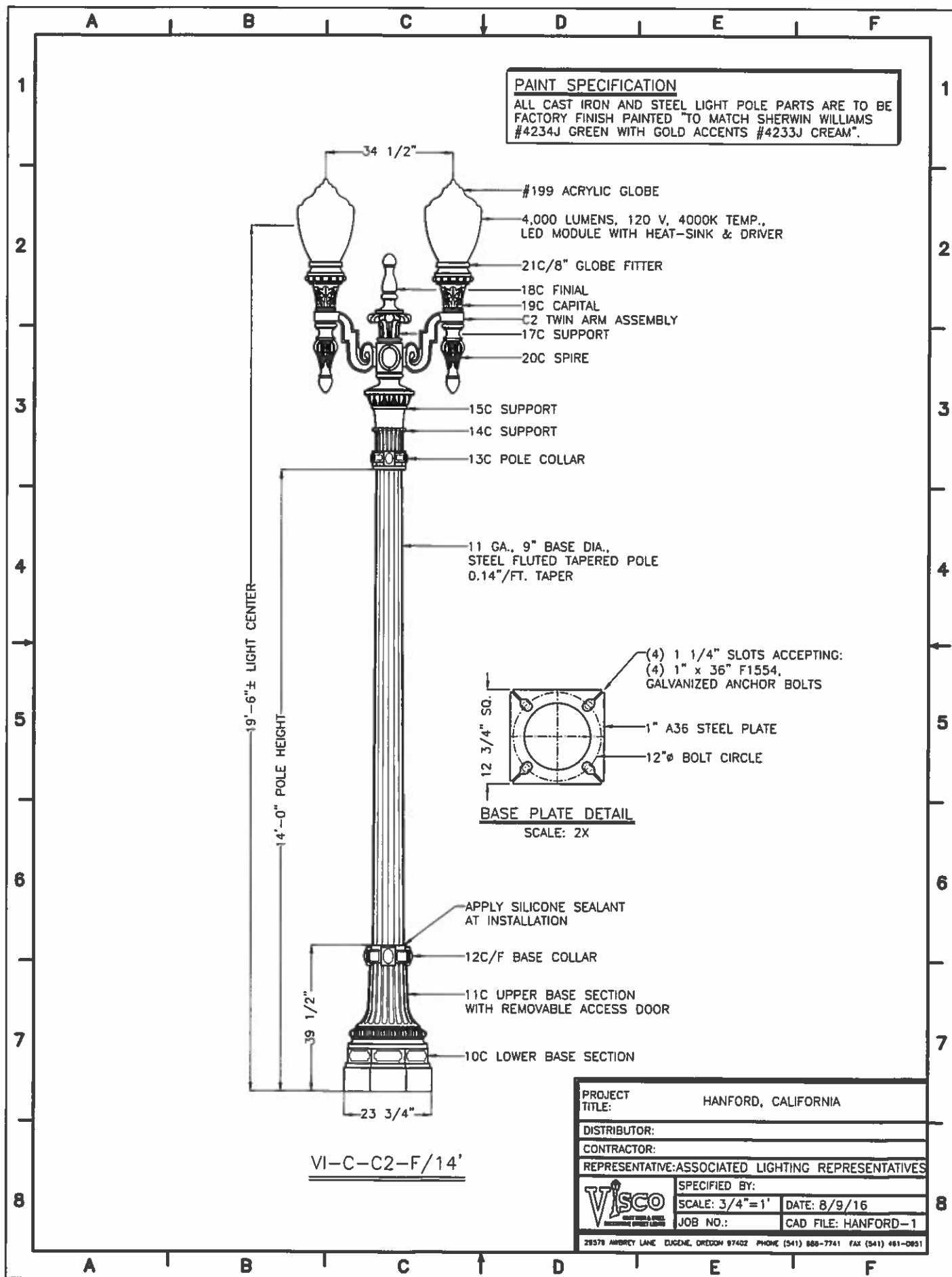
TAX (7.50%): \$ 3,949.13

FREIGHT: INCL

GRAND TOTAL: \$56,604.13

Prices include delivery, but are net of applicable sales tax. If I can be of further assistance, please contact me at 925-455-5267.

Thank you - Jason Momaney



PROJECT TITLE:		HANFORD, CALIFORNIA	
DISTRIBUTOR:			
CONTRACTOR:			
REPRESENTATIVE: ASSOCIATED LIGHTING REPRESENTATIVES			
 VISCO LIGHTING & FUEL RECOMMENDED SERVICE EQUIPMENT	SPECIFIED BY:		
	SCALE: 3/4"=1'		DATE: 8/9/16
	JOB NO.:		CAD FILE: HANFORD-1
	28378 AMOREY LANE EUGENE, OREGON 97402 PHONE (541) 866-7741 FAX (541) 461-0851		

Summary Schedules

City of Hanford FY16/17 & FY17/18 Biennial Budget

SCHEDULE 3

SUMMARY OF FUND TRANSACTIONS

		FUNDS AVAILABLE			APPROPRIATIONS			Fund
		Balance 07/01/17	Receipts/ Transfers	Total Available	Operating	Capital	Debt Service	Balance 06/30/18
001	General	1,327,430	26,739,350	28,066,780	26,391,797	-	-	1,674,983
002	Economic Uncertainty Reserve	4,988,000	48,000	5,036,000	-	-	-	5,036,000
004	Accumulated Capital Outlay	2,281,040	(77,880)	2,203,160	-	943,000	-	1,260,160
005	Downtown Re-Investment Fund	114,180	6,510	120,690	-	-	-	120,690
020	Parking	107,600	9,350	116,950	-	-	-	116,950
023	Special Aviation	-	639,000	639,000	-	639,000	-	-
025	Central Parking Improvement	130,210	104,550	234,760	81,090	10,000	-	143,670
042	Gas Tax (040-044)	2,066,790	1,157,560	3,224,350	-	1,750,000	-	1,474,350
050-054	Transportation Funds	2,023,720	1,132,050	3,155,770	-	722,000	-	2,433,770
055	CMAQ	-	420,000	420,000	-	420,000	-	-
056	Prop 1B-Transp Bonds	-	-	-	-	-	-	-
100-001	CDBG Entitlement	-	127,740	127,740	127,740	-	-	-
101	City Housing Loan	1,027,430	-	1,027,430	-	-	-	1,027,430
115-101	Cal HOME Program	-	-	-	-	-	-	-
120-001	HOME Grants	-	257,900	257,900	257,900	-	-	-
160	9th Ave Sewer Assessment District	100,850	13,750	114,600	-	-	-	114,600
161	12th Ave Sewer Assessment District	824,230	58,390	880,620	-	100,000	-	780,620
180	Park Impact Fees	4,526,170	842,020	5,368,190	-	150,000	-	5,218,190
181	Transportation Impact Fees	1,369,680	1,082,890	2,452,570	-	150,000	-	2,302,570
182	Fire Protection Impact Fees	1,051,460	161,530	1,212,990	-	-	-	1,212,990
183	Police Protection Impact Fees	713,960	89,190	803,150	-	-	-	803,150
184	Storm Water Impact Fees	685,240	66,720	751,960	-	50,000	-	701,960
185	Water System Impact Fees	2,645,330	574,980	3,220,310	-	50,000	-	3,170,310
186	Wastewater System Impact Fees	3,073,880	714,100	3,787,980	-	50,000	-	3,737,980
187	Refuse/Recycle Impact Fees	482,300	92,820	575,120	-	-	-	575,120
240-275	Landscape Assessment Districts	754,130	475,320	1,229,450	-	-	456,100	773,350
300	Airport	2,770	239,830	242,600	155,430	71,000	-	16,170
306	Refuse	1,429,480	6,779,970	8,209,450	7,548,790	25,000	-	635,661
310	City of Hanford Public Housing Authority	-	172,990	172,990	172,990	-	-	-
320	Intermodal Facility	-	47,580	47,580	47,580	-	-	-
330	Courthouse Square	-	187,990	187,990	187,990	-	-	-
358	Storm Drainage	4,200,850	1,375,410	5,576,260	790,330	223,500	-	4,562,430
361	Wastewater Maintenance and Operation	1,355,010	3,663,730	5,018,740	3,474,850	-	-	1,543,890
362	WWTP Expansion Reserve	2,000,000	-	2,000,000	-	-	-	2,000,000
363	Wastewater Capital Improvement	1,475,070	-	1,475,070	-	296,500	-	1,178,570
369	1996 Sewer Refund Bond Debt Service	-	-	-	-	-	-	-
374	CIEDB 2002 WW Dbt Svc	-	579,680	579,680	-	-	579,680	-
375	2011 BofA Lease/Pur	-	219,290	219,290	-	-	219,290	-
375-001	2012 Rfd Swr Rev Bond	-	940,360	940,360	-	-	940,360	-
375-002	2015 Rfd Swr Rev Bond	-	312,740	312,740	-	-	312,740	-
390	Water Maintenance and Operation	2,374,110	3,594,820	5,968,930	3,845,010	-	-	2,123,920
391	Water Capital Improvement	1,702,100	3,203,490	4,905,590	-	2,060,000	-	2,845,590
394-004	Gvmt Capital Wtr Lease/Pur Agrmt	-	296,510	296,510	-	-	296,510	-
394-005	2013 Water Refund Revenue Bond	-	1,139,800	1,139,800	-	-	1,139,800	-
394-006	2014 BofA Solar Lease/Purchase	-	583,550	583,550	-	-	583,550	-
395	Prop 84 Grant Funds	-	-	-	-	-	-	-
409	Insurance	1,500,000	-	1,500,000	-	-	-	1,500,000
410	Workers' Compensation	1,495,370	-	1,495,370	121,630	-	-	1,373,740
414	Computer Replacement Reserve	667,860	-	667,860	-	-	-	667,860
415	Computer Maintenance	90,700	-	90,700	9,300	-	-	81,400
416	Building Maintenance	206,450	(38,710)	167,740	(39,980)	-	-	207,720
417	Building Capital/Equip. Repl. Reserve	502,180	-	502,180	(80,990)	-	-	583,170
447	Fleet Maintenance	222,700	3,500	226,200	13,340	-	-	212,860
448	Fleet Reserve	10,255,520	140,400	10,395,920	(359,500)	-	-	10,755,420
450	Fire Cap/Equip Repl Reserve	438,340	-	438,340	44,230	-	-	394,110
452	Aquatics Cap/Equip Repl Reserve	272,000	-	272,000	-	-	-	272,000
506	RDA Successor Agency Admin Funds	240,000	188,860	428,860	188,860	-	-	240,000
514-002	Police Mini Grants	-	-	-	-	-	-	-
523	Joint Rec/Ed Facility Project	-	-	-	-	-	-	-
524-001	Grants	-	-	-	-	-	-	-
555-562	CFD 91-1 Bond	-	-	-	-	-	-	-
		60,724,140	58,365,630	119,089,770	42,978,387	7,710,000	4,528,030	63,873,353



AGENDA STAFF REPORT

MEETING DATE: 12/20/2016	AGENDA SECTION: E
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SUBJECT:

Public Works: Introduce and waive the first reading, and pass to a second reading Ordinance 16-14 to Install Two Way Stop Signs on South Street at Phillips Street

RECOMMENDATION:

That the City Council, by motion, introduce and waive the first reading, and pass to a second reading Ordinance 16-14, an amendment to Ordinance Section 10.32.010 of the Hanford Municipal Code, to add a two-way stop on South Street at the intersection with Phillips Street.

BACKGROUND:

Staff received a request from PD to do a traffic study at the intersection of South Street and Phillips Street. It was stated that there had been a couple serious collisions recently. To address this concern, staff conducted an intersection study of the location.

Phillips Street is a north-south bound street and South Street is an east-west bound street. The intersection currently has no traffic control with both streets being straight for 400' +/- before the intersection and with both streets assuming right of way. The nearest school is Lincoln Elementary School approximately 800' east of the intersection.

Phillips Street and South Street are both two-lane residential streets with curb and gutter. The curb to curb widths on all four legs of the intersection are 44'. This width is adequate for a single lane in each direction with room for street parking. The speed limit on both streets is prima facie 25 MPH for a residential area and there is currently no traffic control on either street. The entering volume summary shows the majority of the traffic is on Phillips Street with (1646 vehicles per day) and South Street with (278 vehicles per day). There has been four accidents reported at this intersection in the last five years. The collisions are related to the fact that there is no traffic control at the intersection.

The warrants for a yield sign, two-way stop sign, and multi-way stop sign were checked. The intersection did not meet warrants for a multi-way stop intersection; however, the intersection does meet warrants for a two-way stop.

Staff presented this item to the Parking and Traffic Commission at their October 27, 2016 meeting. The Commission approved to make the recommendation to City Council to introduce and pass to a second reading, an amendment to Ordinance 10.32.010 to add a Two Way Stop Sign on South Street at the intersection of Phillips Street. Attached for Council review are the meeting minutes from the October 27, 2016 meeting.

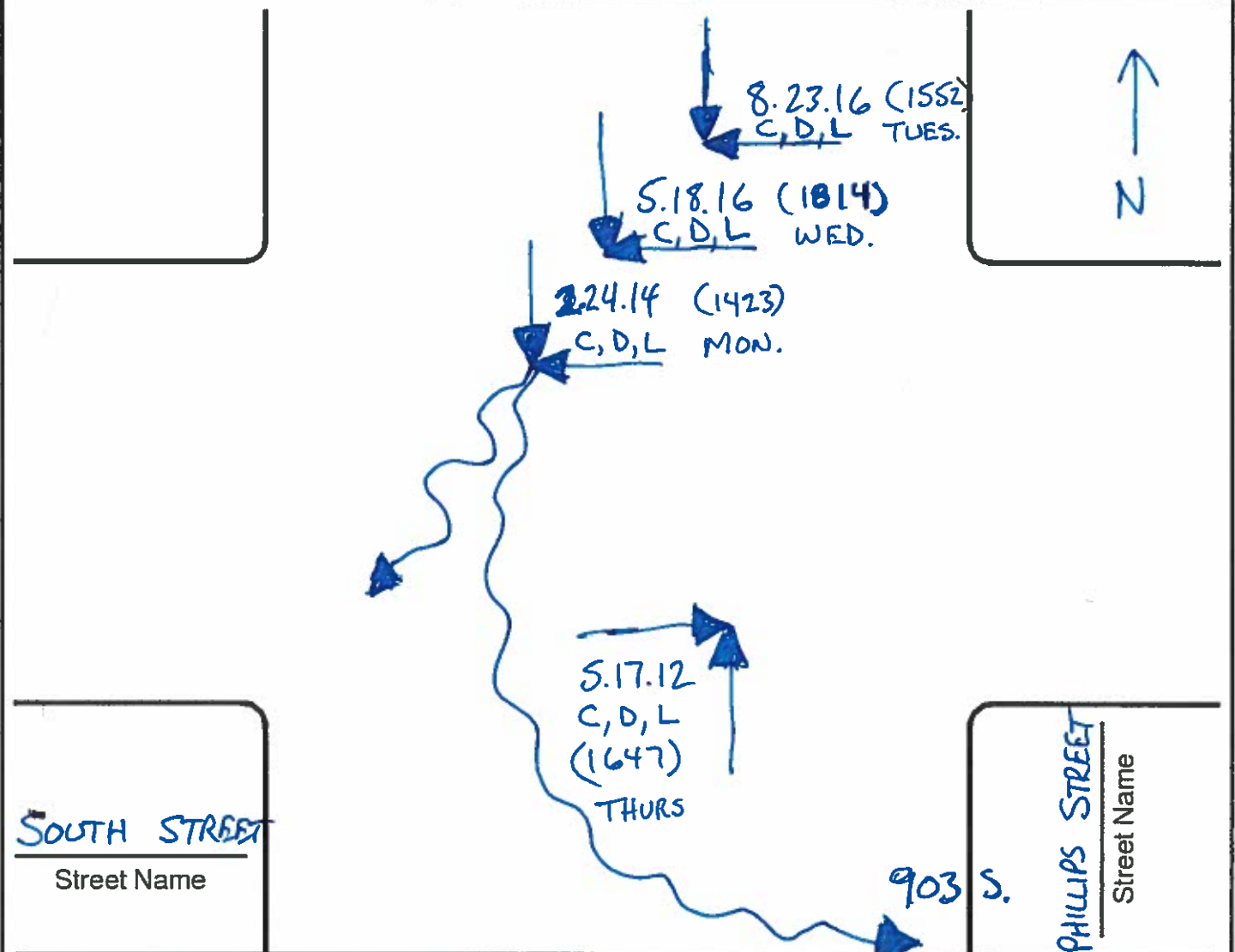
Upon approval, the item will be brought before the Council for a second reading of the Ordinance change, and after a 30 day waiting period, the stop signs would be installed.

FISCAL IMPACT:

The impact to city budget would be limited to the purchase of Stop signs, posts, painted legends, and the labor to install them.

ATTACHMENTS:

Vicinity Map, volume data, warrants
10.27.16MINUTES Parking & Traffic Commission
Ord 16-14 South at Phillips two-way stop

DEPARTMENT OF TRANSPORTATION
COLLISION DIAGRAMFORM 750-020-05
TRAFFIC ENGINEERING
10/99LOCATION ID: PHILLIPS STREET AND SOUTH STREETCOUNTY: KINGS CITY: HANFORDPERIOD 5-17-12 TO 9-14-16 PREPARED BY: SD

COLLISION SYMBOLS

CONDITION CODES

		PAVEMENT CONDITION: D = DRY W = WET I = ICY WEATHER CONDITION: C = CLEAR R = RAIN F = FOG S = SNOW LIGHT CONDITION: L = DAYLIGHT N = NIGHT (DARK) TIME OF DAY (MILITARY)
--	--	--

CRASH SUMMARY

	PROP. DMG ONLY	INJURY	FATAL	TOTAL
DAYTIME		4		4
NIGHTTIME				
TOTAL		4		4



Two Way Stop
Sign on South at
Phillips

Attachment: Vicinity Map, volume data,

CITY OF HANFORD

Public Works - Engineering

Location : Phillips Street at South Street
 Weather : Clear & Dry
 Operator : SPD

Station : 0
 Start Date : 08/29/16
 Day : Monday

Begin Time	NB	SB	EB	WB	Total
12:00 AM	6	6	0	5	17
1:00	7	8	0	2	17
2:00	2	3	0	2	7
3:00	5	5	0	0	10
4:00	1	5	0	2	8
5:00	8	14	1	0	23
6:00	12	21	1	6	40
7:00	31	39	2	10	82
8:00	36	26	3	13	78
9:00	22	34	0	4	60
10:00	43	52	3	12	110
11:00	36	48	1	6	91
12:00 PM	47	51	5	22	125
1:00	34	58	3	21	116
2:00	46	64	7	24	141
3:00	44	67	1	20	132
4:00	54	65	3	11	133
5:00	61	70	5	13	149
6:00	61	50	7	11	129
7:00	65	59	7	10	141
8:00	50	51	6	13	120
9:00	37	42	0	2	81
10:00	37	28	1	9	75
11:00	19	16	2	2	39

Daily Totals	764	882	58	220	1,924
Split %	39.7	45.8	3.0	11.4	

AM Peak
 Volume **110**

PM Peak
 Volume **149**

Attachment: Vicinity Map, volume data, warrants (1749 : PW: Installation of Two Way Stop Signs on South Street at Phillips Street)

LOCATION: Phillips Street at South Street

WARRANTS FOR YIELD SIGNS

Stop signs may be considered on the minor approach(es) of an intersection if any of the following conditions exist:

SATISFIED

1. VOLUMES

Yes ☒ No ☐

A. Total Vehicular volume on the major street must be 350 vehicles per day,
or 35 vehicles per hour during the peak hour on an average day. Yes ☒ No ☐

B. Total Vehicular volume on the minor street must be 175 vehicles per day,
or 15 vehicles per hour during the peak hour on an average day. Yes ☒ No ☐

2. VISIBILITY

Yes ☐ No ☒

A safe approach speed on the minor street is less than the 85th percentile speed
and indicates a visibility problem.

3. ACCIDENTS

Yes ☒ No ☐

Two or more accidents within any 12 month period during the last 3 years
that are correctable by positive assignment of right-of-way.

4. UNUSUAL CONDITIONS

Yes ☒ No ☐

Geometric conditions that necessitate an assignment of right-of-way to prevent
confusion and expedite traffic flow.

LOCATION: Phillips Street at South Street

WARRANTS FOR TWO-WAY STOP SIGNS

Stop signs may be considered on the minor approach(es) of an intersection if any two of the following conditions exist:

SATISFIED

1. VOLUMES

Yes ☒ No ☐

- A. Total Vehicular volume on the major street must be 500 vehicles per day,
or 50 vehicles per hour during the peak hour on an average day. Yes ☒ No ☐
- B. Total Vehicular volume on the minor street must be 250 vehicles per day,
or 25 vehicles per hour during the peak hour on an average day. Yes ☒ No ☐

2. VISIBILITY

Yes ☐ No ☒

A safe approach speed on the minor street is less than the 85th percentile speed and indicates a visibility problem.

3. ACCIDENTS

Yes ☐ No ☒

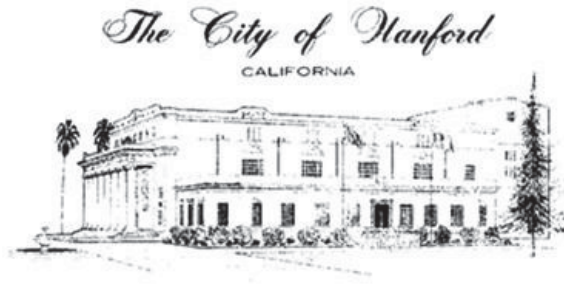
Three or more accidents within the last 12 months that are correctable by
Positive assignment of right-of-way.

4. UNUSUAL CONDITIONS

Yes ☒ No ☐

Where an unusual condition exists at an intersection and an engineering study indicates the problem would be susceptible to correction by use of a two-way stop. Unusual conditions may include the following:

- a. Adjacent to a school or park.
- b. Geometric conditions.
- ☒ c. Severity of accidents.



MINUTES
PARKING AND TRAFFIC COMMISSION
of the
CITY OF HANFORD

COUNCIL CHAMBERS
400 N. Douty St.
5:30 PM, Thursday, October 27, 2016

CALL TO ORDER

Chairman BUTTS called the meeting to order at 5:38 pm.

ROLL CALL

Attendee Name	Title	Status	Arrived
Richard Butts	Chairman	Present	
Glenda Dwyer	Commissioner	Present	
James MacLellan	Vise-Chairman	Present	
Shaka Sudds		Excused	
Alex Dwiggins	Commissioner	Present	

Also in attendance:
Joseph Bonner, III

FLAG SALUTE

Chairman BUTTS led the flag salute.

MINUTES APPROVAL

1. Approve Minutes from June 23, 2016 Parking and Traffic Commission Meeting.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Alex Dwiggins, Commissioner
SECONDER:	Glenda Dwyer, Commissioner
AYES:	Butts, Dwyer, MacLellan, Dwiggins

PUBLIC COMMENT

*This is the time for citizens to comment on subject matters not on the agenda and that are within the jurisdiction of the Commission. A maximum of **five minutes** is allowed for each speaker. Please begin your comments by stating your name and providing your city of residence.*

Joseph Bonner, III asked Commissioners to address parking issues on Valley Springs Avenue. Mr. Bonner stated that vehicles are parking illegally, bumper facing curb and double and triple parking in the cal-de-sack leaving no room for emergency vehicles. Mr. Bonner also stated that there is alcohol being consumed and that he can smell marijuana coming from this area. Mr. Bonner then stated that he and his neighbors met with the Parks Division in 2006 or 2007 and the Parks Division stated that this street wouldn't be a problem. Mr. Bonner stated he was told that this area was going to be labeled a "loading and unloading zone" but couldn't remember who told him that. Mr. Bonner stated that he has spoken with PD on several occasions.

Staff stated that it is possible to place "parallel parking only" signs however, any restrictions would also restrict home owners in the area. Commissioners asked staff to contact PD to see what could be done regarding the issues.

STAFF REPORTS

2. South Street and Phillips Street Two-way Stop

Staff presented a request for stop signs to be installed on South Street at its intersection with Phillips Street. After a brief discussion Commissioner MacLELLAN made a motion to accept staffs recommendation to install stop signs on east and west bound South Street at Phillips Street and to change section 10.32.010 of the Municipal Code to include the entrance stops at this intersection.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	James MacLellan, Vice-Chairman
SECONDER:	Glenda Dwyer, Commissioner
AYES:	Butts, Dwyer, MacLellan, Dwiggins

STAFF COMMUNICATION

3. City Council Actions

Staff commented briefly on Actions of the City Council.

COMMISSIONERS ITEMS OF INTEREST

Commissioner MacLELLAN asked staff when the signal at Douty St. and Fargo Ave. will be repaired. Staff informed Commissioner's that the controller has been ordered and should be here and installed in the next 2 weeks.

ADJOURNMENT

Chairman BUTTS adjourned the meeting at 6:32 pm.

Respectfully submitted,

Shawn Dailey, Secretary
Senior Engineering Technician

ORDINANCE NO. 16-14

AN ORDINANCE OF THE CITY OF HANFORD AMENDING
SECTION 10.32.010 OF THE HANFORD MUNICIPAL CODE
PERTAINING TO STOP INTERSECTIONS DESIGNATED

The City Council of Hanford does hereby ordain as follows:

Section 1. Section 10.32.010 of the Hanford Municipal Code is hereby amended to read as follows:

1. A new Subparagraph (78) is hereby added to read as follows: “78. Both sides of South Street at its intersection with Phillips Street.”
2. Existing Subparagraphs (78) through (82), inclusive, are hereby renumbered (79), through (83) inclusive, in accordance with the above deletions and additions.

Section 2. This Ordinance shall take effect thirty (30) days after its passage and shall be published once in the Hanford Sentinel within fifteen (15) days after its passage.

Passed and adopted at a regular meeting of the City Council of the City of Hanford, duly called and held on the ____ day of _____, 2017, by the following vote:

AYES: _____

NOES: _____

ABSTAIN: _____

ABSENT: _____

APPROVED

DAVID G. AYERS,
MAYOR of the City of Hanford

ATTEST:

JENNIFER GOMEZ
CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF KINGS) ss
CITY OF HANFORD)

I, Jennifer Gomez, City Clerk of the City of Hanford, do hereby certify the foregoing ordinance was duly introduced at a regular meeting of the City Council of the City of Hanford on the ____ day of _____, 2016, and it was duly passed and adopted at a regular meeting of the City Council of the City of Hanford held on the ____ day of _____, 2017.

Dated: _____
Jennifer Gomez, City Clerk



AGENDA STAFF REPORT

MEETING DATE: 12/20/2016	AGENDA SECTION: F
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SUBJECT:

Administration: Sale of 16.43 Acres to Helena Chemical Company

RECOMMENDATION:

Staff recommends that the Council, by motion, approve or reject the City's execution of the attached Purchase and Sale Agreement and Escrow Instructions (PSA) with Helena Chemical Company ("Helena") for Helena's purchase of 16.43 acres of City-owned property located in the Kings Industrial Park.

BACKGROUND:

Helena submitted an offer to the City for the City's 16.43 acre property located within the Kings Industrial Park. The location of the subject property is identified on the attached plat map. The attached PSA was prepared based upon negotiations between Helena and City staff.

The following is a summary of the key deal points of the PSA:

- Acres: 16.43 acres of unimproved land.
- Purchase Price: \$660,000.00
- Initial Deposit: \$500.00 upon signature of the PSA.
- Close of Escrow: Closing to occur on or before the 100th day following the parties' signature of the PSA.

The subject property appraised in 2013. The appraised value at that time was \$680,000.00. A copy of the 2013 appraisal is attached.

The property was reappraised in October 2016. The new appraisal, a copy of which is attached,

identifies the property's value as \$660,000.00.

The City has not received any other offers on the subject property and is not currently in discussions with any other party that may be interested in purchasing the 16.43 acres.

The City borrowed money from the Kings Economic Development Corporation (KEDC) when the City purchased the property. The debt owed to KEDC is reflected in a Shared Appreciation Secured Promissory Note (KEDC Note), which is secured by a Deed of Trust (KEDC Deed of Trust) recorded against the property. Copies of the KEDC Note and KEDC Deed of Trust are attached.

A condition of Helena's purchase of the property is that the City transfer title "free and clear" of liens and deeds of trust. As a result, the balance of the KEDC Note will be paid in full. Payment to KEDC will occur directly out of escrow at closing, which is consistent with standard industry practice for any lender holding a security interest in real property.

KEDC will receive a total of \$330,000.00, which consists of \$246,450.00 in unpaid principal plus \$83,550.00 for shared appreciation.

Also, at the close of escrow, \$162,096.00 will be paid to Tessengerlo Kerley, Inc. (TKI). TKI is the fertilizer company that owns the property directly east of the City's 16.43 acres. When TKI purchased its property, the City and TKI negotiated terms under which TKI extended a rail spur from the BNSF main rail line, over TKI's property, and onto the City's property. The cost of the rail improvements constructed on the City's property was \$162,096.00, and the parties agreed that TKI would be reimbursed upon the sale of the City's property. A copy of the City-TKI Easement and Construction Agreement that sets forth the reimbursement obligation is attached.

Pursuant to Section 9(e) of the attached PSA, Helena is not releasing the City from any claims that Helena may possess against the City.

FISCAL IMPACT:

ATTACHMENTS:

Parcel Map 018-242-077 (16.43 acres)
 2016.12.15 Purchase and Sale Agreement clean
 2013-282 - NEC 11th Avenue Energy Street_Hanford_L_ES Appraisal (002)
 2016.10.07 Appraisal Industrial Land at 11th and Energy Hanford
 signed Promissory Note 9-20-11 (002)
 2011.10.07 Recorded Shared Appreciation Deed of Trust
 Easement Construction Agreement - Signed (002)

THIS MAP IS FOR ASSESSMENT PURPOSES ONLY
IT IS NOT TO BE CONSTRUED AS PORTRAYING
BOUNDARIES OF LOTS OR DIVISIONS OF LAND FOR
PURPOSES OF ZONING OR SUBDIVISION LAM.
MARCH 2016

Provided by:

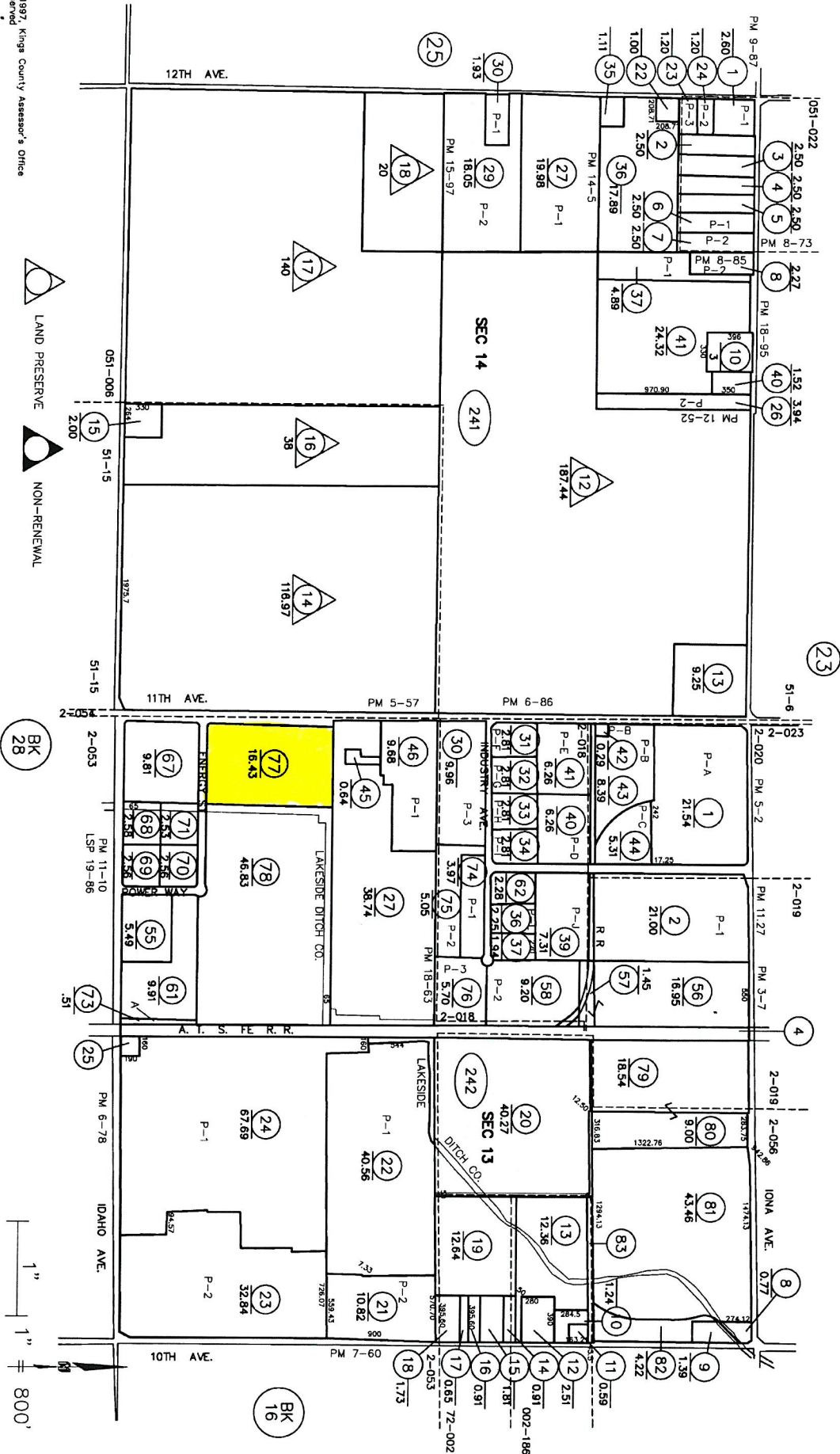


KINGS COUNTY ASSESSOR'S MAP

SEC'S. 13 & 14-19-21

18-24

Attachment: Parcel Purchase Number : 7921 (acre 37.91) LLO-242-8-10 Map



PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS

This PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS (“**Agreement**”) is made and entered into this ____ day of _____, 2016 (“**Effective Date**”), by and between THE CITY OF HANFORD, a municipal corporation (“**City**”), (“**Seller**”), and HELENA CHEMICAL COMPANY, a Delaware corporation (“**Buyer**”). Seller and Buyer are sometimes collectively referred to herein as the “**Parties**” and singularly as a “**Party**.” This Agreement is made with reference to the following facts:

RECITALS

A. The City owns approximately 16.43 acres situated within the Kings Industrial Park (“**Real Property**”), as more particularly described in the attached Exhibit “A”, which is incorporated herein by reference.

B. As a separate but related transaction, Buyer is purchasing property held by the Successor Agency to the Community Redevelopment Agency of the City of Hanford with the closing of that transaction to occur simultaneous with, and contingent upon, the closing of the escrow for the purchase and sale set forth in this Agreement.

C. Seller wishes to sell and Buyer wishes to purchase the Real Property from Seller, in accordance with the provisions of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties hereby agree as follows:

1. **Purchase and Sale.** Subject to all of the terms, conditions and provisions of this Agreement and for the consideration set forth herein, Seller agrees to sell to Buyer and Buyer agrees to buy at the Closing, as defined in this Agreement, the Real Property. The sale and purchase of the Real Property shall be consummated by means of an escrow (“**Escrow**”) opened at the offices of FIRST AMERICAN TITLE COMPANY (“**Escrow Holder**”) located at 7625 N. Palm Ave., Fresno, California. This Agreement shall constitute the instructions for the Escrow upon acceptance by Escrow Holder. The Parties shall also execute such additional escrow instructions as may be required by the Escrow Holder, but the same shall be consistent with this Agreement and not modify the terms hereof unless specifically approved by the Parties, such approval to be given or withheld in their sole discretion.

2. **Purchase Price.** The purchase price for the Real Property shall be Six Hundred Sixty Thousand Dollars (\$660,000.00) (“**Purchase Price**”). The Purchase Price shall be paid in full on the Closing Date, as defined below in Section 23 of this Agreement.

3. **Payment of Purchase Price.** The Purchase Price shall be paid as follows:

(a) Upon execution of this Agreement hereof by both Parties, Buyer shall deposit Five Hundred Dollars (\$500.00) (“**Deposit**”) with Escrow Holder.

(b) At least one (1) day before the Closing, Buyer shall deposit the balance of the Purchase Price with Escrow Holder, in cash, by wire transfer or other immediately available funds.

4. **Liquidated Damages.**

LIQUIDATED DAMAGES UPON BUYER'S DEFAULT. IF THE ESCROW FAILS TO CLOSE BY THE SCHEDULED CLOSING DATE SET FORTH IN **SECTION 23** OF THIS AGREEMENT AS A RESULT OF BUYER'S DEFAULT IN THE PERFORMANCE OF ITS OBLIGATIONS UNDER THIS AGREEMENT, THE DEPOSIT AND INTEREST ACCRUED THEREON SHALL BE RETAINED BY SELLER AS LIQUIDATED DAMAGES AND AS SELLER'S EXCLUSIVE REMEDY AGAINST BUYER, AT LAW OR IN EQUITY OR OTHERWISE. RETENTION OF SUCH FUNDS BY SELLER AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT INSTEAD, IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO SECTIONS 1671, 1676 AND 1677 OF THE CALIFORNIA CIVIL CODE. BECAUSE OF THE SPECIAL NATURE OF THE NEGOTIATIONS THAT PRECEDED ACCEPTANCE BY SELLER OF BUYER'S OFFER TO ACQUIRE THE REAL PROPERTY, THE PARTIES ACKNOWLEDGE THAT THE ACTUAL DAMAGE THAT WOULD RESULT TO SELLER AS A RESULT OF SUCH FAILURE WOULD BE EXTREMELY DIFFICULT TO ESTABLISH. IN ADDITION, BUYER DESIRES TO LIMIT ITS POTENTIAL LIABILITY TO SELLER IN THE EVENT THAT THIS TRANSACTION SHALL FAIL TO CLOSE. BY SEPARATELY INITIALING BELOW, THE PARTIES HEREBY ACKNOWLEDGE THEIR AGREEMENT CONCERNING LIQUIDATED DAMAGES:

Buyer Initials

Seller Initials

5. **Possession.** Seller shall deliver possession of the Real Property to Buyer at the Closing.

6. **Condition of Title to Real Property.** Seller shall convey fee title to the Real Property to Buyer, subject only to those encumbrances, contracts, agreements, rights, easements, rights of way, and mineral leases, rights and reservations as set forth in a preliminary report of title to the Real Property to be prepared by Escrow Holder ("**Title Report**") promptly after the opening of the Escrow. Upon receipt of the Title Report, and each document shown as an exception or encumbrance in the Title Report, Buyer shall have thirty (30) days within which to notify Seller and Escrow Holder in writing of any exceptions to title shown therein that Buyer disapproves ("**Objectable Exceptions**") plus any endorsements to title Buyer requires for the subject title policy. If Buyer notifies Seller and Escrow Holder of one or more Objectable Exceptions, Seller shall have thirty (30) days from receipt of such written notice to (i) remove the Objectable Exception(s), or (ii) refuse to remove the Objectable Exception(s), in which case Buyer may elect to waive its objection(s) and consummate this transaction, or terminate this Agreement and receive a refund of the Deposit and accrued interest, whereupon neither Party shall have any further

obligation to sell or purchase the Real Property. Buyer's failure to provide Seller and Escrow Holder with written notice of Objectionable Exceptions within said thirty (30) day period shall constitute Buyer's approval of the Title Report and all exceptions shown therein (collectively "**Permitted Exceptions**"). After Buyer's approval of the Title Report, Seller shall not allow, cause, or permit any additional exceptions to the condition of title to occur without Buyer's approval, other than ongoing real property taxes and assessments already of record.

7. **Title Insurance.** At the Closing, and as a condition to Buyer's obligation to purchase and Seller's obligation to sell the Real Property, Escrow Holder shall commit to issue its CLTA Owner's Policy of Title Insurance and Buyer's requested endorsements (provided, however, Buyer may elect to obtain ALTA extended coverage if Buyer so notifies Escrow Holder prior to the Closing and such election does not delay the close of Escrow) showing title to the Real Property vested in Buyer, subject only to the Permitted Exceptions as determined in accordance with Section 6 of this Agreement (the "**Title Policy**"). The premium for the Title Policy shall be paid as set forth in Section 22 of this Agreement, provided that if Buyer elects to obtain an extended coverage ALTA Owner's Title Policy, it shall pay the difference in premium and other costs for ALTA versus CLTA coverage.

8. **Feasibility Period.**

(a) During the period commencing on the Effective Date, and terminating at 5:00 p.m. on the day before the Closing Date ("**Feasibility Period**"), Buyer shall undertake, at Buyer's expense, including (but not limited to): (i) an inspection of the Real Property; (ii) a review of the physical condition of the Real Property, including (but not limited to), inspection and examination of soils, environmental factors, Hazardous Substances, if any, and archeological information relating to the Real Property; and (iii) a review and investigation of the effect of any zoning, maps, permits, reports, engineering data, regulations, ordinances and law affecting the Real Property. Seller shall reasonably cooperate with Buyer and Buyer's agents in providing documents and access to the Real Property relevant to Buyer's inspection.

(b) If Buyer, in its sole and absolute discretion, and for any reason, approves all, or disapproves the results of any aspect of Buyer's inspection and review, Buyer shall give, prior to 5:00 p.m. on the last day of the Feasibility Period, either (i) its notice of approval, or (ii) its notice of disapproval and termination of this Agreement. If the transaction is disapproved or deemed disapproved, all parties hereto shall be relieved of all further obligations or liabilities hereunder except as is otherwise specifically provided in this subparagraph 8(b) and in subparagraph 8(c) immediately following. If Buyer fails to notify Seller properly and timely of Buyer's approval of this transaction as provided in this subparagraph 8(b), Buyer shall be deemed to be dissatisfied with the results of the inspection and shall be deemed to have disapproved and terminated this Agreement pursuant to this subparagraph 8(b). If Escrow terminates pursuant to this subparagraph 8(b), Buyer will provide to Seller at no charge, upon cancellation of Escrow, all reports and material regarding the Real Property that Buyer generates or are generated on Buyer's behalf.

(c) Buyer shall, prior to Closing, indemnify, defend and hold Seller and Seller's officials, officers, employees, representatives and agents and the Real Property harmless from and against any and all loss, cost, damage, expense, claim or liability, including personal injury, loss

of life and/or property damage incurred by: (i) Buyer or Buyer's officials, officers, employees, representatives and agents as a result of the condition of the Real Property; or (ii) by any person or entity as a result of the acts or omissions of Buyer or its representatives, employees, contractors, or agents in performing any inspection and/or testing activity on or about the Real Property (provided however, the indemnity of this subsection (c)(ii) shall not apply to any pre-existing environmental condition unless the willful, intentional, or negligent act of Buyer makes the pre-existing condition worse). Buyer shall promptly pay all costs, fees and expenses incurred as a result of or associated with such inspection work done or caused to be done on the Real Property as permitted by this Section 8. Buyer shall keep the Real Property free from any and all mechanics or similar liens or charges resulting from such inspection work.

(d) Buyer, during the Feasibility Period and at its own expense, shall maintain: (1) public liability insurance with liability amounts not less than One Million Dollars (\$1,000,000.00) for the injury or death of one person and One Million Dollars (\$1,000,000.00) for the injury and death of more than one person in any one incident; and (2) property damage insurance in the amount of One Million Dollars (\$1,000,000.00). All such insurance shall be carried with competent and reliable insurance companies, reasonably satisfactory to Seller. Buyer's insurance coverage shall be primary with respect to any coverage that may be maintained by Seller. Buyer shall cause its insurers to waive all rights of subrogation against Seller and its elected and appointed officers, officials, employees, agents, and volunteers and each of them. On the Effective Date, Buyer shall furnish to Seller a certificate or certificates of insurance and endorsements from said companies confirming the requirements set forth herein and stating that said insurance is in full force and effect, that the premiums have been paid thereon, and that each insurance company will give Seller at least thirty (30) days prior written notice of any termination, cancellation or modification of the terms of said insurance. Seller and its elected and appointed officers, officials, employees, agents, and volunteers, and each of them, shall be named as additional insureds on the above mentioned policies.

9. Condition of Property. Except for representations made in writing by the Seller prior to the Closing Date:

(a) Buyer expressly acknowledges that Buyer is buying the Real Property in an "AS IS AND WHERE AS" condition, and that it has not relied on any warranties, promises, understandings or representations, express or implied, of Seller or any employee, agent or representative of Seller, or any document relating to the Real Property, except as are specifically set forth in this Agreement. Buyer acknowledges that any and all feasibility or market reports, environmental assessments, engineering studies and other information of any type that Buyer has received or may receive from Seller or its agents are furnished on the express condition that Buyer shall make an independent verification of the accuracy of any and all such information, all such information being furnished without any warranty whatsoever.

(b) Buyer acknowledges and agrees that neither Seller nor any employee, agent or representative of Seller has made any representation or warranty to Buyer concerning the Real Property, including, without limitation, the suitability of the Real Property for Buyer's intended use or its compliance with any statutes, ordinances, rules or regulations. Buyer shall perform and rely solely upon its own independent investigation concerning the Real Property and the Real Property's compliance with any applicable law. Buyer acknowledges that it is acquiring the Real

Property subject to all existing laws, ordinances, rules and regulations, and that neither Seller nor any of Seller's representatives, agents or employees have made any warranties, representations or statements regarding any laws, ordinances, rules and regulations of any governmental or quasi-governmental body, entity, district or agency having authority with respect to the use, condition or occupancy of the Real Property.

(c) Buyer shall perform and rely solely upon its own investigation concerning Buyer's intended use of the Real Property, the Real Property's fitness therefore, and the permissibility of such intended use under applicable statutes, ordinances, rules and regulations.

(d) Except as expressly set forth in this Agreement, from and after the Closing, Buyer will indemnify, defend, and will hold Seller harmless and hereby waives, releases, remises, acquits and forever discharges Seller, its elected and appointed officials, officers, employees, and agents, and their respective heirs, successors, personal representatives and assigns, of and from any and all suits, causes of action, legal, equitable or administrative proceedings, claims, demands, actual damages, punitive damages, losses, costs, liabilities, interest, attorneys fees and expenses of whatever kind and nature, in law or in equity, known or unknown, arising out of or in any way connected with, directly or indirectly, or based upon or arising out of the condition, status, quality, nature or environmental state of the Real Property; provided however, such duty to indemnify, defend, and hold Seller harmless shall not apply with respect to Seller's gross negligence or intentional misconduct. It is the intention of this Agreement that, except for Seller's gross negligence and intentional misconduct and except as otherwise expressly set forth herein, any and all responsibilities and obligations of Seller to Buyer, and any and all rights or claims of Buyer, its successors and assigns and affiliated entities, with respect to, or as against Seller arising by virtue of, the physical or environmental condition of the Real Property are by this release provision declared to be, from and after Closing, null and void and of no present or future effect as to such parties. With respect to the matters released by Buyer pursuant to this Section 9, Buyer waives the benefits of Section 1542 of the Civil Code of the State of California, which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

(e) No Release of Prior Claims. Nothing in this Agreement, or the performance of the parties pursuant to this Agreement, shall release or act as a release to any claims or claims Buyer may have against the Seller which arose prior to closing.

10. Existing Surveys and Reports. Within ten (10) days after Seller's execution of this Agreement, Seller shall furnish Buyer with copies of all existing surveys, soil reports, engineering studies, environmental audits or reports, site plans, and other information in Seller's possession pertaining to the Real Property.

11. Covenants, Warranties and Representations of Seller. Seller hereby makes the following covenants, representations and warranties:

(a) Except as otherwise disclosed herein, Seller's execution of this Agreement and performance of its obligations hereunder will not violate any agreement, option, covenant,

condition, obligation or undertaking of Seller.

(b) Seller is not a "foreign person" as defined in Section 1445(f) of the Internal Revenue Code of 1986, as amended. At the Closing, Seller shall provide Buyer Affidavits of Non-Foreign Status made under penalty of perjury, if required by Escrow Holder.

(c) Except as otherwise disclosed herein, there are no liens on title or actions, suits, or proceedings of any kind or nature whatsoever, legal or equitable, pending or to the best of Seller's knowledge, threatened against Seller, or the Real Property, and relating to or arising out of the ownership, management, or operation of the Real Property, in any court or before or by any federal, state, county or municipal department, commission, board, bureau, agency, or other governmental instrumentality.

(d) Seller has not entered into any leasehold agreements with third parties to this Agreement that would convey a tenancy interest of any kind in the Real Property.

(e) Seller will not market the Real Property for sale or disposition to any other party while this Agreement is in effect.

(f) To Seller's current actual knowledge, the Real Property currently is in compliance in all respects with the rules, regulations, ordinances and laws of all governmental authorities having jurisdiction over the Real Property.

(g) Seller shall notify Buyer immediately if Seller becomes aware of any new information or material change concerning the Real Property that affects the representations and warranties of Seller under this Agreement.

(h) At Closing, Seller shall record a release of all easement, access or other similar rights in and to the Real Property that are controlled by Seller.

(i) Seller represents to Buyer the following facts with respect to Tessengerlo Kerley, Inc. ("**TKI**"), owner of the property located directly east of the Existing City Parcels ("**TKI Property**"). TKI constructed a rail line that connects to the BNSF Rail Company's ("**BNSF**") mainline track. Per that Easement & Construction Agreement between TKI and Seller, which was recorded on June 8, 2012, as Document Number 1210460, Official Records, Kings County, California ("**TKI Agreement**"), TKI constructed a rail bridge ("**Rail Bridge**") over the Youd Canal and extended the rail line onto the Real Property in order to establish a rail line connection between the Rail Property and the BNSF mainline track. Per the TKI Agreement, TKI is entitled to One Hundred Sixty-Two Thousand, Ninety-Six Dollars (\$162,096.00) in reimbursement for TKI's construction of the Rail Bridge and other rail improvements that benefit the Real Property. Seller will pay TKI this amount at the Close of Escrow.

(j) Buyer acknowledges that railcar traffic travelling between the Real Property and the BNSF mainline track must cross over the TKI Property. The TKI Agreement establishes easement rights over the TKI Property. That document also indicates that TKI will inspect, maintain, repair, and replace the rail improvements identified therein, including the Rail Bridge and the rail improvements on or which benefit the City Property that TKI previously constructed.

Buyer is purchasing the Real Property subject to the terms and conditions of the TKI Agreement, including, without limitation, the responsibility to compensate TKI for a portion of the future inspection, maintenance, repair, and replacement costs incurred by TKI under the TKI Agreement. Should Buyer wish to have rail service to and from the Real Property after the Close of Escrow, Buyer shall be solely responsible for establishing such service through BNSF or its successor-in-interest pursuant to one or more agreements acceptable to Buyer (the “**BNSF Agreement(s)**”), and for paying all fees charged by BNSF or its successor-in-interest to establish and provide rail service to the Real Property.

(k) Seller represents that Buyer’s proposed land use of the Real Property is a permitted use in the HI zone district and that the City of Hanford’s current land use designation for the Real Property is HI.

12. Covenants, Warranties and Representations of Buyer. Buyer hereby makes the following covenants, representations and warranties:

(a) Buyer has the authority to enter into this Agreement, purchase the Real Property, and to otherwise perform as set forth herein. The person executing this Agreement on behalf of Buyer has the full legal authority and is duly authorized to sign this Agreement on behalf of Buyer and to bind Buyer to all of the terms and conditions of this Agreement.

(b) Buyer’s execution of this Agreement and performance of its obligations hereunder will not violate any agreement, option, covenant, condition, obligation or undertaking of Buyer.

(c) There are no actions, suits, or proceedings of any kind or nature whatsoever, legal or equitable, pending or, to the best of Buyer’s knowledge, threatened against Buyer, in any court or before or by any federal, state, county or municipal department, commission, board, bureau, agency, or other governmental instrumentality seeking to challenge Buyer’s ability to purchase the Real Property.

(d) Helena shall indemnify, defend and hold the Seller harmless with respect to any claims or actions arising from the parties’ decision to forego the surplus property process.

13. [Reserved]

14. Survival of Warranties. The satisfaction, truth, accuracy and completeness of each of the representations, warranties and covenants of Buyer and Seller contained in this Agreement, as of the date hereof and as of the Closing, shall constitute a condition precedent to the obligations of Seller and Buyer, respectively, hereunder. All representations, warranties, covenants, obligations, responsibilities and agreements set forth herein shall survive the Closing, and Seller and Buyer each agree to indemnify, defend and hold the other harmless from any claim, demand, liability, loss or cost (including without limitation, reasonable attorneys’ fees and costs) which the other may sustain arising out of any breach of and provision of this Section 14.

15. Brokerage Commissions. Buyer and Seller each represents and warrants to the other that it has not engaged the services of any real estate broker, salesperson, agent or finder, nor

done any other act nor made any statement, promise or undertaking which would result in the imposition of liability for the payment of any real estate brokerage commission, finder's fee or otherwise in connection with the transaction described in this Agreement. In the event that any person or entity perfects a claim for a brokerage commission, finder's fee or otherwise, based upon any agreement, statement or act, the Party through whom such person or entity makes such claim shall be responsible therefor and shall defend, indemnify and hold the other Party and the Real Property harmless from and against such claim and all loss, costs and expense associated therewith, including attorneys' fees.

16. Conditions Precedent to Seller's Obligations to Perform. Seller's obligation to perform as set forth herein is hereby expressly conditioned on satisfaction of each and every one of the following conditions precedent:

(a) Buyer shall have timely performed each of the acts to be performed by it hereunder.

(b) Each of Buyer's representations and warranties set forth herein shall be true at the Closing as if affirmatively made at that time.

(c) Buyer shall not have timely exercised any right set forth in this Agreement to cancel the Escrow or terminate this Agreement.

(d) Approval of this Agreement by the Oversight Board and no veto of such approval by the State Department of Finance.

17. Conditions Precedent to Buyer's Obligations to Perform. Buyer's obligation to perform as set forth herein is hereby expressly conditioned on satisfaction of each and every one of the following conditions precedent:

(a) Seller shall have timely performed each of the acts to be performed by it hereunder.

(b) Each of Seller's representations and warranties set forth herein shall be true at the Closing as if affirmatively made at that time.

(c) Seller shall not have timely exercised any right set forth in this Agreement to cancel the Escrow or terminate this Agreement.

(d) Escrow Holder is committed to issue the Title Policy as set forth above in Section 7.

(e) Seller has satisfied all legal requirements for the sale of the Real Property in order to grant clear title to Buyer, subject to those conditions and Permitted Exceptions approved by Buyer.

(f) The abandonment and closure of Energy Street by Seller pursuant to Buyer's Application for Street Abandonment Number 2015-01 filed April 23, 2015.

(g) Entry into an Industrial Track and Operations Agreement, satisfactory to Buyer, between Buyer, BNSF Railroad, Lakeside Irrigation Water District, and Tessengerlo Kerley, Inc.

(h) Buyer shall have obtained the approval of its Board of Directors for the execution and delivery of this Agreement, and consummation of the transactions contemplated hereby.

(i) Buyer shall have obtained execution of the BNSF Agreement(s) by all parties thereto, and in form and content acceptable to Buyer.

(j) The escrow for purchase of that real property being purchased by the Buyer from the Successor Agency to the Community Redevelopment Agency of the City of Hanford closes simultaneous with the within Escrow.

18. Establishment of Escrow. Upon execution of this Agreement by the Parties, a duplicate original of this Agreement shall be deposited with Escrow Holder. The general provisions of Escrow Holder's escrow instructions shall not impose any additional obligations or liabilities on the parties. If any of the general provisions conflict with the provisions of this Agreement, the provisions of this Agreement shall control.

19. Deposits into Escrow. The Parties shall make the following deposits into Escrow at or prior to the Closing:

(a) Seller shall deposit an executed and acknowledged original grant deed conveying good and marketable title to the Real Property, subject to all Permitted Exceptions.

(b) Buyer shall deposit all funds when and as required hereby (including without limitation the Purchase Price, all amounts necessary to pay Buyer's share of the closing costs), and such other amounts as Buyer has agreed to pay under this Agreement, or as required by Escrow Holder, and a preliminary change of ownership report for Kings County.

(c) Both Parties shall execute and deliver such additional documents as Escrow Holder reasonably may deem necessary in order to effectuate the transaction set forth in this Agreement and to close the Escrow.

20. Prorations. Escrow Holder shall prorate the following items, as of the Closing, using a 365 day year: all real and personal property taxes and all other charges or assessments relating to the Real Property using the latest tax bills. Buyer shall pay any supplemental taxes assessed pursuant to Chapter 3.5 (Section 75) of the California Revenue and Taxation Code resulting from the sale of the Real Property to Buyer. Escrow Holder is not responsible for utility or insurance costs and premiums, all of which shall be prorated outside the Escrow by the Parties.

21. Title Insurance. At the Closing, Escrow Holder shall issue, effective as of that date, the Title Policy described in Section 6 of this Agreement.

22. Costs and Expenses. Closing costs shall be borne by the Parties as follows:

(a) The Title Policy premium shall be paid by Seller, except that any increase in the Title Policy premium associated with Buyer's acquisition of an ALTA policy or endorsements requested by Buyer shall be paid by Buyer; provided, however, that any endorsements which are requested by Buyer as an accommodation and at the request of Seller shall be paid by Seller;

(b) Documentary transfer taxes and costs of preparing and recording the Grant Deeds shall be paid by Buyer; and

(c) All Escrow fees shall be shared equally between Buyer and Seller.

All other costs of closing the Escrow, including, without limitation, filing fees, other recording fees and otherwise, shall be shared by the Parties equally. Each Party shall bear its own legal fees and costs. Buyer shall deposit additional funds into Escrow in an amount equal to its share of the closing costs as determined by Escrow Holder. Escrow Holder is hereby authorized to withhold Seller's share of the closing costs from funds otherwise distributable to Seller.

23. Closing Date. Unless otherwise extended by the Parties in writing or as specified herein, the closing of Escrow for the Real Property shall occur as soon as possible on or before the one hundredth (100th) day following the Effective Date, subject to the prior satisfaction (or waiver) of the conditions precedent to the Closing identified in Sections 16 and 17 of this Agreement ("**Closing**"). The date on which Closing occurs is referred to herein as "**the Closing Date**." If the Escrow is not in a condition to close by the Closing Date, Escrow Holder, except as otherwise provided herein, shall cancel the Escrow upon receipt of written notice from either Party of such cancellation; provided, however, that if Escrow is not in a condition to close by the Closing Date due to the failure of only one Party to perform, and such failure to perform constitutes a default under this Agreement, and the other Party has fully performed all of the obligations required of it in order to close the Escrow, only the performing Party shall be entitled to provide Escrow Holder with written notice of cancellation. In the absence of any written notice of cancellation, Escrow Holder shall proceed to close the Escrow as soon as possible.

24. Procedure for Closing. Escrow Holder shall close the Escrow by doing the following:

(a) Pay from funds deposited by Buyer all claims, demands and liens necessary to place title to the Real Property in the condition set forth in Section 6 of this Agreement;

(b) Pay Seller's share of the closing costs from funds otherwise distributable to Seller;

(c) Pay from funds deposited by Buyer (other than the Purchase Price), Buyer's share of closing costs;

(d) Prorate real and personal property taxes and all other charges or assessments as set forth in Section 20 of this Agreement;

(e) Record Seller's Grant Deed in the Official Records of Kings County and direct the County Recorder to affix the transfer tax after recording, return the recorded Grant Deed to Buyer with a conformed copy to Seller, and file Buyer's preliminary change of ownership report in Kings County, as appropriate; and

(f) Unless otherwise instructed by Seller, unilaterally deliver the remaining funds held in Escrow, less payments authorized hereunder to Seller by Escrow Holder's check.

25. Failure to Close. If Escrow shall fail to close as a result of Buyer's breach of any of its obligations hereunder, then, in accordance with the provisions of Section 4 hereinabove, upon demand of Seller, Escrow Holder shall terminate the Escrow, immediately deliver the Deposit, accrued interest on the Deposit, and all documents that Seller previously deposited into Escrow (collectively "**Seller's Documents**") to Seller, deliver Buyer's preliminary change of ownership report to Buyer, and charge Buyer for any cancellation charges. If the Escrow shall fail to close as a result of Seller's breach of any of its obligations hereunder, or upon Buyer's election to terminate in accordance with the provisions of this Agreement, then upon demand of Buyer, Escrow Holder shall terminate the Escrow, immediately cause to be delivered the Deposit and accrued interest to Buyer, deliver Seller's Documents to Seller, deliver Buyer's preliminary change of ownership report to Buyer, and charge Seller for any cancellation charges. If the Escrow fails to close through no fault of either Buyer or Seller, upon the demand of either Party, Escrow Holder shall return Buyer's preliminary change of ownership report to Buyer, return Seller's Documents to Seller, return the entire Deposit and accrued interest to Buyer, and cancel the Escrow, with all cancellation charges to be borne equally by Buyer and Seller.

26. Attorneys' Fees. Subject to Section 4 of this Agreement, in the event of any action between Buyer and Seller seeking enforcement of any of the terms and conditions of this Agreement, or in connection with the Real Property, the prevailing Party in such action shall be awarded, in addition to damages, injunctive or other relief, its reasonable costs and expenses, including, but not limited to, taxable costs and reasonable attorneys' fees. Seller and Buyer agree that any such action shall be venued in Kings County, California or in the Federal District Court in Fresno, California.

27. Indemnification of Escrow Holder. Escrow Holder shall be indemnified and held harmless by Buyer and Seller against any and all costs, damages, attorneys' fees, expenses and liabilities which it incurs or sustains in connection with the Escrow, except for such items as may be caused by Escrow Holder's misconduct or negligence.

28. Notice. Except as otherwise expressly provided herein, any notice, consent, authorization or other communication to be given hereunder shall be in writing and shall be deemed duly given and received when delivered personally, when transmitted by facsimile or e-mail if receipt is acknowledged by the addressee, one business day after being deposited for next-day delivery with a nationally recognized overnight delivery service, or five (5) business days after being mailed by first class mail, charges and postage prepaid, properly addressed to the party to receive such notice at the last address furnished for such purpose by the party to whom notice is directed and addressed as follows:

To Buyer: HELENA CHEMICAL COMPANY
David Hawkins
225 Schilling Blvd., Ste. 300
Collierville, TN 38017
FAX: (901) 537-8677

To Buyer's Legal Counsel: Jan L. Kahn, Esq.
Kahn, Soares & Conway, LLP
219 North Douty Street
Hanford, CA 93230
FAX: (559) 584-3348

To Seller: City Manager
CITY OF HANFORD
319 N. Douty Street
Hanford, CA 93230
FAX: (559) 585-2595)

To Seller's Legal Counsel: Robert M. Dowd and Ty N. Mizote
Griswold LaSalle Cobb Dowd & Gin LLP
111 East 7th Street
Hanford, CA 93230
FAX: (559) 582-3106

29. Sole and Only Agreement. This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the matters set forth herein and contains all of the covenants and agreements between the parties regarding said matters. Except as is otherwise provided herein, each party to this Agreement acknowledges that no representations, inducements, promises or agreements, orally or in writing, have been made by any party or anyone acting on behalf of any party which are not embodied in this Agreement and no other agreement, statement or promise shall be valid or binding.

30. Successors and Assigns.

(a) Buyer may assign its rights hereunder to an Affiliate of Buyer as long as such successor-in-interest confirms in writing that it shall be bound by the terms of this Agreement and Buyer guarantees in writing the Affiliate's performance hereunder.

(b) The term "**Affiliate**" means any person or entity directly or indirectly Controlling, Controlled by or under common Control with the person or entity to which such term applies. "**Control**," as applied to any person or entity, means the possession, directly or indirectly, of the power to direct or cause the direction of the management, policies and decision-making of such person or entity, whether through the ownership of voting interests or by contract or otherwise, including, without limitation, the possession of direct or indirect equity or beneficial interests in at least ten percent (10%) of any entity, or voting control of any entity.

(c) The covenants and agreements contained in this Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto. Subject, however, to Buyer's rights described in this Section 30, Buyer may not, without the Seller's consent, which consent shall not be unreasonably withheld, assign any duties or responsibilities to a third party as long as Buyer owns the Real Property; however, all duties and obligations of Buyer will run with the land and Buyer shall guarantee in writing the successors' and assigns' performance hereunder.

31. Further Action. The Parties agree to perform all further acts, and to execute, acknowledge, and deliver any documents that may be reasonably necessary, appropriate or desirable to carry out the purposes of this Agreement.

32. Waiver. A waiver of any breach of this Agreement by any Party shall not constitute a continuing waiver or a waiver of any subsequent breach of the same or any other provision of this Agreement.

33. Choice of Laws. This Agreement shall be governed by the laws of the State of California and any question arising hereunder shall be construed or determined according to such law.

34. Headings. Headings at the beginning of each numbered Section of this Agreement are solely for the convenience of the Parties and are not a part of this Agreement.

35. Survival. All of the provisions of this Agreement shall survive the Closing and shall remain binding upon the Parties.

36. Time. Time is of the essence, it being understood that each date set forth herein, particularly the Closing, and the obligations of the Parties to be satisfied by such dates have been the subject of specific negotiations by the Parties.

37. Counterparts. This Agreement may be signed by the Parties in different counterparts and the signature pages combined to create a document binding on all Parties.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first hereinabove written.

“SELLER”

CITY OF HANFORD, a municipal
corporation

Dated: _____, 2016

By: _____

Darrel Pyle, City Manager

“BUYER”

HELENA CHEMICAL COMPANY
a Delaware corporation

Dated: _____, 2016

By: _____

_____ [name]
_____ [title]

Dated: _____, 2016

By: _____

_____ [name]
_____ [title]

EXHIBIT "A"
LEGAL DESCRIPTION

PARCEL 3

That portion of the Southwest quarter of Section 13, Township 19 South, Range 21 East, Mount Diablo Base and Meridian, in the City of Hanford, County of Kings, State of California, described as follows;

Commencing at the Southeast corner of said Southwest quarter of Section 13;

Thence, North 01°26'53" East, along the East line of said Southwest quarter, 1803.35 feet;

Thence, North 89°53'58" West, parallel with the North line of said Southwest quarter, 50.01 feet, more or less, to the Northeast corner of Parcel D of Parcel Map No. 11-10, Kings County Records;

Thence, continuing North 89°53'58" West, along said North line of Parcel D, 1862.00 feet, to the Northwest corner of said Parcel D, said point also being the Northeast corner of Parcel C of said Parcel Map No. 11-10, and the TRUE POINT OF BEGINNING;

Thence, continuing North 89°53'58" West, along the North line of said Parcel C, 676.54 feet, to the Northwest corner of said Parcel C and a point on the East right of way line of 11th Avenue;

Thence, South 01°28'20" West, along the West line of said Parcel C and said East right of way line, 529.67 feet;

Thence, South 89°53'58" East, parallel with the North line of said Parcel C, 676.54 feet, to a point on the East line of said Parcel C;

Thence, North 01°28'20" East, along said East line, 529.67 feet, to the TRUE POINT OF BEGINNING.

Parcel 3 contains 8.22 acres

PARCEL 4

That portion of the Southwest quarter of Section 13, Township 19 South, Range 21 East, Mount Diablo Base and Meridian, in the City of Hanford, County of Kings, State of California, described as follows;

Commencing at the Southeast corner of said Southwest quarter of Section 13;

Thence, North 01°26'53" East, along the East line of said Southwest quarter, 1803.35 feet;

Thence, North 89°53'58" West, parallel with the North line of said Southwest quarter, 50.01 feet, more or less, to the Northeast corner of Parcel D of Parcel Map No. 11-10, Kings County Records;

Thence, continuing North 89°53'58" West, along said North line of Parcel D, 1862.00 feet, to the Northwest corner of said Parcel D, said point also being the Northeast corner of Parcel C of said Parcel Map No. 11-10;

Thence, continuing North 89°53'58" West, along the North line of said Parcel C, 676.54 feet, to the Northwest corner of said Parcel C and a point on the East right of way line of 11th Avenue;

Thence, South 01°28'20" West, along the West line of said Parcel C and said East right of way line, 529.67 feet, to the TRUE POINT OF BEGINNING;

Thence, continuing South 01°28'20" West, along the West line of said Parcel C, and along the West line of said Parcel D and said East right of way line, 497.67 feet, to the beginning of a tangent curve, concave Northeasterly, having a radius of 30.00 feet;

Thence, Southeasterly, along said 30.00 foot radius curve, through a central angle of 91°15'25", an arc distance of 47.78 feet;

Thence, South 89°47'05" East, parallel with the South line of said Southwest quarter of Section 13, a distance of 645.84 feet, to the intersection with the Southerly prolongation of the East line of said Parcel C;

Thence, North 01°28'20" East, along said Southerly prolongation and said East line, 529.69 feet;

Thence, North 89°53'58" West, parallel with the North line of said Parcel C, a distance of 676.54 feet, to the TRUE POINT OF BEGINNING.

Parcel 4 contains 8.21 acres

Summary Appraisal Report

NEC 11th Avenue & Energy Street

Hanford, California 93230

APN: 018-242-077



Date of Report: July 5, 2013

Prepared For:

Mr. Bob Nance
Project Manager
City of Hanford
313-321 North Douty Street
Hanford, California 93230

Prepared By:

Eric A. Segal, Appraiser



Seevers
Jordan
Ziegenmeyer

Real Estate Appraisal & Consultation

Attachment: 2013-282 - NEC 11th Avenue Energy Street_Hanford_L_ES Appraisal (002) (1767 : Helena Purchase Agreement)



Seevers
Jordan
Ziegenmeyer

Real Estate Appraisal & Consultation

July 5, 2013

Mr. Bob Nance
Project Manager
City of Hanford
313-321 North Douty Street
Hanford, California 93230

RE: NEC 11th Avenue & Energy Street
Hanford, California 93230
APN: 018-242-077

Dear Mr. Nance:

At your request and authorization, Seevers • Jordan • Ziegenmeyer has prepared a Summary Appraisal Report pertaining to the fee simple interest in the above referenced property. This report is written in conformance with the requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP).

The subject property represents 16.43± acres of vacant land, which includes a recently installed 603± linear foot rail spur. The subject is situated at the northeast corner of 11th Avenue and Energy Street, within the City of Hanford, Kings County, California. The property is zoned for industrial use. A more detailed legal and physical description of the subject property is contained within the attached report.

We have been requested to estimate the as-is market value of the subject property as of the date of inspection (June 21, 2013). As a result of our analysis, our opinion of value for the fee simple interest in the subject property, in accordance with the assumptions and limiting conditions contained within the attached document, is ...

SIX HUNDRED EIGHTY THOUSAND DOLLARS

\$680,000

The estimate of market value assumes a transfer would reflect a cash transaction or terms considered to be equivalent to cash. The estimate is premised on an assumed sale after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with buyer and seller each acting prudently, knowledgeably, for their own self interest and assuming neither is under duress.

Mr. Bob Nance
July 5, 2013
Page 2

We hereby certify the property has been inspected and we have impartially considered all data collected in the investigation. Further, we have no past, present or anticipated future interest in the property.

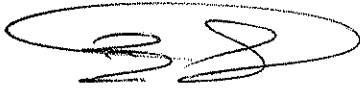
This letter must remain attached to the report, which contains 50 pages, plus related exhibits and Addenda, in order for the value opinion(s) contained herein to be considered valid.

The subject property does not have any significant natural, cultural, recreational or scientific value. The appraiser certifies this appraisal assignment was not based on a requested minimum valuation, a specific valuation or the approval of a loan.

This appraisal has been performed in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP), as well as the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

Thank you for the opportunity to work with your office on this assignment.

Sincerely,



Eric A. Segal, Appraiser
State Certification No.: AG026558
Expires: February 18, 2015

/mvm

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Transmittal Letter

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SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Appraised Property:	16.43± acres of vacant industrial land, which includes a recently installed 603± linear foot rail spur
Location:	At the northeast corner of 11 th Avenue and Energy Street, within the city of Hanford, Kings County, California
Assessor's Parcel Number(s):	127-0070-049
Owner(s) of Record:	City of Hanford
Zoning:	HI- High Industrial
Flood Zone:	Zone X – Areas outside the 100- and 500-year floodplains. Flood insurance is not required within this zone.
Land Area:	16.43± acres (715,690.8± square feet)
Structural Improvements:	The subject property is currently vacant industrial land with no structural improvements.
Highest and Best Use:	Hold for future industrial development
Date of Inspection:	June 21, 2013
Effective Date of Value:	June 21, 2013
Date of Report:	July 5, 2013
Property Rights Appraised:	Fee simple estate
Exposure and Marketing Time:	12 months
Conclusion of Market Value:	\$680,000

Attachment: 2013-282 - NEC 11th Avenue Energy Street_Hanford_L_ES Appraisal (002) (1767 : Helena Purchase Agreement)

CLIENT, INTENDED USER AND INTENDED USE

The client and intended user of this appraisal report is the City of Hanford. It is our understanding this appraisal is intended for consideration in a property exchange.

APPRAISAL REPORT FORMAT

This report documents a Summary Appraisal Report, intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP).

TYPE AND DEFINITION OF VALUE

The purpose of this appraisal is to estimate the as-is market value of the subject property as of the date of inspection. Market value is defined as follows:

Market Value:

The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interest;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. Dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.¹

Please refer to the *Glossary of Terms* in the Addenda to this report for the definition of *value as-is*.

PROPERTY RIGHTS APPRAISED

The value estimates derived herein is for the fee simple estate, defined as follows:

Fee Simple Estate: absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.²

¹ Code of Federal Regulations, Title 12, Section 34.42 (55 Federal Register 34696, Aug. 24, 1990; as amended at 57 Federal Register 12202, Apr. 9, 1992; 59 Federal Register 29499, June 7, 1994).

² The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010), 78.

DATES OF INSPECTION, VALUE AND REPORT

An inspection of the subject property was completed on June 21, 2013, which represents the effective date of as-is market value. This appraisal report was completed and assembled on July 5, 2013.

SCOPE OF WORK

The appraisal report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP). This analysis is intended to be an “appraisal assignment,” as defined by USPAP; the intention is the appraisal service be performed in such a manner that the result of the analysis, opinions or conclusions be that of a disinterested third party.

Several legal and physical aspects of the subject property were researched and documented. A physical inspection of the property was completed and serves as the basis for the site and improvement descriptions contained in this report. A preliminary title report was not provided for use in this report. The sales history was verified by consulting public records. We contacted the City of Hanford Planning Department regarding zoning and entitlements. The subject’s earthquake zone, flood zone and utilities were verified with applicable public agencies. Property tax information for the current tax year was obtained from the Kings County Treasurer-Tax Collector’s Office. The Property is currently owned by the City of Hanford; thus, no property tax history is available. In the event of a sale, property taxes will be levied upon assessment by the Kings County Assessor’s office.

Data relating to the subject’s neighborhood and surrounding market area was analyzed and documented. This information was obtained through personal inspections of portions of the neighborhood and market area; newspaper articles; real estate conferences; and interviews with various market participants, including property owners, property managers, brokers, developers and local government agencies.

The highest and best use of the subject property as though vacant was determined based on the four standard tests (legal permissibility, physical possibility, financial feasibility and maximum productivity). In addition, a reasonable exposure time associated with the market value estimate was estimated.

The sales comparison approach was employed to analyze several industrial land transactions in the subject’s market area and surrounding areas, which led to an estimate of as-is market value of the subject property. Due to the fact that the subject represents vacant land, the cost and income capitalization approaches were not applicable. The enhancement to value associated with the recently added rail spur located across the northern boundary of the subject property was also measured.

I, Eric A. Segal, Appraiser, inspected the subject property; collected and confirmed data related to the subject property, comparables and the neighborhood/market area; analyzed market data; and prepared an appraisal report with estimates of value described above.

EXTRAORDINARY ASSUMPTIONS, SIGNIFICANT FACTORS
AND HYPOTHETICAL CONDITIONS

The valuation is premised on the following extraordinary assumptions, significant factors and hypothetical conditions, the use of which may have affected assignment results.

Extraordinary Assumptions

None

Significant Factors

None

Hypothetical Conditions

None

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. No responsibility is assumed for matters of law or legal interpretation.
3. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
4. The information and data furnished by others in preparation of this report is believed to be reliable, but no warranty is given for its accuracy.
5. It is assumed there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
6. It is assumed the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
7. It is assumed the property conforms to all applicable zoning and use regulations and restrictions unless nonconformity has been identified, described and considered in the appraisal report.
8. It is assumed all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
9. It is assumed the use of the land and improvements is confined within the boundaries or property lines of the property described and there is no encroachment or trespass unless noted in the report.
10. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user of this report is urged to retain an expert in this field, if desired.
11. The Americans with Disabilities Act (ADA) became effective January 26, 1992. I (we) have not made a specific survey or analysis of this property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. Since compliance matches each owner's financial ability with the cost-to cure the property's potential physical characteristics, the real estate appraiser cannot comment on compliance with ADA. A brief summary of the

subject's physical aspects is included in this report. It in no way suggests ADA compliance by the current owner. Given that compliance can change with each owner's financial ability to cure non-accessibility, the value of the subject does not consider possible non-compliance. Specific study of both the owner's financial ability and the cost-to-cure any deficiencies would be needed for the Department of Justice to determine compliance.

12. The appraisal is to be considered in its entirety and use of only a portion thereof will render the appraisal invalid.
13. Possession of this report or a copy thereof does not carry with it the right of publication nor may it be used for any purpose by anyone other than the client without the previous written consent of Seevers • Jordan • Ziegenmeyer.
14. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or any other media without the prior written consent and approval of Seevers • Jordan • Ziegenmeyer.
15. The liability of Seevers • Jordan • Ziegenmeyer and its employees/subcontractors for errors/omissions, if any, in this work is limited to the amount of its compensation for the work performed in this assignment.
16. Acceptance and/or use of the appraisal report constitutes acceptance of all assumptions and limiting conditions stated in this report.
17. An inspection of the subject property revealed no apparent adverse easements, encroachments or other conditions currently impacting the subject. However, the exact locations of typical roadway and utility easements, or any additional easements, which would be referenced in a preliminary title report, were not provided to the appraiser. The appraiser is not a surveyor nor qualified to determine the exact location of easements. It is assumed any easements noted in a current preliminary title report do not have an impact on the opinion(s) of value as provided in this report. If, at some future date, any easements are determined to have a detrimental impact on value, the appraiser reserves the right to amend the opinion(s) of value contained herein.
18. This appraisal report is prepared for the exclusive use of the appraiser's client. No third parties are authorized to rely upon this report without the express consent of the appraiser.
19. The appraiser is not qualified to determine the existence of mold, the cause of mold, the type of mold or whether mold might pose any risk to the property or its inhabitants. Additional inspection by a qualified professional is recommended.

CERTIFICATION STATEMENT

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. However, our firm has provided appraisal services of the subject property within the three years preceding this engagement.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- I have made a personal inspection of the property that is the subject of this report.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- I certify that my State of California real estate appraiser license has never been revoked, suspended, cancelled, or restricted.
- I have the knowledge and experience to complete this appraisal assignment. Please see the Qualifications of Appraiser(s) portion of the Addenda to this report for additional information.
- As of the date of this report, I have completed the Standards and Ethics Education Requirement of the Appraisal Institute for Associate Members.



Eric A. Segal, Appraiser

State Certification No.: AG026558 (Expires: February 18, 2015)

July 5, 2013

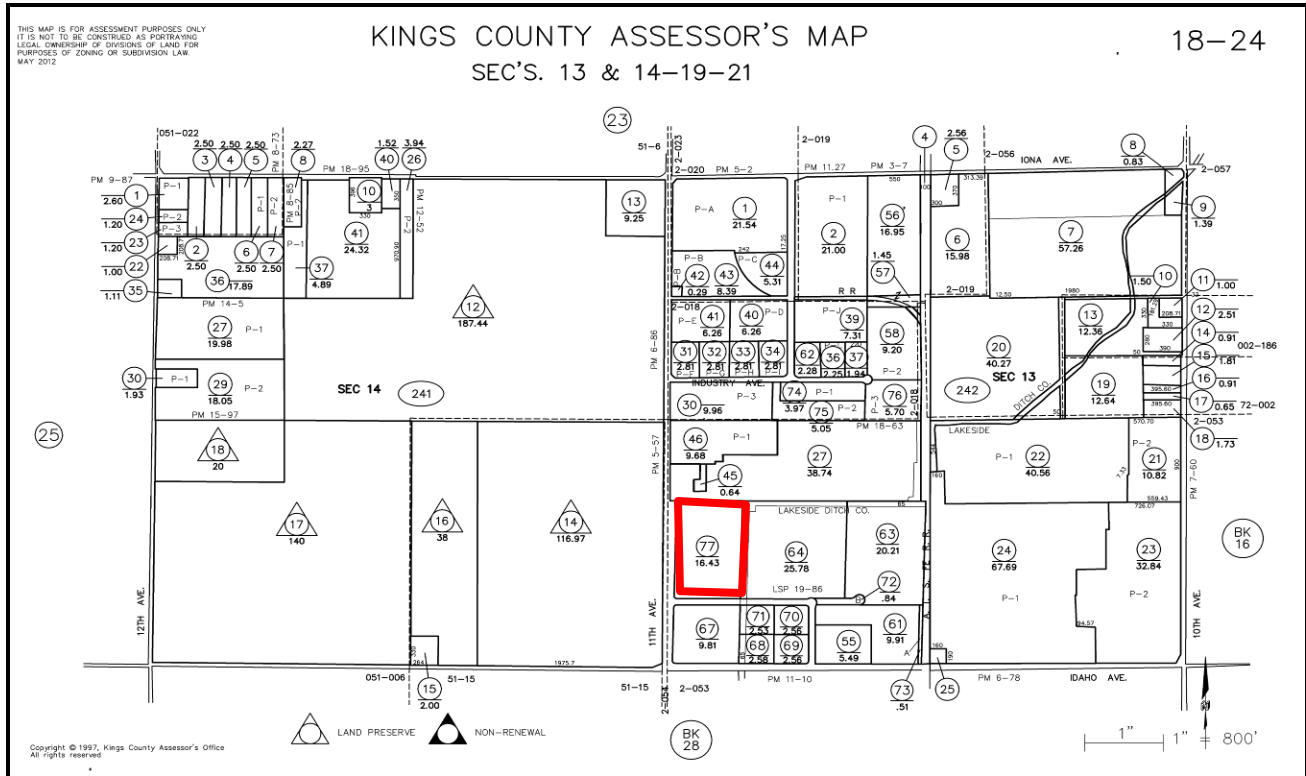
Date

Attachment: 2013-282 - NEC 11th Avenue Energy Street_Hanford_L_ES Appraisal (002) (1767 : Helena Purchase Agreement)

PROPERTY HISTORY AND OCCUPANCY

The subject is a 16.43± acre parcel of vacant industrial land located at the northeast corner of 11th Avenue and Energy Street, within the City of Hanford, Kings County, California. The property is situated within the Kings Industrial Park located within the city of Hanford. The industrial park was created and zoned for heavy industrial use and includes warehouses, manufacturing companies, utility companies, and other forms of industrial use. Furthermore, a significant portion of the industrial park remains vacant, and many of the vacant parcels are currently listed for sale. More information on the Kings Industrial Park will be provided in the *Neighborhood* section of this report. As of the date of inspection, the property is vacant with no structural improvements.

According to public records, the subject was acquired by the City of Hanford in 2011 for \$493,000 from Eliot and Cristina Carmi. Furthermore, it is our understanding the property is being considered in a property exchange agreement between the City of Hanford and the owner of 8148 E. Lacey Boulevard, Hanford, California 93230.

PROPERTY LEGAL DATA**Location**

The subject is located at the northeast corner of 11th Avenue and Energy Street, within the city of Hanford, Kings County, California.

Assessor's Parcel Number(s)

The subject property is situated within the confines of the assessor's parcel identified as 018-242-077.

Owner(s) of Record

Title to the subject property is presently vested with the City of Hanford.

Legal Description

A complete legal description of the subject property is contained in the most recent Grant Deed, which has been reproduced and appended hereto for your reference.

Conditions of Title

A preliminary title report was not provided for this appraisal. As a result, the appraiser assumes no negative title restrictions or easements affect the subject property. The client is advised to obtain a title report to determine any possible conditions of title affecting the property appraised. The appraiser accepts no responsibility for matters pertaining to title, and the opinion(s) of value stated herein could be negatively impacted by title restrictions.

Property Taxes and Assessments

The property tax system in California was amended in 1978 by Article XIII to the State Constitution, commonly referred to as Proposition 13. It provides for a limitation on property taxes and for a procedure to establish the current taxable value of real property by reference to a base year value, which is then modified annually to reflect inflation (if any). Annual increases cannot exceed 2% per year.

The base year was set at 1975-76 or any year thereafter in which the property is substantially improved or changes ownership. When either of these two conditions occurs, the property is to be re-appraised at market value, which becomes the new base year assessed value. Proposition 13 also limits the maximum tax rate to 1% of the value of the property, exclusive of bonds and direct charges. Bonded indebtedness approved prior to 1978, and any bonds subsequently approved by a two-thirds vote of the district in which the property is located, can be added to the 1% tax rate.

As previously noted, the subject property is owned by the City of Hanford and, as such, is not currently assessed by the Kings County Assessor. Upon a sale, the property will be assessed at a rate similar to surrounding parcels, which appear to be located in Tax Rate Area 002-053, which is subject to a tax rate of approximately 1.0979%.

Zoning

Source:	City of Hanford Community Development Department
Zoning:	HI- Heavy Industrial
Purpose:	According to the City of Hanford Municipal Code, the HI designation includes industrial parks, manufacturing, truck terminals, public or quasi-public facilities and structures, utility operations, fabrication, processing, assembling, warehousing, wholesale sales, research and development activities. This designation differs from light industrial in that outside processing and storage of materials may be permitted. Incidental retail uses which have a direct relationship to the industrial use or meet the day to day needs, such as food and fuel, for employees working in the industrial area are permitted.

Further, the subject property is located within the Kings Industrial Park, which is intended to create an environmentally sensitive area available for industrial uses which are either inherently inoffensive or capable of being controlled so as to be rendered inoffensive. This district will permit industrial and manufacturing uses and allied services including such uses as assembly, fabrication, finishing, storing, compounding, supplying and repairing if the design and operation of such can conform to the performance and property development standards established for the Kings Industrial Park District.

Conclusion: Based on the underlying zoning designation, industrial development is the primary legally permissible use of the subject property.

Flood Zone

Source: Digital Media Services (www.floodmaps.com)

Flood Zone: Zone X, described as areas outside of the 100-and 500-year floodplain

Map Panel: 060088-0185C

Panel Date: June 16, 2009

Flood Insurance: Not required

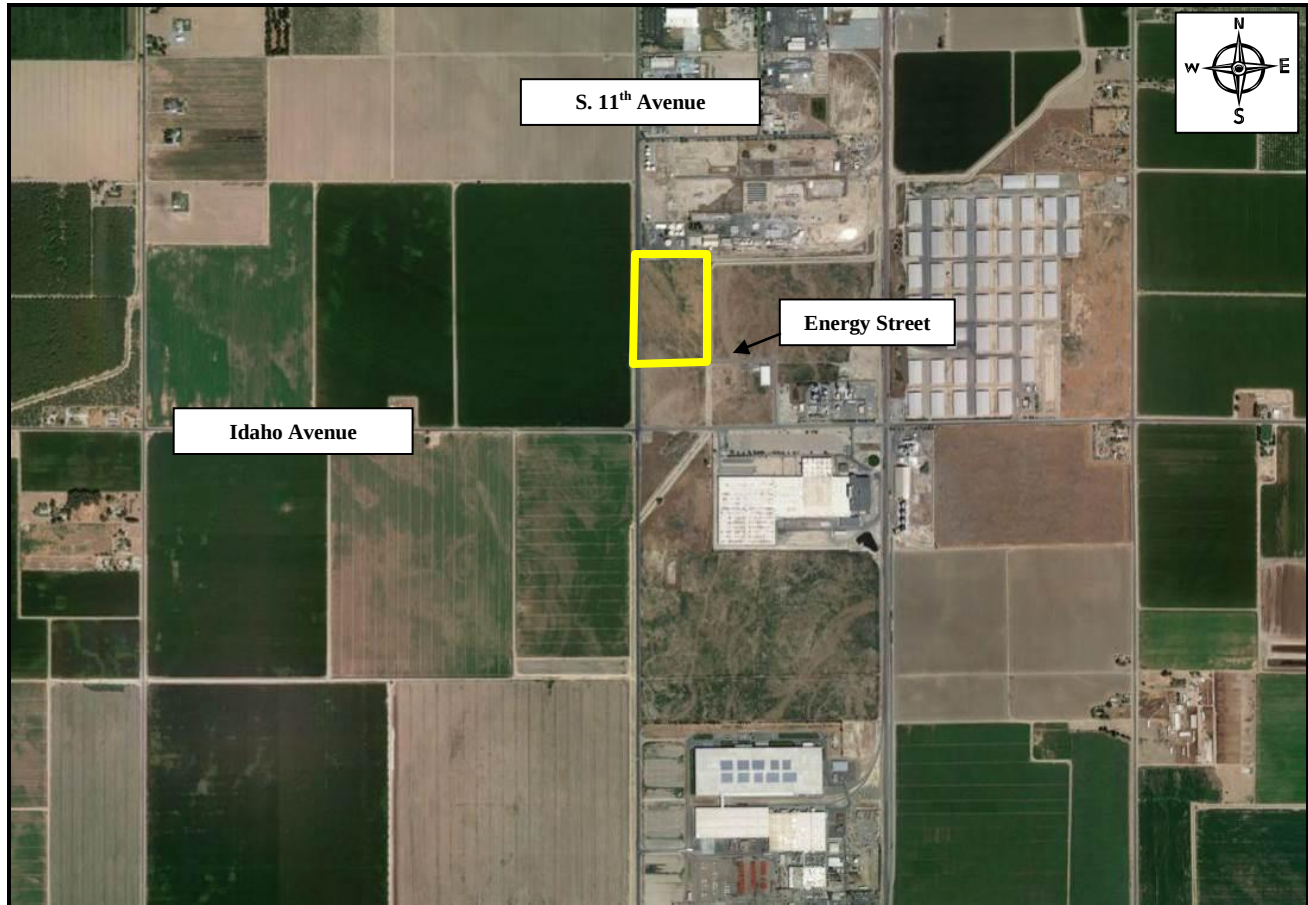
Earthquake Zone

According to the Seismic Safety Commission, the subject property is located within Zone 3, which is considered to be the lowest risk zone in California. There are only two zones in California: Zone 4, which is assigned to areas near major faults; and Zone 3, which is assigned to all other areas of more moderate seismic activity. In addition, the subject is not located in a Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Special Study Zone), as defined by Special Publication 42 (revised January 1994) of the California Department of Conservation, Division of Mines and Geology.

Easements

An inspection of the subject property revealed no apparent adverse easements, encroachments or other conditions currently impacting the subject. However, the exact locations of typical roadway and utility easements, or any additional easements, which would be referenced in a preliminary title report, were not provided to the appraiser. The appraiser is not a surveyor nor qualified to determine the exact location of easements. It is assumed any easements noted in a current preliminary title report do not have an impact on the opinion(s) of value as provided in this report. If, at some future date, any easements are determined to have a detrimental impact on value, the appraiser reserves the right to amend the opinion(s) of value contained herein.

SITE DESCRIPTION



Source: Google Maps

Assessor's Parcel Number(s):	018-242-077
Land Area:	16.43± acres (715,690.8± square feet)
Topography:	The topography of the subject property is generally level. Additionally, the subject property is situated at grade level with 11 th Avenue and Energy Street.
Shape:	Rectangular
Soils:	The appraiser has not been provided a soils report to determine the load bearing capacity of the subject property. No adverse subsoil conditions are apparent. The soils appear to be similar to other local parcels that, to the best of our knowledge, have been improved with no adverse effects.

Attachment: 2013-282 - NEC 11th Avenue Energy Street_Hanford_L_ES Appraisal (002) (1767 : Helena Purchase Agreement)

Frontage/Access/Visibility:

Off-Site Characteristics	11th Avenue	Energy Street
Paving	Asphalt	Asphalt
Curbs	Yes	Yes
Gutters	Yes	Yes
Sidewalks	No	No
Lanes	2	2
Direction of Traffic	North/South	East/West
Condition	Average	Average
Traffic Levels	Average	Minimal
Access/Curb Cuts	Average	Average
Visibility	Average	Average

The offsite improvements are typical for the market area.

Drainage:

Based on our physical inspection of the subject property, it appears the site has been graded in such a way so as to provide adequate drainage. Note, according to FEMA, the property is located within Flood Zone X which is described as areas outside of the 100-and 500-year floodplain and does not require flood insurance.

Utilities:

Public utilities, including electricity, natural gas, water, sewer and telephone service, are available to the property.

Environmental Issues:

At the time of inspection, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on the property. However, the appraiser is not qualified to detect such substances. The presence of potentially hazardous materials could affect the value of the property. The value estimates are predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in the field if desired.

Adjacent Uses:

North
South
East
West

Residential and industrial development
Agricultural use and industrial development
Agricultural use
Agricultural use

Other:

The subject property includes a recently installed 603

linear foot rail spur across the subject's northern property boundary, which ties into the BNSF main line to the east.

Conclusion:

Overall, the subject property is deemed functional in terms of its size, topography, shape and overall location within the city of Hanford. There appear to be no unusual or restrictive physical limitations to the property.

SUBJECT PHOTOGRAPHS

Looking north along the western property boundary from Energy Street side



Northeasterly view across subject property from Energy Street



Northeasterly view across subject property from intersection of S. 11th Avenue & Energy Street



Looking north across subject property from Energy Street side



Looking west across subject property from S. 11th Avenue



Looking west across subject property from S. 11th Avenue

Attachment: 2013-282 - NEC 11th Avenue Energy Street_Hanford_L_ES Appraisal (002) (1767 : Helena Purchase Agreement)



Looking west across northern property boundary
– rail spur visible



Looking north across subject property along
eastern property boundary



Looking east along Energy Street



Looking west along Energy Street

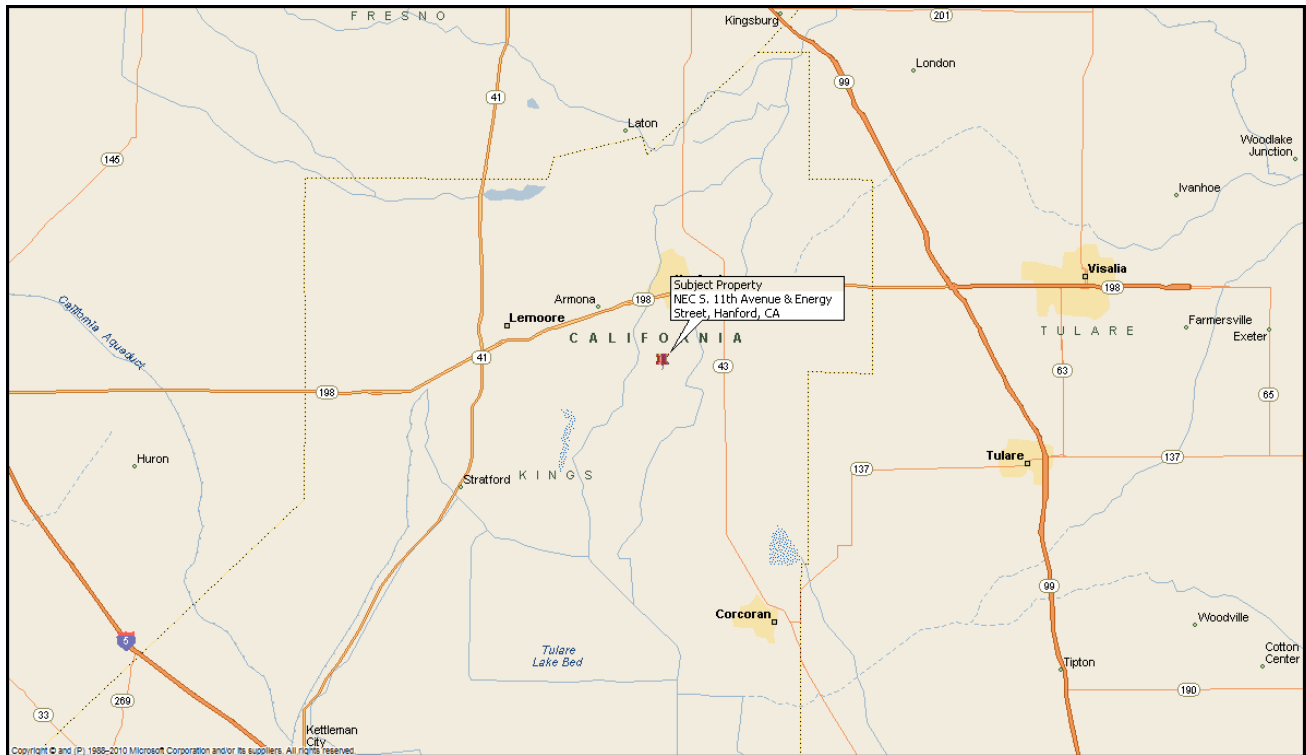


Looking north along S. 11th Avenue



Looking south along S. 11th Avenue

KINGS COUNTY REGIONAL OVERVIEW



Introduction

Kings County is located in the San Joaquin Valley, bordering Kern County to the south, Fresno County to the north and west, and Tulare County to the east. The county's 1,436 square miles are connected to a vast product distribution network, moving agricultural and other goods to national and international markets. The county is geographically situated between the agriculturally-rich Kings River valley and the petroleum-rich Kettleman Hills.

Kings County is approximately 200 miles from the greater Los Angeles area to the south and the San Francisco and Sacramento areas to the north. A network of interconnecting highways, as well as rail and air service, link the county to California's major metropolitan markets and, ultimately, to the Western States and Pacific Rim.

Population

Kings County has a population of about 152,000 and has shown very slow growth in recent years, with an average growth rate of 0.1% per year over the past five years. Incorporated areas in the county include Hanford, Corcoran, Lemoore and Avenal. Only one of these cities, Hanford, has a population exceeding 50,000 people. The table on the following page illustrates population trends for areas within the county over the past few years.

POPULATION TRENDS							
City	2008	2009	2010	2011	2012	2013	%/Yr
Avenal	16,184	15,456	15,731	15,055	14,841	14,225	-2.4%
Corcoran	25,283	25,108	24,748	24,059	23,559	23,154	-1.7%
Hanford	51,922	52,970	53,484	54,658	54,860	55,479	1.4%
Lemoore	23,520	23,859	24,351	24,701	24,695	25,262	1.5%
Unincorporated	<u>34,197</u>	<u>34,423</u>	<u>34,403</u>	<u>34,060</u>	<u>33,819</u>	<u>33,887</u>	<u>-0.2%</u>
Total	151,106	151,816	152,717	152,533	151,774	152,007	0.1%
Source: California Department of Finance							

Transportation

The availability of a solid transportation network has been a major factor in the county's population growth. The area benefits from its central location within the state of California. The main highway in the county is Interstate 5, one of the primary north-south routes through California. Along with State Highway 99, these highways are the major arteries linking Northern and Southern California, and support thousands of cars and trucks daily. Other highways traversing the county include the north-south Highway 41 and the east-west Highway 198. Highway 198 serves as a connector between I-5 and Highway 99, and is a population hub for the towns of Lemoore, Hanford and Armona. Avenal and Kettleman City are located along I-5 in the western part of the county. In terms of air transportation, Hanford Municipal Airport is located in Hanford and offers two runways open to the public. The nearest commercial airlines offer flights in Fresno at the Fresno Yosemite International Airport. Rail service in the county is provided by Burlington Northern Santa Fe, Union Pacific and San Joaquin.

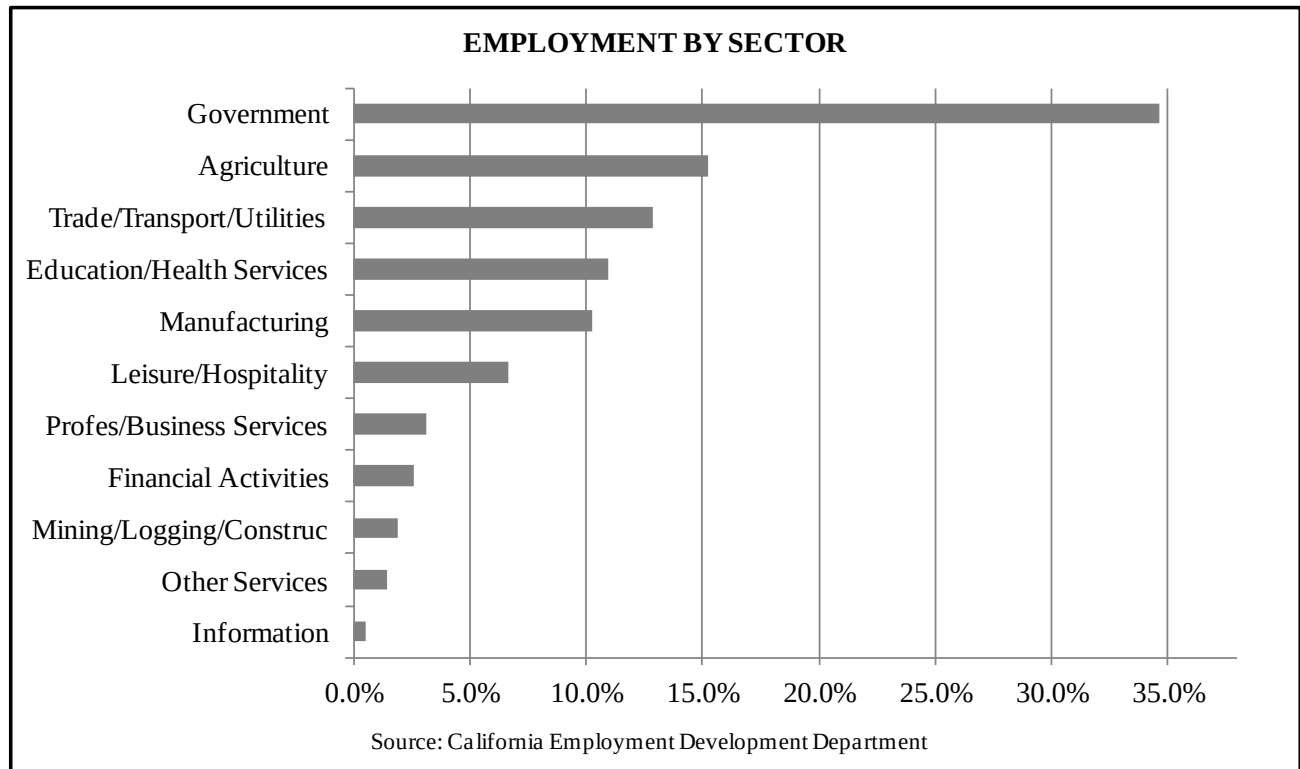
Employment & Economy

The California Employment Development Department has reported the following employment data for Kings County over the past several years.

EMPLOYMENT TRENDS						
	2007	2008	2009	2010	2011	2012
Labor Force	57,400	58,800	60,600	61,500	60,900	60,900
Employment	52,400	52,600	51,800	51,300	51,000	51,600
Job Growth	n/a	200	(800)	(500)	(300)	600
Unemployment Rate	8.7%	10.5%	14.5%	16.6%	16.3%	15.3%
Source: California Employment Development Department						

The unemployment rate in Kings County was 13.8% in April 2013, which compares to rates of 9.0% for California and 7.5% for the U.S. Most areas within the state and nation, including Kings County, saw declining unemployment rates in 2004 through 2006, increases from 2007 to 2010, and declines in 2011 and 2012.

The following chart indicates the percentage of total employment for each sector within the county.



As can be seen in the previous chart, the area's largest employment sector is Government, which comprises about 35% of all employment. Other large employment sectors in the county are Agriculture; Trade, Transportation and Utilities (which includes retail and wholesale trade); Educational and Health Services; and Manufacturing.

The state penitentiaries in Avenal and Corcoran are the two largest employers in the county, with about 1,300 and 2,000 jobs, respectively, at the two prisons. Combined, the correctional facilities have just over 12,000 inmates. Kings County is another major employer, with the county seat located in Hanford. The Lemoore Naval Air Station contains an estimated 32,000 people on base.

In recent years agriculture has become a smaller share of the county's total employment, which is indicative of the continual shift towards industry. However, agriculture continues to be a large part of the economy, employing about 15% of the labor force on an annual basis. The county's agriculture commodities are about the eighth-largest in value by county in California. Kings County produces 9.5% of all milk and cream in California, making it the state's fourth largest producer along with Kern County. Kings County is ranked third in the commodity categories of nectarines, plums and wheat. The county's total annual crop value is nearly \$1.8 billion, with the largest contributions coming from the livestock and poultry sectors. Other major commodities include cotton, cattle, pistachios, alfalfa, tomatoes, peaches, almonds and walnuts.

Over the next few years, most employment growth is expected to be in professional services, manufacturing, leisure services, financial activities and government. The State of California forecasts these sectors will account for over three-fourths of all jobs created in the county in this time period. The county's central location, together with its competitively priced land, California Enterprise Zone, and Foreign Trade Zone, make it an attractive place to do business.

Kings Industrial Park contains 1,100 acres of industrially zoned land, with parcels ranging in size from 3 to 105 acres. Most parcels have access to the Burlington Northern Santa Fe line railroad with spurs and sidings currently available. Terrain is flat and most parcels are pad ready and fully serviced. Drainage is good, subsoil is sandy loam and piling is not required. Another 100 acres of light industrially zoned sites are located adjacent to the Hanford Airport.

Household Income

Median household income represents a broad statistical measure of well-being or standard of living in a community. The median income level divides households into two equal segments with one half of households earning less than the median and the other half earning more. The median income is considered to be a better indicator than the average household income as it is not dramatically affected by unusually high or low values. In the year 2011 (most recent data available from the U.S. Census Bureau), Kings County's median household income was \$48,319, which was lower than the state of California's median income of \$57,275.

Community Services

The Kings County area has a well-developed education system, with numerous elementary, middle and high schools. Four four-year institutions are located within about 30 miles of Hanford, including California State University Fresno, Chapman University at LNAS, Embry-Riddle Aeronautical University and Fresno Pacific College. Six community colleges are also located within 30 miles, including one branch campus in Hanford.

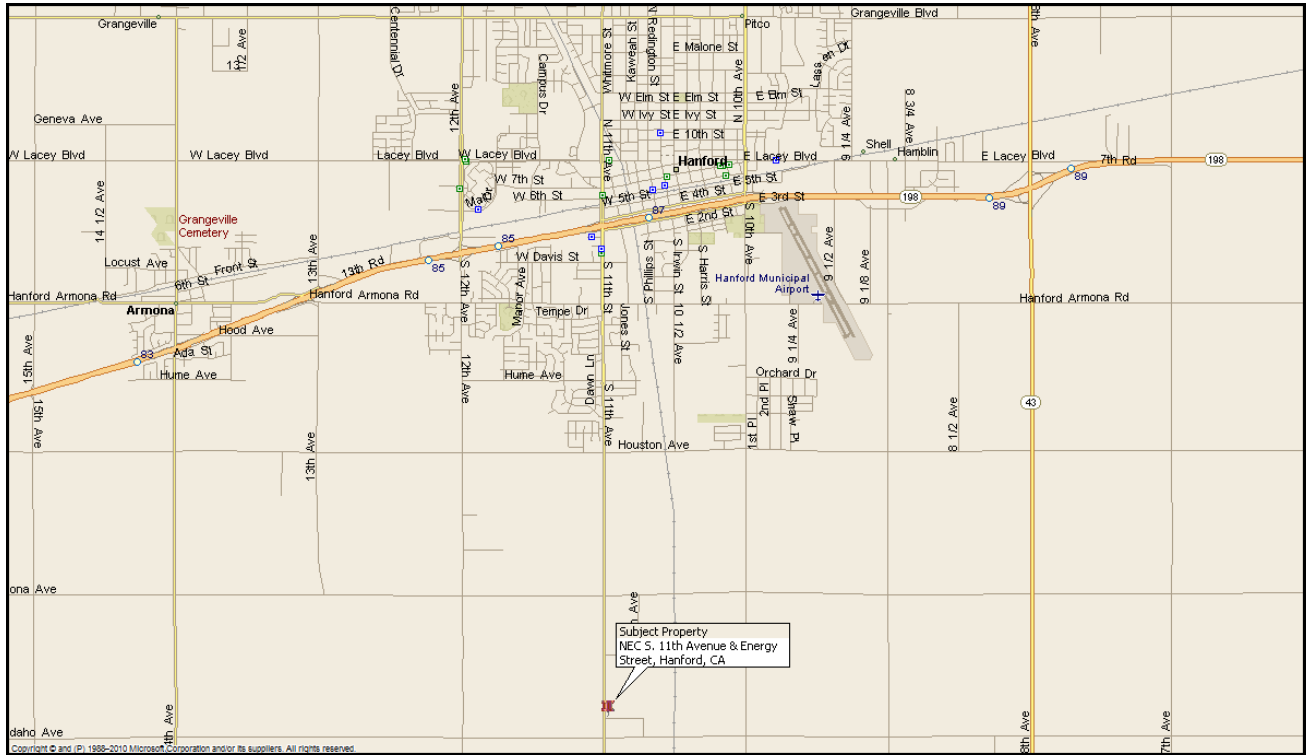
Two older hospitals in Hanford were recently replaced with the Adventist Medical Center in southeast Hanford. This hospital offers 200,000-square feet of private rooms and 142 beds. The addition of this medical center is estimated to have added 200 jobs to the community.

The county's populated areas include adequate retail facilities. The Hanford Mall, a 450,000 square foot facility, is anchored by JC Penney, Sears, Kohl's and Forever 21. The mall draws customers from all of Kings County and portions of Tulare County to the east. Several shopping centers are located in the immediate vicinity of the mall, with retailers including Wal-Mart, Target, The Home Depot, Lowe's, PetSmart, Marshalls, Michaels, Dollar Tree and Pep Boys Auto.

Conclusion

Kings County is a primary agricultural and commerce center for California's Central Valley. The county's central location and good transportation network are among its location advantages. The county's employment is heavily influenced by the agricultural nature of the area, as most farming jobs are seasonal. The more urbanized areas within the county exhibit lower unemployment rates than the overall county. Like most of the state and nation, Kings County experienced high unemployment and real estate market declines during the period of roughly 2008-2010. Employment conditions have shown some improvement in the region; however, unemployment remains high and the economic recovery period will likely be long and gradual.

NEIGHBORHOOD



Introduction

This section of the report provides an analysis of the observable data that indicate patterns of growth, structure and/or change that may enhance or detract from property values. For the purpose of this analysis, a neighborhood is defined as “a group of complementary land uses; a congruous grouping of inhabitants, buildings or business enterprises.”³

Neighborhood Boundaries

The boundaries of a neighborhood identify the physical area that influences the value of the subject property. These boundaries may coincide with observable changes in prevailing land use or occupant characteristics. Physical features such as the type of development, street patterns, terrain, vegetation and parcel size tend to identify neighborhoods. Roadways, waterways and changing elevations can also create neighborhood boundaries.

The subject property is located within the city of Hanford, and the neighborhood boundaries correspond to the city limits. Specifically, the subject property is situated at the northeast corner of 11th Avenue and Energy Street, in the southern portion of the Hanford city limits. The city of Hanford is about 10 miles west of the Tulare County line and about 5 miles south of the Fresno County line.

³ The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010), 133.

Demographics

According to Site to do Business (STDB) Online, the population within a five mile radius of the subject property was 40,643 as of 2012, and is expected to increase to 42,098 by 2017. Additionally, the median age is 29.7 years and the average household size is 3.31. Furthermore, approximately 48.8% of the households are owner-occupied, while 51.2% are rental properties. The median household income is reported to be \$37,099 and is projected to increase to \$41,504 by 2017.

Hanford is the county seat for Kings County, and other than the Naval Air Station in Lemoore, it is one of the major employment hubs for the County. That said, under the recent economic recession significantly impacted the region, and recent unemployment rates are still staggering. The Bureau of Labor Statistics reports the Hanford-Corcoran MSA to have an unemployment rate of 13.8% as of April 2013.

Transportation

The subject property is located within the city of Hanford, which is bisected by State Highway 198, a major east-west highway in the County. This arterial provides access to Lemoore and Interstate 5 to the west and State Highway 99 and Visalia approximately 15 miles to the east. State Highway 99 connects the area with Bakersfield to the south and Fresno, Merced, Modesto and Sacramento to the north.

The subject is located just west of State Highway 43. This highway travels in a north-south direction through Kings County and the city of Hanford and intersects with State Highway 198 to the north of the subject. State Highway 43 originates in Selma in Fresno County along State Highway 99 and provides access to the Bakersfield area where it terminates at Interstate 5. Grangeville Boulevard and Fargo Avenue are also major thoroughfares in the neighborhood that provide access to State Highway 43.

State Highway 41 is located approximately 8-10 miles west of the subject and travels through Kings County in a north-south direction. To the north, this highway travels through the city of Fresno and eventually ends at State Highway 140 in the area of Yosemite National Park. To the south, State Highway 41 connects with Interstate 5, before continuing south and terminating at State Highway 101 in Morro Bay (a waterfront city in San Luis Obispo County).

The San Joaquin Valley Railroad runs east/west along the subject's northern boundary. These tracks travel east of Hanford and connect to the Union Pacific Railroad main line tracks in Goshen in Tulare County. The subject is generally located within the Fresno and Visalia Metropolitan Areas, and has convenient access to all points within this region. Situated along Highway 198 near Highway 99 is the Visalia Airport, offering charter service and daily commercial flights to the Fresno-Yosemite International Airport. Fresno International Airport is located approximately 45 miles north of the subject in east Fresno.

Land Uses

The subject property is located in the southern portion of the city of Hanford and is primarily surrounded by industrial and agricultural land uses along with vacant land. The subject is situated in the Kings Industrial Park, which is Hanford's largest concentration of industrial users. The Kings Industrial Park contains about 1,100 acres and is located about two miles south of State Highway 198. While many sites represent agricultural operations in this project, there are several notable industrial users, such as Wal-Mart, Norwesco, McLellan Industries, Exopack, and California Bio Productex. Another notable user in this area is Britz Simplot Grower Solutions, an agribusiness/industrial user located along the South 11th Avenue near Houston Avenue. The industrial park includes warehouses, manufacturers, agricultural companies, and a significant portion of vacant land.

Immediately surrounding the subject property is heavy industrial and agricultural land. Sporadic residential development begins approximately 2 miles north of the subject property, with the core of the population located north of Highway 198. Due to the limited population south of Highway 198, there is limited commercial development south of Highway 198. The most prominent commercial development in the neighborhood is located northwest of the subject near the intersection of 12th Avenue and State Highway 198. This area includes several large anchor commercial centers which include the Hanford Mall, a Target anchored center, a Wal-Mart anchored center, the Centennial Plaza Shopping Center which include a number of inline retail locations.

The neighborhood's other primary retail development is the Hanford Mall, at the southeast corner of 12th Avenue and Lacey Boulevard. The mall was originally built in 1993 and includes over 400,000 square feet of retail space on 33.71± acres. The mall anchors include Sears, JC Penny, Forever 21, Cinemark theaters, Kohl's and Ross. In the Centennial Plaza shopping center, at the intersection of West Lacey Boulevard and 12th Avenue, a 100,000-square foot space operated by Wal-mart until 2006 remains the area's prominent retail vacancy. Wal-mart left this space to move to a Supercenter location in the Hanford Station shopping center next to The Marketplace at Hanford. Home Depot is operating across the street from Centennial Plaza, which currently includes tenants such as Pep Boys and Food Co.

Office development is generally concentrated east of 12th Avenue and is centered around Lacey Boulevard. A large amount of office development has occurred near the area's hospital and the county offices, which are located just north of Lacey Boulevard to the east of 12th Avenue. The most prominent office developments in the city of Hanford include the three major medical facilities. These facilities include the Adventist Health Medical Center- Hanford, which was recently constructed within the past several years, the Hanford Community Medical Center, and the Central Valley General Hospital.

The most prominent feature of the general area is the Naval Air Station (NAS) in Lemoore. Located approximately 10 miles west of Hanford, it is reported to be the 19th top employer in the State of California, with approximately 8,300 employees. The NAS is located along Highway 198, west of Hanford and 19 miles east of Interstate 5 and 30 miles west of Highway 99. Other large employers in the immediate area include City and County employment, as well as agricultural and service oriented work.

Submarket Analysis

The subject property is located in the City of Hanford in Kings County, an area described as being outside of the primary industrial submarkets in the Central Valley. As such, in order to conduct a submarket analysis, we solicited information from local commercial real estate firms active in the area, including Zeeb Commercial Real Estate, Colliers International, CB Richard Ellis and PMZ Real Estate. Each of the brokers reported that the market for all property types in the area is slow, with declines continuing to be experienced in both property values and rental rates, but at a much slower pace than the rate of decline a few years ago.

Mr. Marty Zeeb, one of the most prominent commercial brokers in Kings County, stated the industrial market has been slow and noted new development is not considered feasible under current market conditions. Other market participants we spoke with echoed these sentiments.

In an attempt to motivate tenants, concessions such as free rent or tenant improvement allowances combined with soft lease rates are expected to continue in the near-term; however, lease transactions are expected to pick up momentum over 2013. In addition, all of the market participants we spoke to indicated lease rates and sales prices have declined relative to the market peak. While some brokers commented that they believe a bottom has been reached, in our opinion new construction is not feasible in the area until the market consistently rebounds and shows improvements and gains in lease rates and price points. In light of current market supply and demand factors and the persistently slow improvement in macroeconomic conditions, speculative industrial development is not expected to be financially feasible at this time.

Overall, the subject's submarket is expected to be a viable industrial market over the long term. While the market for this property type is currently contracting, fluctuations in the vacancy rate and net absorption may be expected in the short term due to high unemployment and wider macroeconomic uncertainty. New construction on vacant sites is not considered feasible at this time.

Conclusion

In general, the subject's neighborhood is mostly industrial, agricultural, and undeveloped in nature. The subject property is expected to receive interest from the market as demand increases for developable industrial sites in the region. The adjacent property to the east was recently acquired by an owner/user and is in the process of completing structural improvements for operation as a chemical fertilizer facility. However, in our opinion, new construction may not be financially feasible in the area until the market consistently rebounds. Although there is a long-term benefit of the subject being located within the Kings Industrial Park, the industrial park still contains vacant land and remains underutilized.

HIGHEST AND BEST USE

The term “highest and best use,” as used in this report, is defined as follows:

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property – specific with respect to the user and timing of the use – that is adequately supported and results in the highest present value.⁴

Two analyses are typically required for highest and best use. The first analysis is highest and best use of the land as though vacant. The second analysis is the highest and best use of the site as improved; however, as the subject property is vacant, this does not apply. Definitions of these terms are provided in the *Glossary of Terms* in the Addenda to this report.

Highest and Best Use – As Vacant

In accordance with the definition of highest and best use, it is appropriate to analyze the subject property as vacant as it relates to legal permissibility, physical possibility, financial feasibility and maximum productivity.

Legal Permissibility

The legal factors influencing the highest and best use of the subject property are primarily government regulations, such as zoning and building codes. As discussed in the *Property Identification and Legal Data* section of this report, the subject is zoned HI/ Heavy Industrial. The subject is also located within the Kings Industrial Park which is governed by the City Municipal Code and the Kings Industrial Park Performance and Development Standards. Based on a review of the subject’s zoning ordinance, the options available outside of industrial use for the subject property is very limited; therefore, the primary legally permissible use of the subject property is industrial.

Physical Possibility

The physical characteristics of a site that affect its possible use(s) include, but are not limited to, location, street frontage, visibility, access, size, shape, topography, availability of utilities, off-site improvements, easements and soil and subsoil conditions. Since the legally permissible test has resulted in a potential for industrial development, at this point the physical characteristics are examined to see if they are suited for the legally permissible uses.

Location considerations include the compatibility and position of the subject property with respect to surrounding uses. Based on our physical inspection of the subject property, we know of no reason why

⁴ The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010), 93.

the property would not support any legal development. The size, shape and topography of the subject property appear adequate for development. In addition, the subject parcel is rectangular in shape and has relatively level topography. The property is located outside of the 100-year flood plain. Further, the subject is located in Earthquake Zone 3, an area with moderate seismic activity. The subject is not located within a Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Special Study Zone). All utility services are available, and evidence of industrial construction in the immediate area provides additional support for the possibility of development. Typical roadway and utility easements exist but are not unusual in any way. It is assumed any easements do not adversely affect the subject's potential for development.

Overall, the subject property has physical characteristics that support the legally permissible use.

Financial Feasibility

Based on the legal and physical constraints discussed above, the potential use of the subject property has been limited to industrial use. The determination of financial feasibility is dependent primarily upon the relationship between supply and demand for this type of property in the subject's market area. The subject property is located in the southern portion of Hanford, which along with the rest of the region is showing signs of improvement, but vacancy rates are still high and the market continues to fluctuate. The cost of construction may exceed the return that would be generated by selling the property upon completion of construction. Thus, new construction is likely not considered financially feasible. It is our opinion the highest and best use of the subject property as though vacant would be to hold for future industrial development. The timing of future development would depend on continued improvement in market conditions; specifically, as supply and demand balance new construction would then be feasible.

Maximum Productivity – Conclusion

Legal, physical and market conditions have been analyzed to evaluate the highest and best use of the subject property. The analysis is presented to evaluate the type of use(s) that will generate the greatest level of future benefits possible to the property. Based on the factors previously discussed, the highest and best use is to hold for future industrial development.

Probable User/Buyer

In conjunction with the definition of market value, this appraisal assumes a hypothetical sale of the subject property to a probable buyer/user, as of the date of value. The subject is considered to have good appeal for industrial use and, based on recent transactions within the Kings Industrial Park, the probable buyer would be an owner/user intending to develop the site with a build-to-suit project.

APPROACHES TO VALUE

The valuation process is a systematic procedure employed to provide the answer to a client's question about the value of real property.⁵ This process involves the investigation, organization and analysis of pertinent market data and other related factors that affect the market value of real estate. The market data is analyzed in terms of any one or all of the three traditional approaches to estimating real estate value. These are the cost, sales comparison, and income capitalization approaches. Each approach to value is briefly discussed and defined as follows:

Cost Approach

The cost approach is based on the premise that no prudent buyer would pay more for a particular property than the cost to acquire a similar site and construct improvements of equivalent desirability and utility. Thus, this approach to value relates directly to the economic principle of substitution, as well as supply and demand. The cost approach is most applicable when valuing properties where the improvements are new or suffer only a minor amount of accrued depreciation, and is especially persuasive when the site value is well supported. The cost approach is also highly relevant when valuing special-purpose or specialty properties and other properties that are not frequently exchanged in the market.

The definition of the cost approach is offered as follows:

A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.⁶

Sales Comparison Approach

The sales comparison approach is based on the premise that the value of a property is directly related to the prices being generated for comparable, competitive properties in the marketplace. Similar to the cost approach, the economic principles of substitution, as well as supply and demand are basic to the sales comparison approach. This approach has broad applicability and is particularly persuasive when there has been an adequate volume of recent, reliable transactions of similar properties that indicate value patterns or trends in the market. When sufficient data are available, this approach is the most direct and systematic approach to value estimation. Typically, the sales comparison approach is most pertinent when valuing land, single-family homes and small, owner-occupied commercial and office properties.

⁵ The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010), 205.

⁶ The Dictionary of Real Estate Appraisal, 47.

The definition of the sales comparison approach is offered as follows:

A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.⁷

Income Capitalization Approach

The income capitalization approach is based on the premise that income-producing real estate is typically purchased as an investment. From an investor's point of view, the potential earning power of a property is the critical element affecting value. The concepts of anticipation and change, as they relate to supply and demand issues and substitution, are fundamental to this valuation approach. These concepts are important because the value of income-producing real estate is created by the expectation of benefits (income) to be derived in the future, which is subject to changes in market conditions. Value may be defined as the present worth of the rights to these future benefits. The validity of the income capitalization approach hinges upon the accuracy of which the income expectancy of a property can be measured.

Within the income capitalization approach there are two basic techniques that can be utilized to estimate market value. These techniques of valuation are direct capitalization and yield capitalization.

Direct capitalization is a method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the income estimate by an appropriate rate or by multiplying the income estimate by an appropriate factor.⁸

Yield capitalization is the capitalization method used to convert future benefits into present value by discounting each future benefit at an appropriate yield rate or by developing an overall rate that explicitly reflects the investment's income pattern, value change, and yield rate.⁹

The definition of the income capitalization approach is offered as follows:

A set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate.¹⁰

⁷ The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010), 175.

⁸ The Dictionary of Real Estate Appraisal, 58.

⁹ The Dictionary of Real Estate Appraisal, 211.

¹⁰ The Dictionary of Real Estate Appraisal, 99.

APPRAISAL METHODOLOGY

The sales comparison approach will be employed to analyze several industrial land transactions in the subject's market area and surrounding areas, leading to an estimate of as-is market value of the subject property. The enhancement to value associated with the recently added rail spur located across the northern boundary of the subject property will also be measured.

As discussed in the *Scope of Work* section of this report, the cost and income capitalization approaches are not applicable.

SALES COMPARISON APPROACH

By employing the sales comparison approach, the market value of the subject property will be estimated by a comparison to similar properties that have sold, are listed for sale or are under contract. The underlying premise of the sales comparison approach is the market value of a property is directly related to the price of comparable, competitive properties in the marketplace.

This approach is based on the economic principle of substitution. According to The Appraisal of Real Estate, 13th Edition, published by the Appraisal Institute (2008) – “*The principle of substitution holds that the value of a property tends to be set by the price that would be paid to acquire a substitute property of similar utility and desirability within a reasonable amount of time. The principle implies that the reliability of the sales comparison approach is diminished if substitute properties are not available in the market.*”

The proper application of this approach requires obtaining sales data for comparison with the subject property. In order to assemble the comparable sales, we searched public records and other data sources for leads, then confirmed the raw data obtained with parties directly related to the transactions (primarily brokers, buyers and sellers).

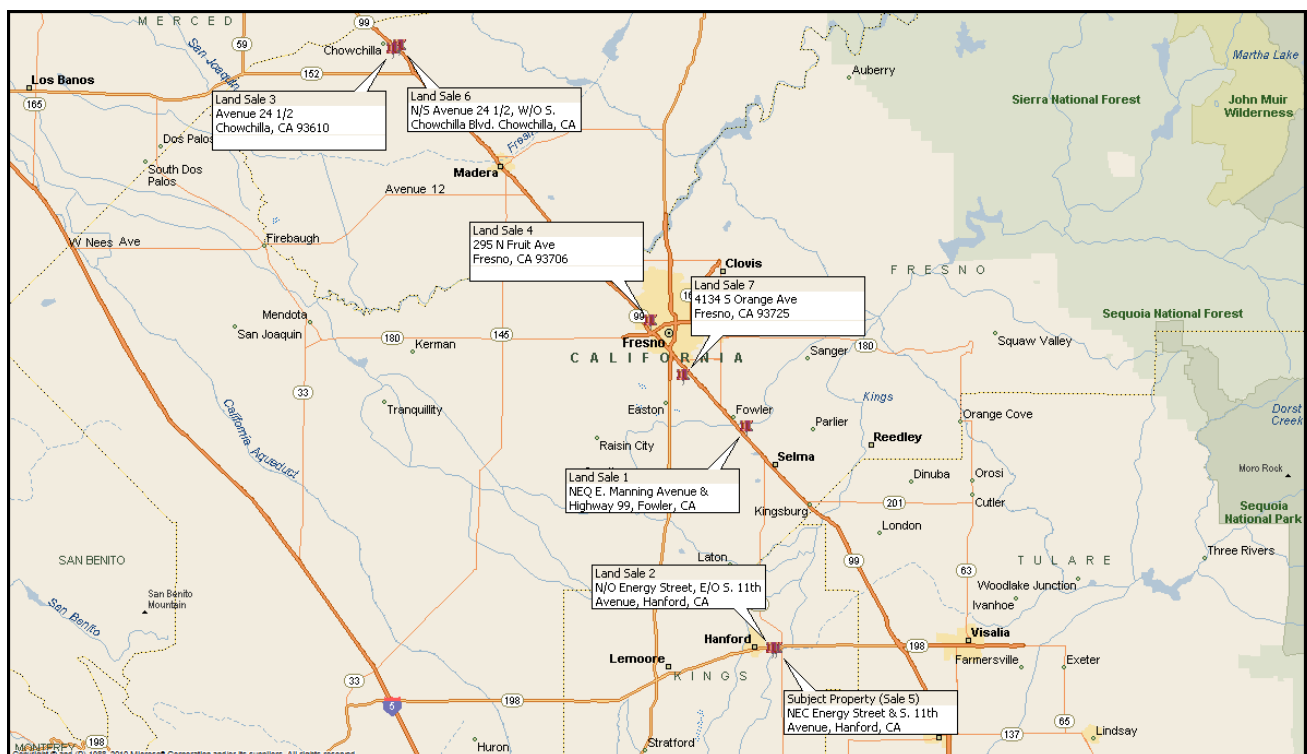
Given the fact there have been limited recent sales of similar sites in the subject’s immediate area (King’s County), we expanded our data search area and included comparables throughout the Central Valley, including neighboring Fresno County and nearby Madera County. We also searched for similar sales in Tulare County and Kern County. Our search revealed seven land sales suitable for comparison to the subject property. These sales are all located in reasonable proximity to the subject and are considered good indicators of industrial land values for the Central Valley.

Adjustments will be applied where differences are observed. Overall, these sales are the most recent transactions that were considered to be reasonably similar to the subject site. We will begin by presenting a summary tabulation and location map, followed detailed sales sheets and a discussion that leads to our conclusion of land value for the subject property.

LAND SALES SUMMARY

No.	Property Identification	Sale Date	Sale Price	Land Area (Acre / SF)	Price per Acre	Price per SF	Zoning
1	NEQ E. Manning Avenue & Highway 99 Fowler, Fresno County APN: 345-180-39	Aug-12	\$1,275,000	14.06 612,454	\$90,683	\$2.08	M-1
2	N/L of Energy Street, E/O S. 11th Avenue Hanford, Kings County APN: 018-242-063 & -064	Jun-12	\$1,380,000	45.99 2,003,325	\$30,007	\$0.69	HI
3	N/S Avenue 24 1/2, E/O Road 16 1/2 Chowchilla, Madera County APN: 002-250-060	Apr-12	\$475,000	13.51 588,496	\$35,159	\$0.81	I-2
4	295 N. Fruit Avenue Fresno, Fresno County APN: 458-040-24	Nov-11	\$595,000	18.76 817,186	\$31,716	\$0.73	M-1
5	NEC Energy Street & S. 11th Avenue (Subject) Hanford, Kings County APN: 018-242-077	Oct-11	\$493,000	16.43 715,691	\$30,006	\$0.69	HI
6	N/S Avenue 24 1/2, W/O S. Chowchilla Blvd. Chowchilla, Madera County APN: 002-250-057	Mar-11	\$320,000	10.89 474,368	\$29,385	\$0.67	I-2
7	4134 S. Orange Avenue Fresno, Fresno County APN: 330-130-17	Dec-10	\$345,000	10.00 435,600	\$34,500	\$0.79	M-1

LAND SALES MAP



LAND SALE 1

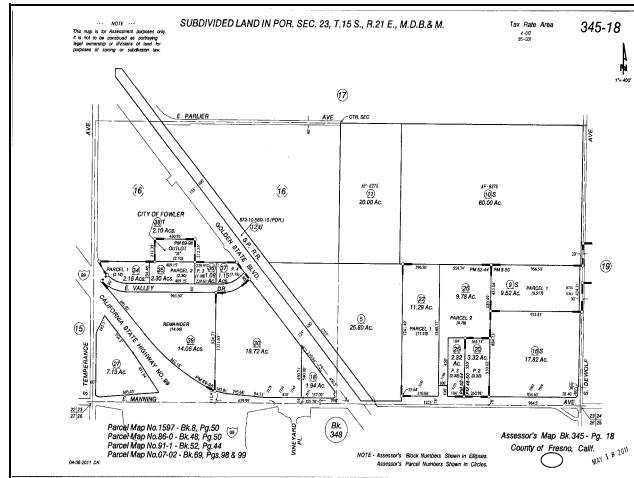
Property Identification

Industrial Land

NEQ E Manning Avenue & Highway 99

Fowler, CA 93625
Fresno County

APN: 345-180-39



Sale Data

Grantor	Anthony R & J E Living Trust
Grantee	Three Crowns Indl Park Inc
Sale Date	08/27/2012
Deed Book Page	120061
Property Rights	Fee Simple
Conditions of Sale	See Remarks
Financing Terms	Seller Financing
Sale Price	\$1,275,000
PV of Bonds	\$0

Land Data

Land Area (SF)	612,454
Land Area (Acres)	14.06
Zoning	M-1, Light Manufacturing District
Shape	Irregular
Corner Orientation	Yes
Street Frontage	Highway 99, S. Temperance Avenue
Topography	Generally level
Off-Site Improvements	All to the site
On-Site Improvements	None

Indicators

Sale Price per SF	\$2.08
Sale Price per Acre	\$90,683
PV Bonds per SF	\$0.00
PV Bonds per Acre	\$0

Remarks

This property benefits from good visibility/accessibility with location adjacent to Highway 99. According to the listing broker, this property was on the market for approximately two years before being purchased by an investor who owns other industrial developments in the area. The buyer reportedly purchased the property to develop it with an 18,000 square foot industrial building in a build-to-suit situation. While the seller financed \$1,075,000 of the sale price, the listing broker reported the terms were within market parameters and did not impact the sale price.

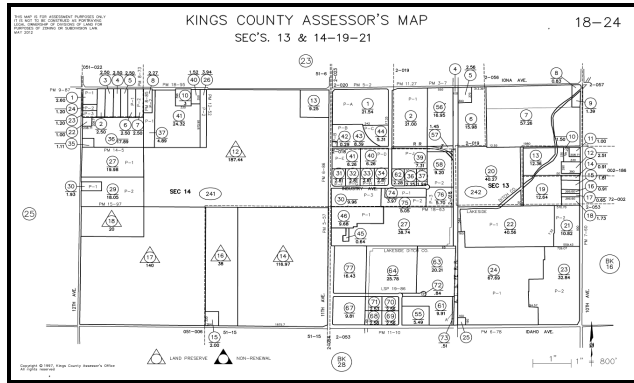
Attachment: 2013-282 - NEC 11th Avenue Energy Street_Hanford_L_ES Appraisal (002) (1767 : Helena Purchase Agreement)

LAND SALE 2**Property Identification**

Industrial Land

North line of Energy Street, East of S.
11th Avenue
Hanford, CA 93230
Kings County

APN: 018-242-063 & -064

**Sale Data**

Grantor

Grantee

Sale Date

Deed Book Page

Property Rights

Conditions of Sale

Financing Terms

Sale Price

PV of Bonds

City of Hanford

Tessengerlo Kerley, Inc. (a Delaware corporation)

06/07/2012

1210386

Fee Simple

Market

Cash Equivalent

\$1,380,000

\$0

Land Data

Land Area (SF)

Land Area (Acres)

Zoning

Shape

Corner Orientation

Street Frontage

Topography

Off-Site Improvements

On-Site Improvements

2,003,325

45.99

HI, Heavy Industrial

Rectangular

No

Energy Street

Generally level

In place

None

Indicators

Sale Price per SF

Sale Price per Acre

PV Bonds per SF

PV Bonds per Acre

\$0.69

\$30,007

\$0.00

\$0

Remarks

This comparable represents the June 2012 sale of industrial zoned land within the Kings Industrial Park in Hanford. The buyer is a fertilizer company and is in the process of constructing improvements as of June 2013.

Attachment: 2013-282 - NEC 11th Avenue Energy Street_Hanford_L_ES Appraisal (002) (1767 : Helena Purchase Agreement)

LAND SALE 3**Property Identification**

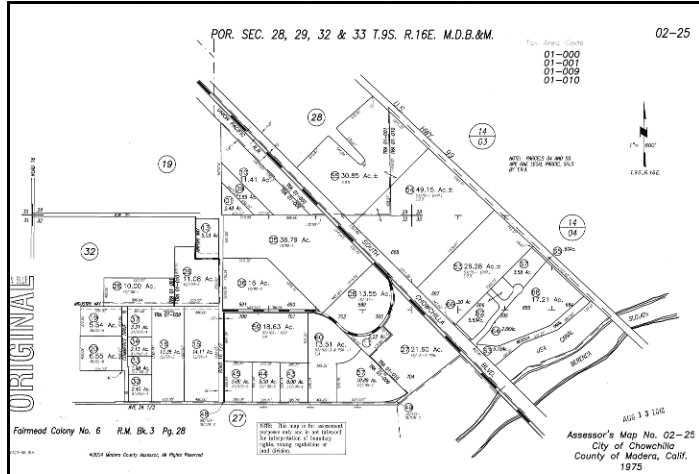
Industrial Land

North side of Avenue 24½, East of
Road 16½

Chowchilla, CA 93610

Madera County

APN: 002-250-060

**Sale Data**

Grantor	Ronald Child
Grantee	Chowchilla Asphalt Inc.
Sale Date	04/16/2012
Deed Book Page	10947
Property Rights	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	\$475,000
PV of Bonds	\$0

Land Data

Land Area (SF)	588,496
Land Area (Acres)	13.51
Zoning	I-2, Heavy Industrial
Shape	Irregular
Corner Orientation	No
Street Frontage	Avenue 24½
Topography	Generally level
Off-Site Improvements	Streets
On-Site Improvements	None

Indicators

Sale Price per SF	\$0.81
Sale Price per Acre	\$35,159
PV Bonds per SF	\$0.00
PV Bonds per Acre	\$0

Remarks

This comparable represents the pending sale of industrial zoned land located just southwest of the subject. According to the listing broker the pending purchase is representative of market levels. The contract buyer plans to use the parcel to store blacktop oil. Further, the buyer was drawn to the property because of its railroad access along the northern portion of the parcel.

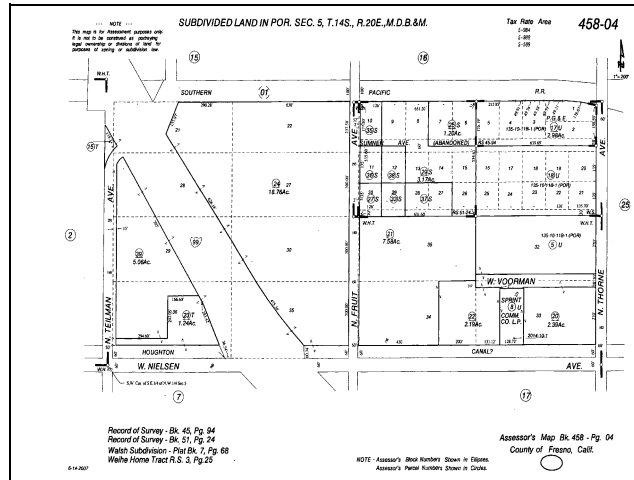
LAND SALE 4

Property Identification

Industrial Land

295 North Fruit Avenue
Fresno, CA 93706
Fresno County

APN: 458-040-24



Sale Data

Grantor	Chohan Gurdeep S/Hakam Singh
Grantee	Gbh Properties LLC
Sale Date	11/04/2011
Deed Book Page	152045, 152046, 152047, 152048
Property Rights	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	\$595,000
PV of Bonds	\$0

Land Data

Land Area (SF)	817,186
Land Area (Acres)	18.76
Zoning	M-1, Light Industrial
Shape	Irregular
Corner Orientation	Yes
Street Frontage	Along North Fruit Avenue, West Neilson Avenue and North Teilman Avenue
Topography	Generally level
Off-Site Improvements	Street
On-Site Improvements	None

Indicators

Sale Price per SF	\$0.73
Sale Price per Acre	\$31,716
PV Bonds per SF	\$0.00
PV Bonds per Acre	\$0

Remarks

This comparable represents an 18.76± acres of industrial land located along the east line of State Highway 99, north of State Highway 180. The property sold for \$595,000 or \$31,716 per acre. According to the listing broker, the property received multiple offers and sold with no unusual sale conditions. The buyer is a truck outfitting company. The property was on the market for 127 days and off-site improvements consist of asphalt paved streets.

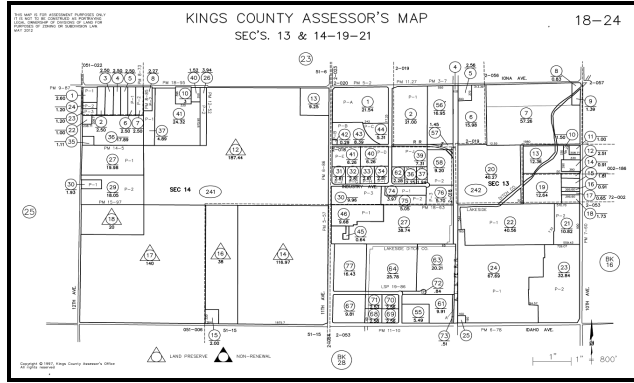
Attachment: 2013-282 - NEC 11th Avenue Energy Street_Hanford_L_ES Appraisal (002) (1767 : Helena Purchase Agreement)

LAND SALE 5 (Subject Property)**Property Identification**

Industrial Land

Northeast corner of Energy Street, East
of S. 11th Avenue
Hanford, CA 93230
Kings County

APN: 018-242-077

**Sale Data**

Grantor	Eliot Carmi and Cristina Alicia Carmi
Grantee	City of Hanford
Sale Date	10/07/2011
Deed Book Page	1117552
Property Rights	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	\$493,000
PV of Bonds	\$0

Land Data

Land Area (SF)	715,691
Land Area (Acres)	16.43
Zoning	HI, Heavy Industrial
Shape	Rectangular
Corner Orientation	No
Street Frontage	Energy Street
Topography	Generally level
Off-Site Improvements	In place
On-Site Improvements	None

Indicators

Sale Price per SF	\$0.69
Sale Price per Acre	\$30,006
PV Bonds per SF	\$0.00
PV Bonds per Acre	\$0

Remarks

This comparable represents the prior sale of the subject property in October 2011. The City of Hanford acquired the property and owns additional land within the Industrial Park.

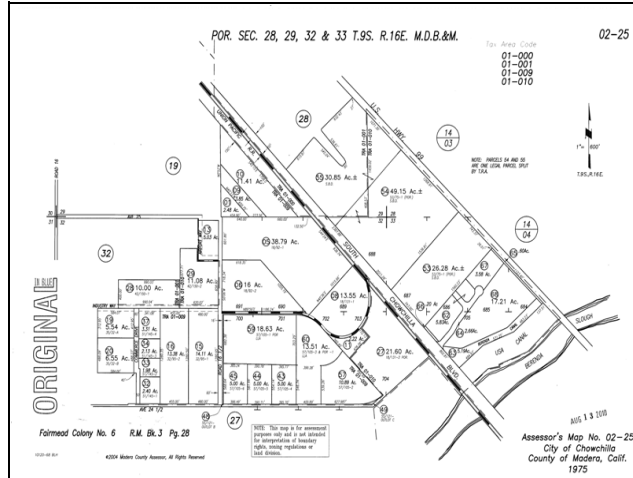
Attachment: 2013-282 - NEC 11th Avenue Energy Street_Hanford_L_ES Appraisal (002) (1767 : Helena Purchase Agreement)

LAND SALE 6**Property Identification**

Industrial Land

N/S Avenue 24½, W/O S. Chowchilla
Boulevard
Chowchilla, CA 93638
Madera County

APN: 002-250-057

**Sale Data**

Grantor	Chow Indy, LLC
Grantee	McCombs Family Trust
Sale Date	03/18/2011
Deed Book Page	6739
Property Rights	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	\$320,000
PV of Bonds	\$0

Land Data

Land Area (SF)	474,368
Land Area (Acres)	10.89
Zoning	I-2, Heavy Industrial
Shape	Triangular
Corner Orientation	Yes
Street Frontage	Along Child Court and Avenue 24 1/2
Topography	Generally level
Off-Site Improvements	Streets only
On-Site Improvements	See below

Indicators

Sale Price per SF	\$0.67
Sale Price per Acre	\$29,385
PV Bonds per SF	\$0.00
PV Bonds per Acre	\$0

Remarks

This comparable represents the sale of 10.89 acres of industrially zoned land located in Chowchilla. According to the listing broker, the property was improved with a storage building, canopy and utilities. In addition to these improvements, approximately 7 acres of the site was asphalt paved. Please note, the broker stated that no contributory value was placed on the site improvements. At the time of sale, the buyer was planning on holding for future development.

Attachment: 2013-282 - NEC 11th Avenue Energy Street_Hanford_L_ES Appraisal (002) (1767 : Helena Purchase Agreement)

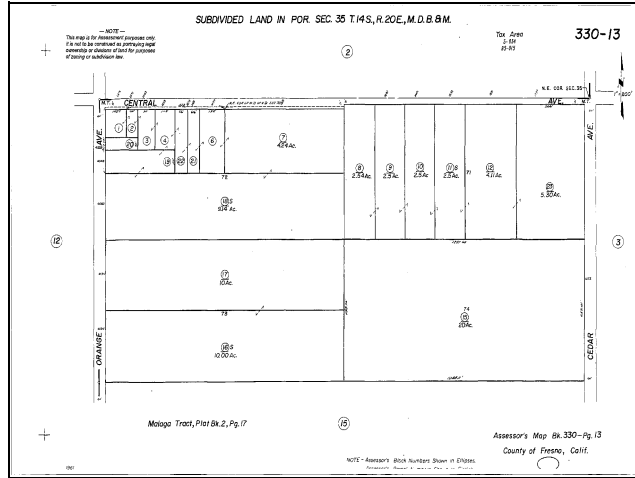
LAND SALE 7

Property Identification

Industrial Land

4134 South Orange Avenue
Fresno, CA
Fresno County

APN: 330-130-17



Sale Data

Grantor	Rose Helen
Grantee	Uppal Sandeep
Sale Date	12/01/2010
Deed Book Page	7067
Property Rights	Fee Simple
Conditions of Sale	Market
Financing Terms	Seller Financing
Sale Price	\$345,000
PV of Bonds	\$0

Land Data

Land Area (SF)	435,600
Land Area (Acres)	10.00
Zoning	M-1, Light Industrial
Shape	Rectangular
Corner Orientation	No
Street Frontage	Along South Orange Avenue
Topography	Generally level
Off-Site Improvements	Streets only
On-Site Improvements	None

Indicators

Sale Price per SF	\$0.79
Sale Price per Acre	\$34,500
PV Bonds per SF	\$0.00
PV Bonds per Acre	\$0

Remarks

This comparable sale is located along South Orange Avenue in Fresno. According to parties directly involved in the sale, the seller financed \$215,000, with a \$130,000 down payment from the buyer (38% down, 62% seller financed). The seller financing was concluded to be indicative of market; thus, no adjustment was applied. Further, the property had a mobile home on the site at the time of sale, which the seller planned to leaseback over the following year. The buyer plans to construct a warehouse building in the future.

Discussion of Adjustments

The unit of comparison used for this analysis is the sale price per acre of land area. This is a common unit of comparison for industrial land in the market. Comparable sales of sites within the market area were examined. In order to estimate the market value of the subject property, the comparable transactions are adjusted based on the profile of the property with regard to categories that affect value. If a comparable has an attribute considered superior to that of the subject, it is adjusted downward to negate the effect the item has on the price of the comparable. The opposite is true of categories considered inferior to the subject. The sales utilized in this analysis are considered the best available and most reflective of market value for the subject.

To isolate and quantify the adjustments on the comparable sales data, it is considered appropriate to use percent adjustments. At a minimum, the appraiser considers the need to make adjustments for the following items:

- Present Value of Bond Indebtedness
- Property rights conveyed
- Financing terms
- Conditions of sale (motivation)
- Market conditions
- Physical features

A paired sales analysis is performed in a meaningful way when the quantity and quality of data are available. However, as a result of the limited data present in the market, many of the adjustments require the appraiser's experience and knowledge of the market and information obtained from those knowledgeable and active in the marketplace. A detailed analysis involving each of these factors is presented below.

Present Value of Bond Encumbrance

The subject property has no special tax or assessment lien obligations, similar to the comparable sales. No adjustments are required for this category.

Property Rights Conveyed

In transactions of real property, the rights being conveyed can vary widely and have a significant impact on the sales price. We are concerned with the fee simple market value, which is subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat, as well as non-detrimental easements and conditions, covenants and restrictions (CC&Rs). All of the comparables represent fee simple transactions; no adjustments are necessary for property rights conveyed.

Financing Terms

In analyzing the comparables, it is necessary to adjust for financing terms that differ from market terms. Typically, if the buyer retained third party financing (other than the seller) for the purpose of purchasing the property, a cash price is presumed and no adjustment is required. However, in instances where by the seller provides financing as a debt instrument, a premium may have been paid by the buyer for below market financing terms or a discount may have been demanded by the buyer if the financing terms were above market. The premium or discounted price must then be adjusted to a cash equivalent basis. The comparable sales were cash to the seller transactions and, therefore, do not require adjustments.

Conditions of Sale

Adverse conditions of sale can account for a significant discrepancy from the sales price actually paid compared to that of the market. This discrepancy in price is generally attributed to the motivations of the buyer and the seller. Certain conditions of sale are considered to be non-market and may include the following:

- a seller acting under duress,
- a lack of exposure to the open market,
- an inter-family or inter-business transaction for the sake of family or business interest,
- an unusual tax consideration,
- a premium paid for site assemblage,
- a sale at legal auction, or
- an eminent domain proceeding.

All of the comparable transactions were arms-length and the majority of the comparables do not require conditions of sale adjustments.

Expenditures after Sale

For the comparable sales, no additional expenditures were indicated after their respective sale dates. No adjustments are applied for this element of comparison.

Market Conditions

Market conditions generally change over time, but the date of this appraisal is for a specific point in time. Therefore, in an unstable economy, one that is undergoing changes in the value of the dollar, interest rates and economic growth or decline, extra attention needs to be paid to assess changing market conditions. Significant changes in price levels can occur in several areas of a municipality, while prices in other areas remain relatively stable. Although the adjustment for market conditions is often referred to as a time adjustment, time is not the cause of the adjustment.

In evaluating market conditions, changes between the comparable sales date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required. Beginning in 2008, industrial land values contracted discernibly, and demand for industrial land slowed as most construction projects become financially infeasible under recent market conditions. Since 2010, the market appears to have reached the bottom and showed signs of modest recovery, especially in light of favorable market financing for many owner/users. Therefore, in comparison to the subject property, Comparables 4, through 7, which transferred between December 2010 and November 2011, merit upward adjustments for improving market conditions.

Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values. The subject property is located within the Hanford area of Kings County, within the Kings Industrial Park in south Hanford, and is considered to have an average overall location. Comparables 4 and 7 are located in Fresno and have significant commercial and industrial development in place in their immediate area. In comparison to the subject, these comparables are located in more desirable areas for industrial development. Overall, downward adjustments are applied to these comparables in order to equate them to the subject. No other adjustments are warranted for locational differences.

Visibility / Accessibility

The visibility and accessibility of a property can have a direct impact on value. For example, a property with limited access is considered to be an inferior position compared to a property with open accessibility. Conversely, if a property has freeway visibility, or is situated in proximity to major linkages, this is considered to be a superior site amenity in comparison to a property with limited visibility and positioning. The subject is located within the Kings Industrial Park in south Hanford, approximately two miles south of State Highway 198, 30 miles east of Interstate 5 and 15 miles west of State Highway 99. Comparable 1 has good exposure to State Highway 99, a major north/south transportation artery for the State of California, and is considered to have superior visibility and accessibility in comparison to the subject. Therefore, a significant downward adjustment is warranted. Comparables 2 through 7 have somewhat similar visibility and accessibility as the subject; thus, no adjustments are warranted.

Land Area/Economies of Scale

Differences in land area affect the price per unit paid because there are economies of scale when developing a larger site. That is, all else being equal, larger parcels of land tend to sell for less per acre than smaller parcels. The degree of adjustment in this analysis is dependent on the amount of

variance the sales data have in comparison to the subject property. As assembled, the subject property contains 16.43± acres of land area. Most of the Comparables have land areas ranging from 10 to 18.76 acres and are considered generally similar to the subject in terms of size; therefore, no adjustments are warranted for differences in economies of scale. However, Comparable 2 is the sale of 45.99 acres, comprising two contiguous parcels immediately east of the subject property, and warrants an upward adjustment for the discrepancy in land area when compared to the subject property.

Offsite Improvements

Offsite improvements consist of utilities to the site, streets, streetlights, curbs, and gutters. The subject property has all offsite improvements in place. Comparables 3, 4, 6 and 7 have minimal offsite improvements when compared to the subject and warrant upward adjustments for this property characteristic.

Zoning

The subject property (with a use permit) and comparables have similar industrial zoning designations and, thus, no adjustments are required.

Site Utility

Differences in shape, topography, drainage or soil conditions can affect the utility and, therefore, the market value of undeveloped land. The subject property exhibits average site utility with no major impediments to development. The majority of the comparables are generally similar in this regard and were not adjusted. Comparable 1 is considered to have superior site utility when compared to the subject, as it has access and frontage along two roadways adjacent to State Highway 99. Therefore, a downward adjustment is applied to this comparable in order to equate it to the subject.

Rail Access/Railroad Availability

The subject property is rail served from the northern boundary of the property; however, none of the comparables have direct rail access, or in the case of the prior sale of the subject property (Comparable 5), did not have rail access at the time of sale. In order to determine if adjustments are warranted to the sales that are not rail served, we have surveyed industrial market participants in northern and central California. The comments from the respondents are shown in the following table. A survey is used in this analysis, rather than a paired sales analysis. While a paired sales analysis is also meaningful when the quantity and quality of data are available, it is not relied upon herein given the limited sale data present in the market.

SURVEY OF INDUSTRIAL EXPERTS

Market Observer /Participant	Premium for Rail Access	Excerpts, Quotes and/or Summary
Colliers International – Central California	Yes	In this region, approximately 5% to 10% of industrial companies MUST have rail. Approximately 10% to 20% prefer to have rail. Those that prefer rail will many times utilize rail service from clients or other companies who are located nearby. When you have rail-served property for sale and a company is seeking land or buildings that must have rail service, you could ask for a 20%-30% premium. (This goes without saying.) If you have rail-served land or buildings and no one needs rail-service you might be lucky to achieve a price at a slight premium. My best guess is 5% to 10% premium. In summary, in this region, the premium is minimal.
Grubb & Ellis/ Pearson Realty – Central California	Yes	Under current market conditions, the premium would be nominal. Probably 5% of buyers/users actually need to have rail access. If land was selling for \$2 per square foot, you might get \$2.25 per square foot for land that is rail served. This is about a 12.5% premium.
CB Richard Ellis – Central California	No	Overall there is no premium for rail served sites in Fresno or Tulare Counties. The price differences are for entitlements, zoning, and access to sewer and water.
PMZ Commercial Real Estate – Central California	No	Unless the potential user has a need for rail I would say there is no added value. I have never seen a case where a premium was added on for rail.
Appraisal Department Bank of the Sierra – Porterville / Central California	Yes	A minor premium should be assigned as long as there are no environmental issues or concerns with the rail line. The individual that was interviewed indicated a previous appraisal was completed in the Reedley/Dinuba area, where a premium was assigned to an industrial property with rail access.
Colliers International – Northern California	Yes	They reported that there is a slight uptick in interest over the last two years mainly due to fear of fuel pricing and the impact on trucking operations. Generally, they anticipate 10% premiums for properties with rail access.
CB Richard Ellis – Northern California	Maybe	The broker surveyed indicated there is not much of a difference in his opinion. “The rail is an amenity that may help make a deal. If a user must have rail, then non-rail land sites do not enter the equation, and the two would never be compared. It is the same thing as a building with 24' clear or 28' clear. Rents (should be the same), but if a user needs 28" clear, then the 24' building cannot be considered at any price as it does not meet the physical needs of the end user. Since a developer will not know if the end user of a site or spec building will need rail, they cannot pay a premium going into the deal, otherwise downside has been increased.”
Grubb & Ellis –	Yes	About a \$0.05 psf/month premium for a rental rate. Considering rents

Northern California		range from \$0.25 to \$0.60 psf/month, the rail line warrants a premium of 8% to 20%.
Grubb & Ellis – Northern California	Yes	Another broker with Grubb and Ellis indicated, “generally speaking, it’s always a premium to have rail.....that said, it will depend on how many cars the user is pushing in and out of the site, because that is a big decider on transportation costs!”

The majority of the market participants indicated that a premium should be warranted for properties with direct rail access. In general, the indicated premiums ranged from 5% to 20%. Two of the respondents indicated no premium would be warranted and most indicated the premium for having rail service would not likely be significant. Considering this and the fact that most industrial/agri-business users do not require rail service, a moderate 5% upward adjustment is applied to the comparables with no direct rail access.

Adjustment Grid

A table incorporating the adjustments discussed on the preceding pages is presented as follows.

LAND SALES ADJUSTMENT GRID

Elements of Comparison:	Subject	Sale #1	Sale #2	Sale #3	Sale #4	Sale #5	Sale #6	Sale #7
Price per Acre (Unadjusted)		\$90,683	\$30,007	\$35,159	\$31,716	\$30,006	\$29,385	\$34,500
Property Rights <i>Adjustment</i> Adjusted Value	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
		\$90,683	\$30,007	\$35,159	\$31,716	\$30,006	\$29,385	\$34,500
Financing Terms <i>Adjustment</i> Adjusted Value	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.
		\$90,683	\$30,007	\$35,159	\$31,716	\$30,006	\$29,385	\$34,500
Conditions of Sale <i>Adjustment</i> Adjusted Value	Market	Market	Market	Market	Market	Market	Market	Market
		\$90,683	\$30,007	\$35,159	\$31,716	\$30,006	\$29,385	\$34,500
Market Conditions <i>Adjustment</i> Effective Price per Acre	Jun-13 (Appraisal)	Aug-12	Jun-12	Apr-12	Nov-11 5%	Oct-11 5%	Mar-11 5%	Dec-10 10%
		\$90,683	\$30,007	\$35,159	\$33,302	\$31,506	\$30,854	\$37,950
Physical Characteristics:								
Location <i>Adjustment</i>	Average	Similar	Similar	Similar	Superior -10%	Similar	Similar	Superior -10%
Visibility / Accessibility <i>Adjustment</i>	Average	Superior -50%	Similar	Similar	Similar	Similar	Similar	Similar
Land Area (Acres) <i>Adjustment</i>	16.43	14.06	45.99 25%	13.51	18.76	16.43	10.89	10.00
Offsite Improvements <i>Adjustment</i>	In Place	Similar	Similar	Inferior 10%	Inferior 10%	Similar	Inferior 10%	Inferior 10%
Zoning/Designation <i>Adjustment</i>	HI	M-1	HI	I-2	M-1	HI	I-2	M-1
Site Utility/Topography <i>Adjustment</i>	Average	Superior -10%	Similar	Similar	Similar	Similar	Similar	Similar
Railroad Availability <i>Adjustment</i>	Yes	No 5%	Yes	No 5%	No 5%	No 5%	No 5%	No 5%
Net Adjustment		-55%	25%	15%	5%	5%	15%	5%
Adjusted Price per Acre		\$40,807	\$37,509	\$40,433	\$34,967	\$33,082	\$35,482	\$39,848
Degree of Similarity to Subject		Average	Average	Average	Average	Average	Average	Average
Unadjusted Range - Minimum	\$29,385							
- Maximum	\$90,683							
Adjusted Range - Minimum	\$33,082							
- Maximum	\$40,807							
Concluded Value per Acre	\$35,000							

Based on an inspection of the subject property, and parcel map, there are approximately 603 linear feet of rail lines on the subject property. Based on a recent engineer's estimate (H & H Engineering) and conversations with industrial brokers in the region, the cost of installing rail lines equates to approximately \$175 per foot. Thus, the total cost of the existing rail spur is estimated at \$105,000 (\$175 per foot x 603 feet), rounded, which is also considered in the market value of the subject property. As the rail spur is new, no physical depreciation is applied.

Conclusion of Land Value

We analyzed several land sales for comparison to the subject's underlying land. The adjustment grid on the preceding page illustrates the quantitative adjustments applied to the market data in order to equate with the subject. Prior to adjusting for the differences between the comparables and the subject property, the data set ranged from \$29,385 to \$90,683 per acre. After applying the appropriate adjustments, the value range narrowed to \$33,082 to \$40,087 per acre. Comparable 5 is the prior sale of the subject property in 2011 and received the fewest combination of gross and net adjustments, followed by Comparables 3 and 6. The indicators from these three sales are \$40,433, \$33,082 and \$35,482 per acre, respectively. Considering the adjusted range and value indicators of Comparables 3, 5 and 6, a value indicator of \$35,000 per acre is considered reasonable. Applying this unit indicator to the total land area, plus the previously mentioned rail spur (\$105,000), results in the following estimate of land value for the subject property via the sales comparison approach:

$$\$35,000 \text{ per acre} \times 16.43 \text{ acres} = \$575,050 + \$105,000 = \$680,050$$

Rd. \$680,000

CONCLUSION OF VALUE

The purpose of this appraisal has been to estimate the as-is market value (fee simple estate) of the property, 16.43± acres of vacant industrial land, which includes a recently installed 603± linear foot rail spur, located at the northeast corner of S. 11th Avenue and Energy Street, within the city of Hanford, Kings County, California. As a result of our analysis, and in accordance with the assumptions and limiting conditions contained within this document, it is our opinion the market value of the subject property, as of June 21, 2013, is...

SIX HUNDRED EIGHTY THOUSAND DOLLARS

\$680,000

Exposure Time

Exposure time is the period a property interest would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. For a complete definition of exposure time, please reference the *Glossary of Terms* in the Addenda. In attempting to estimate a reasonable exposure time for the subject property, we looked at both the historical exposure times of a number of sales, as well as current and past economic conditions. The industrial market in the subject's market area has been declining in recent periods. A transfer of comparable sized properties in the region typically occurs within 12 months of exposure. It is estimated the exposure time for the subject property would be approximately **12 months**, especially given current market conditions.

Marketing time reflects the time it might take to sell an interest in real property at its estimated market value during the period *immediately after* the effective date of the appraisal. Market participants, local commercial real estate brokers and developers indicate that, if appropriately priced, the subject property could be marketed within a 12-month time frame. Further, it is our opinion there is no indication potential marketing times should differ significantly from historical exposure times. Consequently, a marketing time equal to the previously concluded exposure time of **12 months** is considered reasonable for the subject property, assuming appropriate pricing and a professional marketing strategy.

ADDENDA

ENGAGEMENT DOCUMENTATION



Real Estate Appraisal & Consultation

June 4, 2013

Mr. Bob Nance, Project Manager
 City of Hanford
 315-321 North Douty Street
 Hanford, CA 93230

RE: Proposal for Appraisal Services

Dear Mr. Nance:

Please consider this document my formal proposal for appraisal services relating to the possible exchange of properties (private and public) within the city of Hanford. The properties to be appraised are 8148 E. Lacey Boulevard (private) and a vacant industrial parcel located at the northeast corner of 11th Avenue and Energy Street (public). As described herein, the private property is to be appraised both in its as-is condition, as well as subject to a hypothetical condition assuming all improvements have been razed and the underlying land has been rezoned to commercial use.

If you have any questions after reviewing the enclosed material, please call me at (916) 435-3883 or via email at esegal@seevers.com.

Thank you for considering Seevers • Jordan • Ziegenmeyer for your real estate appraisal needs.

Sincerely,

A handwritten signature in black ink, appearing to read 'ESegal', written over a horizontal line.

Eric A. Segal, Partner
 State Certification No. AG026558
 Expiration Date: February 18, 2015

Attachment: 2013-282 - NEC 11th Avenue Energy Street_Hanford_L_ES Appraisal (002) (1767 : Helena Purchase Agreement)

SCOPE OF WORK

The appraisal assignment will be conducted in accordance with appraisal standards and guidelines found in the current edition of the Uniform Standards of Professional Appraisal Practice (USPAP) and the Appraisal Institute Code of Professional Ethics and Standards of Professional Appraisal Practice. A Summary appraisal report will be prepared for each property in accordance with the reporting requirements set forth under Standards Rule 2-2(b) of USPAP.

As with most appraisal assignments, the valuation process starts with a description of the region, with particular attention given to the underlying economic factors impacting the supply and demand for the appraised properties. This analysis leads to a discussion of the local neighborhood and its advantages and disadvantages relative to competitive areas. Next, the subject property is described in detail with a focus on its competitive strengths and weaknesses. A critical step in the analytical process is the determination of highest and best use. In this portion of the report, legal factors, the physical characteristics of the property, economic feasibility and the maximum productivity of the property are all considered in arriving at a conclusion of highest and best use. This conclusion forms the basis for the selection of comparables and application of the approaches to value in the remainder of the report. The purpose of the appraisal is to estimate the market value of the subject property.

The Scope of Work under which the appraisal would be performed is offered below. The first six items pertain to the Scope of Work used in all appraisal assignments and property types.

1. A physical inspection of the subject property and all comparable market data. The comparable data will involve properties throughout the market area and/or similar surrounding areas;
2. Verification of public information relating to each of the subject property's assessments, zoning and utilities;
3. Telephone and personal interviews with persons considered knowledgeable regarding the subject property and similar properties. Interviews and surveys will be conducted with planning, public works and building departments at the City of Hanford. Additional inquiries will be made with local real estate professionals relative to market conditions and trends;
4. An estimate of probable exposure time for the subject property based on sales and listings of similar properties, interviews with local real estate professionals and the results of national surveys;
5. An analysis of local area land use trends, as well as proposed and/or present construction activity. A considerable portion of this item will be completed in conjunction with Item 3 above;
6. A determination of the highest and best use of the property as vacant, according to the four tests of legal permissibility, physical possibility, financial feasibility and maximum productivity, and as improved (8148 E. Lacey Boulevard);
7. An estimate of market value of each subject property utilizing the relevant approach(es) to value.

COST OF SERVICES

Based on the scope of work outlined on the previous pages, a fee of **\$6,000** is proposed for the improved property (8148 E. Lacey Boulevard) and **\$3,000** for Assessor's parcel 18-242-077 (vacant land located at the northeast corner of 11th Avenue and Energy Street). We can complete this assignment by June 28, 2013. Should you require services beyond the scope outlined previously, the following hourly fee schedule, plus any inordinate expenses, will apply to the various individuals that may be involved in the assignments.

• Partner	\$300 / hour
• Senior Appraiser	\$225 / hour
• Appraiser	\$175 / hour
• Research Analyst	\$125 / hour
• Administrative Support	\$50 / hour

GRANT DEED

RECORDING REQUESTED BY:

Chicago Title Company
 Escrow No.: 11-41006233-EG
 Locate No.: CACTI7754-7754-4410-0041006233
 Title No.: 11-41006233-JAH

**When Recorded Mail Document
and Tax Statement To:**

City of Hanford
 319 N Douty Street
 Hanford, CA 93230



Doc Nbr: 1117552

Doc Type: 07

Titles: 01 Pages: 003

Fees: 0.00

Taxes: 542.30

Paid: \$542.30

Kings County Clerk Recorder-157200 10/07/2011

Ken Baird

08:00:00

Chicago Title Company

R002

APN: 018-242-077

SPACE ABOVE THIS LINE FOR RECORDER'S
USE**GRANT DEED**

The undersigned grantor(s) declare(s)
 Documentary transfer tax is \$542.30

[] computed on full value of property conveyed, or
 [] computed on full value less value of liens or encumbrances remaining at time of sale,
 [] Unincorporated Area City of Hanford,

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, Eliot Carmi and Cristina Alicia Carmi, husband and wife, as joint tenants

hereby **GRANT(S)** to City of Hanford, a municipal corporation
 the following described real property in the City of Hanford, County of Kings, State of California:
 SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

DATED: July 29, 2011

State of California

County of Los Angeles

On August 22, 2011 before me,
EUGENE SEVERINO, Notary Public
 (here insert name and title of the officer), personally appeared

ELIOT CARMİ
CRISTINA ALICIA CARMİ

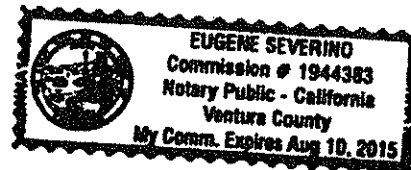
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s),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

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

WITNESS my hand and official seal

Signature Eugene Severino (Seal)

Eliot Carmi
Cristina Alicia Carmi

**MAIL TAX STATEMENTS AS DIRECTED ABOVE**

FD-213 (Rev 12/07)
 (grant)(06-09)

GRANT DEED

2

Escrow No.: 11-41006233-EG
Locate No.: CACTI7754-7754-4410-0041006233
Title No.: 11-41006233-JAH

EXHIBIT "A"

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF HANFORD, COUNTY OF KINGS, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Parcel A of Parcel Map Waiver 08-01, as evidenced by document recorded December 3, 2010 as Document No. 1021597, Kings County Official Records, described as follows:

That portion of the Southwest quarter of Section 13, Township 19 South, Range 21 East, Mount Diablo Base and Meridian, in the City of Hanford, County of Kings, State of California, described as follows:

Commencing at the Southeast corner of said Southwest quarter of Section 13;

Thence, North 01°26'53" East, along the East line of said Southwest quarter, 1803.35 feet;

Thence, North 89°53'58" West, parallel with the North line of said Southwest quarter, 50.01 feet, more or less, to the Northeast corner of Parcel D of Parcel Map No. 11-10, Kings County Records;

Thence, continuing North 89°53'58" West, along said North line of Parcel D, 1862.00 feet, to the Northwest corner of said Parcel D, said point also being the Northeast corner of Parcel C of said Parcel Map No. 11-10, and the TRUE POINT OF BEGINNING;

Thence, North 89°53'58" West along the North line of said Parcel C, 676.54 feet, to the Northwest corner of said Parcel C and a point on the East right of way line of 11th Avenue;

Thence, South 01°28'20" West, along the West line of said Parcel C and East right of way line 1027.34 feet, to the beginning a tangent curve, concave Northeasterly, having a radius of 30.00 feet;

Thence, Southeasterly, along said 30.00 foot radius curve, through a central angle of 91°15'25", an arc distance of 47.78 feet;

Thence, South 89°47'05" East, parallel with the South line of said Southwest quarter of Section 13, a distance of 645.84 feet, to the intersection with the Southerly prolongation of the East line of said Parcel C;

Thence, North 01°28'20" East, along said Southerly prolongation and said East line 1059.36 feet, to the TRUE POINT OF BEGINNING.

APN: 018-242-077

Attachment: 2013-282 - NEC 11th Avenue Energy Street_Hanford_L_ES Appraisal (002) (1767 : Helena Purchase Agreement)

DEED CERTIFICATION

This is to certify that the interest in real property conveyed by the Grant Deed dated July 29, 2011, between the City of Hanford and Eliot Carmi and Cristina Alicia Carmi, husband and wife, as joint tenants, is hereby accepted by order of the City Council of the City of Hanford, and Grantee consents to recordation by its duly authorized officer.

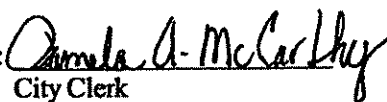
Dated: October 5, 2011

CITY OF HANFORD

By:


HILARY M. STRAUS
City Manager

Attest:


City Clerk

C:\Users\vebel.GLCDG\Desktop\Shirley Files\My Documents\RWGwp5\DATA\AGREEMENT\City of Hanford\Carmi\Deed Certification 10-4-11.wpd

END OF DOCUMENT

Attachment: 2013-282 - NEC 11th Avenue Energy Street_Hanford_L_ES Appraisal (002) (1767 : Helena Purchase Agreement)

READDRESSING/REASSIGNING APPRAISAL REPORTS



Readdressing/Reassigning Appraisal Reports

Seevers Jordan Ziegenmeyer adheres to the requirements of the 2012-2013 Edition of the Uniform Standards of Professional Appraisal Practice (USPAP). This edition is effective from January 1, 2012 through December 31, 2013. The following excerpts pertain to readdressing/reassigning appraisal reports:

Advisory Opinion 26, Page A-86:

Once a report has been prepared for a named client(s) and any other identified intended users and for an identified intended use, the appraiser cannot “readdress” (transfer) the report to another party.

Advisory Opinion 27, Pages A-88 to A-89:

Situations often arise in which appraisers who have previously appraised a property are asked by a different party to appraise the same property.... Accepting the assignment from the subsequent prospective client is not prohibited by USPAP, assuming appropriate disclosure is made to the client before being engaged and any existing confidential information is handled properly.... If there is a new potential client, valuation services performed for that new client would constitute a new assignment and the assignment results would be specific to that new assignment.

Frequently Asked Question No. 121, Page F-56:

It is never permissible to readdress a report by simply changing the client’s name on a completed report, regardless of whether the first client gave a release. The request from Lender B must be treated as a new assignment.

GLOSSARY OF TERMS

GLOSSARY OF TERMS

Unless otherwise noted, the following definitions are from The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010).

Aggregate of Retail Values (ARV): The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent an opinion of value; it is simply the total of multiple market value conclusions.

As Is Market Value: The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

Band of Investment: A technique in which the capitalization rates attributable to components of a capital investment are weighted and combined to derive a weighted-average rate attributable to the total investment.

Bulk (Discounted) Value: The most probable price, in a sale of all parcels within a tract or development project, to a single purchaser or sales to multiple buyers, over a reasonable absorption period discounted to present value, as of a specified date, in cash, or in terms equivalent to cash, for which the property rights should sell after reasonable exposure, in a competitive market under all conditions requisite to a fair sale, with buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under stress. (Appraisal Standards For Land-Secured Financing, California Department Advisory Commission, 1994)

Comparative-Unit Method: A method used to derive a cost estimate in terms of dollars per unit of area or volume based on known costs of similar structures that are adjusted for time and physical differences; usually applied to total building area.

Cost Approach: A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.

Depreciation: In appraising, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.

Direct Capitalization: A method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the net income estimate by an appropriate capitalization rate or by multiplying the income estimate by an appropriate factor. Direct capitalization employs capitalization rates and multipliers extracted or developed from market data. Only a single year's income is used. Yield and value changes are implied but not identified.

Discounted Cash Flow (DCF) Analysis: The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate.

Discount Rate: A yield rate used to convert future payments or receipts into present value; usually considered to be a synonym for *yield rate*.

Disposition Value: The most probable price that a specified interest in real property should bring under the following conditions: 1) consummation of a sale within a future exposure time specified by the client; 2) the property is subjected to market conditions prevailing as of the date of valuation; 3) both the buyer and seller are acting prudently and knowledgeably; 4) the seller is under compulsion to sell; 5) the buyer is typically motivated; 6) both parties are acting in what they consider to be their best interests; 7) an adequate marketing effort will be made during the exposure time specified by the client; 8) payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto; 9) the price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Easement: The right to use another's land for a stated purpose.

Exposure Time: Estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. (USPAP 2012-2013 Edition)

External Obsolescence: An element of depreciation; a diminution in value caused by negative externalities and generally incurable on the part of the owner, landlord, or tenant.

Extraction: A method of estimating land value in which the depreciated cost of the improvements on the improved property is calculated and deducted from the total sale price to arrive at an estimated sale price for the land.

Extraordinary Assumption: An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. (USPAP

2012-2013 Edition)

Fair Market Value: The highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing, and able to buy but under no particular necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available. (California Code of Civil Procedure, Section 1263.320(a))

Fee Simple Estate: Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Floor Area Ratio (FAR): The relationship between the above-ground floor area of a building, as described by the building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

Functional Obsolescence (Incurable): An element of depreciation; a defect caused by a deficiency or superadequacy in the structure, materials, or design that cannot be practically or economically corrected.

Highest and Best Use: The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property – specific with respect to the user and timing of the use – that is adequately supported and results in the highest present value.

Highest and Best Use of Property as

Improved: The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

Highest and Best Use of Land or a Site as

though Vacant: Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements.

Hypothetical Condition: A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. (USPAP 2012-2013 Edition)

Income Capitalization Approach: A set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate.

Leased Fee Interest: A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship.

Leasehold Interest: The tenant's possessory interest created by a lease. (Negative leasehold: A lease situation in which the market rent is less than the contract rent. Positive leasehold: A lease situation in which the market rent is greater than the contract rent.)

Liquidation Value: See *Disposition Value*.

Marketing Time: An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.

Neighborhood: A group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises.

Obsolescence: One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external.

Prospective Opinion of Value: A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Quantity Survey Method: A cost-estimating method in which the quantity and quality of all materials used and all categories of labor required are estimated and unit cost figures are applied to arrive at a total cost estimate for labor and materials.

Replacement Cost: The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout.

Reproduction Cost: The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building.

Sales Comparison Approach: The process of deriving a value indication for the subject property by comparing market information for similar properties with the property being appraised, identifying appropriate units of comparison, and making qualitative comparisons with or quantitative adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison.

Site Coverage Ratio: The gross area of the building footprint divided by the site area.

Stabilized Occupancy: An expression of the expected occupancy of a property in its particular market considering current and forecasted supply and demand, assuming it is priced at market rent.

Subdivision Development Method: A method of estimating land value when subdivision development is the highest and best use of the parcel of land being appraised. When all direct and indirect costs and entrepreneurial incentive are deducted from an estimate of the anticipated gross sales price of the finished lots (or residences), the resultant net sales proceeds are then discounted to present value at a market-derived rate over the development and absorption period to indicate the value of the land.

Superadequacy: An excess in the capacity or quality of a structure or structural component; determined by market standards.

Unit-In-Place Method: A cost-estimating method in which total building cost is estimated by adding together the unit costs for the various building components as installed; also called the *segregated cost method*.

Yield Capitalization: A method used to convert future benefits into present value by 1) discounting each future benefit at an appropriate yield rate, or 2) developing an overall rate that explicitly reflects the investment's income pattern, holding period, value change, and yield rate.

Yield Rate: A rate of return on capital, usually expressed as a compound annual percentage rate. A yield rate considers all expected property benefits, including the proceeds from sale at the termination of the investment.

QUALIFICATIONS OF APPRAISER(S)



Seevers
Jordan
Ziegenmeyer
Real Estate Appraisal & Consultation

Northern California/Nevada
5825 Atherton Road, Suite 500
Rocklin, California 95765

P: (916) 435-3883 F: (916) 435-4774

Eric A. Segal, Partner

Introduction

Mr. Segal is a Certified General real estate appraiser with Seevers Jordan Ziegenmeyer, a real estate appraisal firm that engages in a wide variety of real estate valuation and consultation assignments. In 1998, Mr. Segal began his career in real estate as a research analyst/appraiser trainee for SJZ. By 1999, he began writing narrative appraisal reports covering a variety of income properties. Today, Mr. Segal is a partner in the firm and is involved in appraisal assignments covering a wide variety of properties including office, retail, industrial, multifamily housing, master planned communities, Mello-Roos and Assessment Districts, and residential subdivisions. He has developed the experience and background necessary to deal with complex assignments covering an array of property types.

Professional Affiliations

Associate Member (General) - Appraisal Institute
Certified General Real Estate Appraiser - State of California (No. AG026558)

Education

Academic:

Bachelor of Science in Business Administration (Concentrations in Finance and Real Estate & Land Use Affairs), California State University, Sacramento

Appraisal and Real Estate Courses:

Uniform Standards of Professional Appraisal Practice
Appraisal Principles
Basic Income Capitalization
Highest & Best Use and Market Analysis
Advanced Income Capitalization
Report Writing and Valuation Analysis
Appraisal Litigation Practice and Courtroom Management
Computer Enhanced Cash Flow Modeling
Advanced Sales Comparison & Cost Approaches
Advanced Applications



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Sample of Appraisal Experience

Hunters Point Shipyard – Phase I
San Francisco, San Francisco County, California

This appraisal was completed for use by the developer for determination of possible refinancing of the Redevelopment Agency of the City and County of San Francisco Community Facilities District (CFD) No. 7 (Hunters Point Shipyard) Bonds. The appraised property comprises Phase I of the Hunters Point Shipyard redevelopment area, which is commonly referred to as the Hilltop and Hillside subdivisions, and comprises approximately 75.32 gross acres of land, which includes 23.72± developable acres proposed for the construction of 1,142 residential units in a variety of attached single-family, townhouse and stacked residential units. Specifically, the Hilltop development contains 15.92± acres of land to be developed with 768 residential units, and the Hillside development contains 7.8± acres to be developed with 374 single-family residential units. In addition, Phase I will include 36.0± acres dedicated to parks and open space and 15.6± acres of streets and rights-of-way.

City of San Mateo Community Facilities District No.
2008-1 (Bay Meadows)
San Mateo, San Mateo County, California

This appraisal was completed for use in a land-secured financing associated with the development of 52± developable acres proposed for the development of 724,225 square feet of office space, approximately 85,374 square feet of retail space and 1,121 residential housing units, with 832 residential housing units being developed on the residential land component and the balance (289 units) to be developed as part of the mixed-use component. The report was prepared for the City of San Mateo Department of Finance.

City of Redwood City Community Facilities District
No. 2010-1 (One Marina)
Redwood City, San Mateo County, California

This appraisal was completed for use in a land-secured financing associated with the development of 16.62± acres proposed for the construction of 231 townhome and flat-style residential units within 24 detached buildings. The report was prepared for the City of Redwood City Department of Finance.

County of San Joaquin Community Facilities District
No. 2009-2 (Vernalis Interchange)
Vernalis, San Joaquin County, California

This assignment involved the appraisal of approximately 3,457.41 gross acres of land comprising 40 separate Assessor's parcels devoted to (or intended for) aggregate mining operations by six independent mining operators, including Teichert, West Coast Aggregates, Granite, Knife River, DeSilva Gates and Cemex. The summary appraisal was completed for bond financing purposes, with the proceeds intended to finance the construction of a new interchange on State Route 132 at Bird Road, which is intended to enhance traffic operation safety at this intersection. This report was prepared for the County of San Joaquin.



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Sample of Appraisal Experience (continued)

HUD 223(f) Apartment Portfolio
San Francisco, San Francisco County, California

This appraisal assignment involved the appraisal of nine multifamily properties in San Francisco containing between seven and 50 units, as well as mixed-use properties including ground floor retail tenants. The self-contained appraisals were completed in compliance with **Federal regulatory requirements and guidelines that may apply as well as the requirements of the Federal Housing Administration (FHA) MAP Program for a 223(f) Refinance.** This report was prepared for Column Guaranteed, LLC.

The Parkway & Quinto Ranch
Santa Nella, Merced County, California

This appraisal involved the valuation of a 1,464-lot single-family residential master planned community that included residential, commercial and public use components, and a non-contingent 1,644-acre ranch subject to a conservation easement. This report was prepared for IndyMac Bank.

Reclamation District No. 17 – Mossdale Tract
(portion)
County of San Joaquin, California

The appraised properties represented a portion of Reclamation District No. 17 identified as vacant residential, vacant commercial and vacant industrial land, and excluded those properties within the boundaries of the District zoned as agricultural and public use, and those properties with an assessed improvement value on the most recent property tax roll. Reclamation District No. 17 (Mossdale Tract) is located in San Joaquin County and contains approximately 16,107.58 acres of land comprising approximately 13,335 assessor's parcels. This report was prepared for Reclamation District No. 17.

Bickford Ranch Community Facilities District No.
2003-1
Placer County, California

The hypothetical market valuation of a proposed master planned community that will include 847.2 acres of land designated for 1,783 residential lots and a 9.7-acre commercial component. The appraisal will be used for bond underwriting purposes and was prepared for the County of Placer.

El Dorado Hills Community Facilities District No.
1992-1 (portion)
El Dorado County, California

This assignment involved the hypothetical cumulative, or aggregate, valuation of a sizeable portion of the existing Serrano master planned community. The appraisal included 1,597 single-family residential lots, 382 custom single-family residential lots, 33.05 acres of commercial land and 344 existing single-family residences. The appraisal will be used for bond underwriting purposes and was prepared for the County of El Dorado.



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Sample of Appraisal Experience (continued)

Diablo Grande Community Facilities District No. 1
(Series 2002)
Stanislaus County, California

The appraisal involved the valuation of a partially improved resort and master planned community offering 1,410 residential lots, multifamily land, commercial land, a hotel site, vineyards and two 18-hole championship golf courses. The appraisal was used for bond underwriting purposes and was prepared for Western Hills Water District.

Plumas Lake Community Facilities District No.
2002-1
Yuba County, California

This appraisal included the valuation of a portion of the proposed, and partially improved, Plumas Lake Specific Plan area, and comprised 3,314 detached single-family residential lots. The appraisal was used for bond underwriting purposes and was prepared for the Olivehurst Public Utility District.

Patterson Gardens & Keystone Pacific Business
Park
Patterson, Stanislaus County, California

This appraisal involved the valuation of a 985-lot single-family residential master planned community that included residential, commercial and public use components, and a non-contingent 224-acre industrial park. This report was prepared for Bank of America.



Business, Transportation & Housing Agency
OFFICE OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Eric A. Segal

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

"Certified General Real Estate Appraiser"

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

OREA APPRAISER IDENTIFICATION NUMBER AG 026558

Effective Date: February 19, 2013
Date Expires: February 18, 2015

Jim Martin
Jim Martin, Director, OREA

300-4944

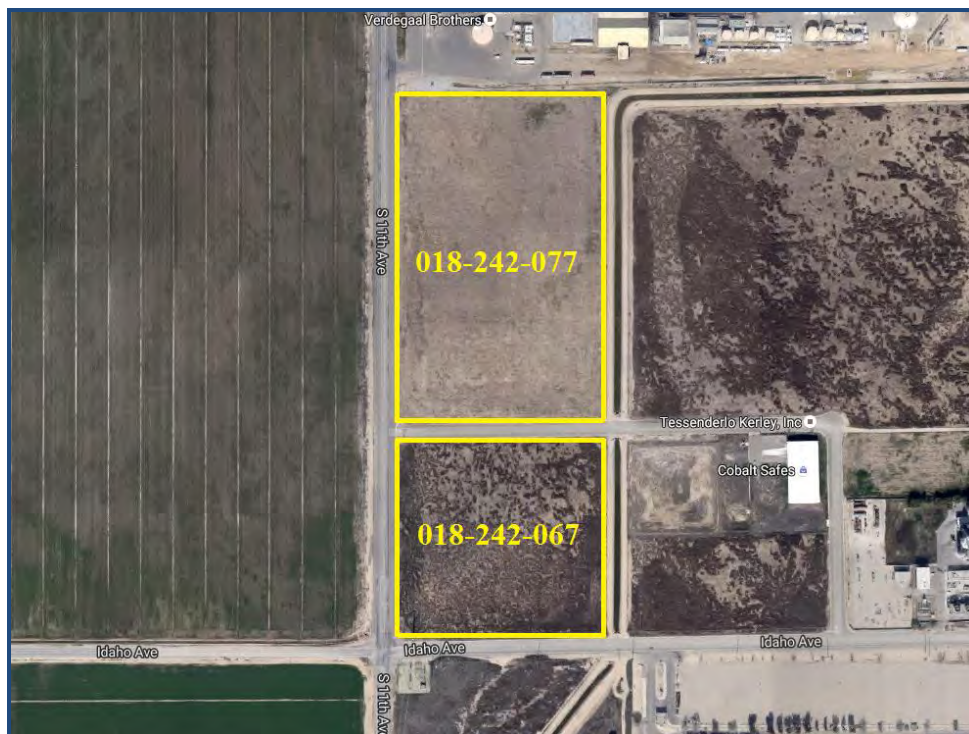
THIS DOCUMENT CONTAINS A TRUE WATERMARK - HOLD UP TO LIGHT TO SEE "CHAIN LINK"

Attachment: 2013-282 - NEC 11th Avenue Energy Street_Hanford_L_ES Appraisal (002) (1767 : Helena Purchase Agreement)

APPRAISAL REPORT

**Industrial Land
11th Avenue and Energy Street
Hanford, CA**

As of: October 7, 2016



**Prepared For:
Darrel Pyle,
City Manager
City of Hanford
319 North Douty Street
Hanford, CA 93230**

**Simon Company, Inc.
1306 North Irwin Street
Hanford, CA 93230**

**Phone: (559) 582-9112
Fax: (559) 582-9114
www.simonco.net**

Packet Pg. 476

Simon Company, Inc.

Timothy J. Simon, MAI
Jeremy J. Hansen
Jacob I. Hower
www.simonco.net

October 12, 2016

Darrel Pyle,
City Manager
City of Hanford
319 North Douty Street
Hanford, CA 93230

RE: Vacant Land
11th Avenue & Energy Street
Hanford, CA

At your request, we have appraised a real property interest for the above captioned real estate. Our objective was to form a value opinion about the market value for a 100% ownership interest in the subject property's fee simple estate, assuming no liens or encumbrances other than normal covenants and restrictions of record.

This valuation contains analyses, opinions, and conclusions along with market data and reasoning appropriate for the scope of work detailed later herein. It was prepared solely for the intended use and intended user explicitly identified in the attached report. Unauthorized users do so at their own risk. The appraisal is communicated in the attached narrative report, and conforms to the version of the Uniform Standards of Professional Appraisal Practice (USPAP) in effect on this report's preparation date.

This letter is not an appraisal report and only serves as an introduction to the attached appraisal. If this letter is disjoined from the attached appraisal report, then the value opinions set forth in this letter are invalid because the analyses, opinions, and conclusions cannot be properly understood. The value opinion must be placed in the context of the analysis.

The value opinion is affected by all the information, assumptions, hypotheses, general limiting conditions, facts, descriptions, and disclosures stated in the attached appraisal report. After careful consideration of all factors pertaining to and influencing value, the data and analysis thereof firmly supports the following fee simple opinion for the subject property as of October 7, 2016:

Market Value As Is, APN 018-242-067, 9.81 Acres =	\$390,000
Market Value As Is, APN 018-242-077, 16.43 Acres =	\$660,000

Respectfully Submitted,



Timothy J. Simon, MAI

CA License AG010007

License Expiration Date: 5/7/2017



CERTIFICATION

- The statements of fact contained in this report are true and correct. Reported analyses, opinions, and conclusions are limited only by the assumptions and limiting conditions contained within this report, and are the appraiser's personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- The appraiser has no present or prospective interest in the property that is the subject of this report, or personal interest with the parties involved. The appraiser has no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
- The appraiser previously appraised the subject as of July 16, 2015. The appraiser has not performed any other services as an appraiser or in any other capacity, regarding the subject property that is the subject the appraisal assignment within the three-year period immediately preceding acceptance of this assignment.
- This engagement was not contingent upon developing or reporting predetermined results. Compensation paid to the appraiser is not contingent upon the development or reporting of a predetermined value, or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of the appraisal.
- Reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Foundation.
- The appraiser is a designated member of the Appraisal Institute who declares he has completed the continuing education program prior to this report's preparation date. The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which includes the Uniform Standards of Professional Appraisal Practice.
- The appraiser personally inspected the exterior of the subject property only, and has considered all of the pertinent facts affecting the value thereof. This viewing, if any, did not attempt to probe, investigate study, detect, or discover unfavorable physical features.
- Jeremy J. Hansen participated in the preparation of this report in the areas of research, field inspection, and analysis.

Timothy J. Simon, MAI
 California License AG010007
 Expiration Date: 5/7/2017



CONTINGENT & LIMITING CONDITIONS

1. No survey was made of the property. The dimensions are those taken from the maps in the Office of the County Assessor of the County of Kings. This appraisal is not an engineering, legal or architectural study. It is not an examination or survey of any kind. Expertise in these areas is not implied and should not be inferred by the reader.
2. No report of title was secured, and it is presumed to be marketable, and that any liens or encumbrances can be removed.
3. No separation of land and building values may be used for any other purpose than that delineated elsewhere in this report.
4. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the author, particularly as to the valuation conclusion, the identity of the appraiser or firm with which it is connected, or any reference to the Appraisal Institute, or to the MAI or SRA designations.
5. No right to expert testimony is included with this report, and the fee for this appraisal does not include payment for pre-trial conferences or taking of depositions.
6. No responsibility is assumed for matters legal in nature.
7. No survey or soil tests of the land have been made by the appraiser.
8. This report and all information contained herein was prepared for the sole and exclusive benefit of the client, as specified herein, and is intended for his use only. No one except the client specified herein may rely on this report for any purpose. Any person or entity who obtained or reads this report, or a copy thereof, other than the client specified herein, expressly assumes all risk of damages to himself or third persons arising out of reliance thereon or use thereof and waives the right to bring any action based on the appraisal, directly or indirectly, and the appraiser shall have no liability to any such person or entity.
9. Possession of this report or any copy thereof does not carry with it the right of publication, nor may the same be used for any purpose by anyone except the appraiser's employer, without the previous written consent of the appraiser, and in any event, only in its entirety.
10. The information and data reported in this appraisal have been obtained from sources that are deemed to be reliable. They are believed to be correct, but cannot be guaranteed by the appraiser. This condition applies generally throughout the appraisal report and specifically to square footage calculations and descriptions of comparable properties.
11. The appraiser has no personal interest or bias with respect to the subject matter of this appraisal or the parties involved.

12. This appraisal report sets forth all of the limiting conditions (imposed by the terms of the assignment or by the appraiser) affecting the analyses, opinions, and conclusions contained in this report.
13. During the course of this appraisal, the appraisers did **not** detect or attempt to discover any environmental hazard on, under, above, or within the subject real estate. No overt evidence of any environmental hazard is apparent to the untrained eye. It is beyond the expertise of the appraiser to detect or determine the chemical nature of any substance or gas. No effort was made to dismantle or probe any part of the property to discover enclosed, encased, or concealed hazards. The presence of any hazardous condition usually diminishes market value. The value opinion formed in this report assumes there is no environmental hazard affecting the subject real estate. No responsibility is assumed by the appraisers or Simon Company, Inc. for any hazard, or for any expertise required to discover any environmentally hazardous condition. Our client is urged to retain an expert in this field, if desired.
14. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
15. The appraiser is not qualified to determine whether the subject building improvements are in compliance with the American with Disabilities Act (ADA) of 1992. Noncompliance with this act could have a negative effect upon the value of the property. An expert in this field should be retained for consultation, if desired.
16. All leading professional appraisal organizations, the U.S. Congress, all state legislatures, and numerous legal jurisdictions recognize the Uniform Standards of Professional Appraisal Practice (USPAP), promulgated by the Appraisal Foundation. Revised annually to keep it contemporary, these standards set forth ethical practices and proper procedures for a competent appraisal. This appraisal fully complies with all relevant portions of the USPAP version in effect on the date this report was prepared. It also complies with the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA), a federal law.
17. The person signing this report is licensed to appraise real property in the state the subject is located. I affirm I have the experience, knowledge, and education to value this type property. I have previously appraised similar real estate.
18. No liability is assumed, expressed, or implied by Simon Company, Inc., or the appraiser for unauthorized use of this report. Only those persons, parties, entities, companies, corporations, partnerships, associations, or groups that are clearly, specifically, and explicitly identified as an intended user may rely on, and use this report. There are no implied, suggested, inferred, consequential, or indirect intended users of this report. Unauthorized users should not use, or rely on any portion of this document. Unauthorized users do so at their own risk.



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Scope of Work

Introduction

The subject of this appraisal consists of two parcels of vacant land that are located in the southern portion of the city of Hanford in Kings County. Both parcels are zoned for industrial uses and are suitable for development. The client has requested this appraisal to evaluate the subject for internal planning purposes.

Assignment Elements

- | | | |
|----|---|--|
| 1. | The Client <i>(the person who engaged the appraisal and an intended user)</i> | City of Hanford;
Care of Darrel Pyle, City Manager |
| | Client's Interest In Property Appraised | Owner |
| 2. | Other Intended Users | None |
| 3. | Intended Use Of Report | To establish a value basis for the subject property to be used for internal planning purposes. |
| 4. | Standard / Definition Of Value Used | Market Value |
| 5. | Key Dates | |
| | Effective Value Date
<i>(point in time the value applies)</i> | October 7, 2016 |
| | Report Preparation Date
<i>(date the report was prepared)</i> | October 12, 2016 |
| | Observation Date
<i>(date the property was inspected)</i> | October 7, 2016 |
| 6. | Assignment Conditions | |
| | Extraordinary Assumptions | Not Applicable |
| | Hypothetical Conditions | Not Applicable |

Relevant Characteristics

Physical

Existing Property Use	Vacant Land
Property Use Reflected In One Or More Value Opinions	As Is
Sources of Information About the Property Appraised Included	Public Records; Personal Observation; Prior Appraisal

Legal

Category Of Property Appraised	Real Property
Estate Appraised	Fee Simple
Environmental Concerns	No Known Environmental Concerns

Economic

Effect Of Leases On Value	Not Applicable
Cost Information	Not Applicable

Extent of Services Provided

Number of Final Value Opinions Developed	One
Value Opinion Reflects The Worth Of the Property Appraised	As Is
Extent Of Report Preparation	Narrative
Report Preparation Complies With Requirements Set Forth In USPAP Standard Rule	2-2(a) Appraisal Report
Extent Of Data Research	Adequate
Data Sources	Local MLS; Real Quest; Online Public Records; Other Appraisers; Real Estate Brokers; Buyers and / or Sellers

Documents Considered	Legal Descriptions
Data Verification	Direct Method
Extent Of Subject Observation	Personal Observation; Sub-Market Area

Other Intended Use Considerations

Appraiser's Prior Experience With Subject Property	The appraiser previously appraised the subject as of July 16, 2016.
Name and Extend of Person Providing Assistance to the Appraisal Process	Jeremy J. Hansen participated in the preparation of this report in the areas of research, field inspection and analysis.

Appraisal Development

Appraisal development is the extent of research and analyses that produce one or more credible opinions of value for one or more specifically identified intended users and an explicitly stated intended use. In this context, credible is defined as "worthy of belief". Depending upon the intended use, intended users, and agreements between the appraiser and the client, the appraisal development process may include several, but not necessarily all of the following tasks.

- observation of the property appraised
- research for appropriate market data
- data verification
- consideration of influential market area, physical, economic, and governmental factors
- determination of the subject's highest and best use, if appropriate
- development of one or more applicable approaches to value
- reconciliation of value indications
- preparation of this report

The report is communicated in a summary, narrative format. It is the intent that the report is written in such a way that the reader will be able to logically follow the appraiser's methodology and conclusion of value. Pertinent information such as the market area, conditions, subject property, market data, analysis, and conclusions are summarized.

Definition of Market Value

The following definition of *market value* was taken from regulations published by federal regulatory agencies pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989. This same definition is also cited in Advisory Opinion 22 of the current version of the Uniform Standards of Professional Appraisal Practice (USPAP).

“The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- 1. buyer and seller are both typically motivated;*
- 2. both parties are well informed or well advised and acting in what they consider their own best interests;*
- 3. a reasonable time is allowed for exposure in the open market;*
- 4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- 5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”*

Definitions of Appraised Estates

The subject property is not subject to a long-term lease. As such, we have appraised the Fee Simple Estate. The following definition is quoted *The Dictionary of Real Estate Appraisal*, Fourth Edition; published by the Appraisal Institute, copyright 2002.

“Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”



Property Data

City of Hanford

The city of Hanford is located in the northeastern portion of Kings County and represents the county seat. The city is generally bounded by State Route 43 to the east, Flint Avenue to the north, 13th Avenue to the west and Houston Avenue to the south.



The city of Hanford has experienced a steady growth rate over the last five years and is expected to continue growing at rate near the statewide average. The five year growth trend represents a 0.76% per year increase. This is less than the State of California Average at 0.95% over the same timeframe.

5 Year Population Trend

2012	54,541
2013	54,513
2014	54,727
2015	55,337
2016	55,840
5-Year Annual Growth Rate	3.80%

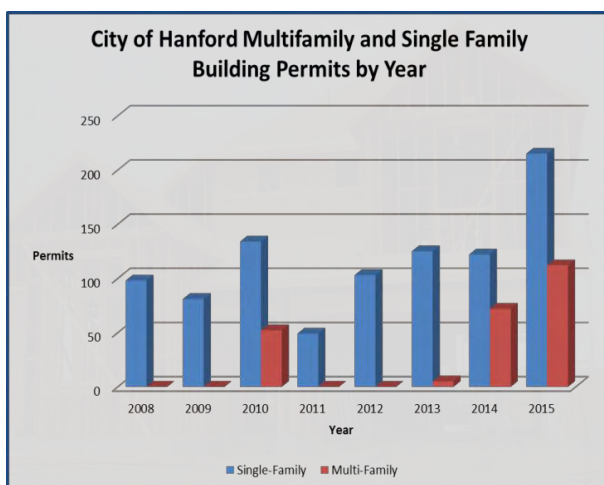
The State of California prisons in Corcoran, Coalinga and Avenal have had a strong impact on the population trends in Hanford. Hanford has attracted a large percentage of this workforce. Most of the workforce is commuters who choose to live outside the prison cities. All three are within one hour of Hanford. The same can be said for the Lemoore Naval Air Station, which is 15 miles west. Hanford attracts a number of the civilian employees and the active duty personnel.

Another large employment draw locally is the Pleasant Valley State Prison in Coalinga, which opened in 2005. The mental health and treatment hospital was slated to include 1.2 million square feet with a total of 1,500 beds. This facility was further expanded in 2006 with the expansion slated to add 2,000 jobs. The facility has a significant presence in terms of employment.

Residential Housing: Over the past few years the housing market hit bottom and has been climbing. Since 2012 the market has risen 31.89% according to the Kings County MLS. The chart provided on the right indicates a stabilizing trend moving into 2016 with only 3.61% increase in values throughout 2015.

Year	Total Sales	Average Price	Average DOM
2015	610	\$204,752	51
2014	492	\$197,618	64
2013	545	\$179,849	61
2012	618	\$155,234	68

Builders, speculators and developers have taken an interest in some of Hanford's existing paper and finished lots over the past couple years and large tracts of land have been purchased and developed into subdivisions.



Like most central valley communities, building permit activity peaked during the 2005-2006 time-frame. A dramatic reduction occurred in the following years due to the residential market decline. Multi-family development has been stifled by the gap between market rent feasible rent; however, that trend is reversing with several new apartment developments within the Hanford and Lemoore markets currently under construction. Construction in 2015 nearly doubled in the single family residential market.

There are many apartment options available from subsidized rent levels to the luxury segment. Most of the larger apartment complexes added over the last 20 years have been low income or subsidized. However, a new apartment complex opened this year in northwest Hanford that has no rent restrictions. After several years of stagnant building permit activity in the multi-family sector, 2014 and 2015 both showed a substantial increase in new building permits.

The median income for Hanford is \$48,655. By contrast, the average for Kings County is \$48,515, both of which are below the State of California average of \$64,878 annually. The average unemployment rate for the city of Hanford as of August 2016 was 8.0%, which has been slowly improving since 2010.

Industry: There are 18 manufacturing plants in the Hanford community area. Leading group classes of products are petroleum, flour, mill products, synthetic yard, fertilizers, micronutrients, and canned tomato products. The Kings Industrial Park is located on the south side of Hanford and includes the majority of Hanford's industrial base including Del Monte Foods (Contadina tomato processing), Exopack (paper manufacturing), Wal-Mart (photo-lab), Cargil (livestock feed), Calcot (cotton storage), and Marquez Brothers (cheese processing). New users to the industrial park include Tessengerlo Kerley Inc. (fertilizer plant) and Pitman Family Farms (poultry processing). The Pitman Family Farms facility is currently under construction while the Tessengerlo Kerley plant opened last year.

The Hanford area is served by the Burlington Northern and Santa Fe Railroad, the Southern Pacific Railroad, and Amtrak. Amtrak San Joaquin serves the San Joaquin Valley from Bakersfield to Sacramento with connections to the Los Angeles region and the Bay Area. Hanford has a small airport for light private aircraft. In October 2001, the city of Hanford received a grant from the FAA for \$820,000 to facilitate an expansion of the airport. The runway was extended 1,200 feet, making it 5,000 feet. Commercial airline service is available in the city of Visalia, approximately 30 miles east of Hanford, and in the city of Fresno, approximately 45 miles northeast of Hanford. The Orange Belt bus lines provide bus service to Hanford. State Highways 198 and 43 serve the city of Hanford. Over 30 motor freight carriers service Hanford with overnight deliveries to most points in California.

Community: Community facilities include two general hospitals, ten elementary schools, three middle schools, three high schools, one continuation school, three parochial schools, one adult school, two junior colleges within 25 miles, and California State University of Fresno only 30 miles to the north. Sierra Pacific High School was recently opened and enrollment began in fall of 2010. A satellite facility for College of the Sequoias and a vocational training center was also recently completed in 2010.

Culturally there are approximately 20 churches, one public library, two newspapers, six TV channels received direct and one cable TV system, nine banks, four credit unions, one savings and loan, six parks, three athletic complexes, and a Carnegie Museum. Other recreational facilities include the Kings Country Fairgrounds including Kings Speedway, one private 18-hole

country club, two 18-hole municipal golf courses in neighboring Lemoore; and boating, fishing and hunting along the Kings River.



There is a newer, \$112 million medical center at the corner of Mall Drive and West 7th Street. The project began in 2007 due to the region's growing demand for health care services. The facility includes 202,000 square feet, three-stories, and 142-beds. Services from Adventist Health's Hanford Community Medical Center and Central Valley General Hospital in town have transferred to the new site. The 142 inpatient beds will include 120 medical/surgical beds and 22 intensive care unit beds, while the Emergency Department will hold 26 treatment stations. In addition, 32,000 square feet in additional expansion area will be shelled in on the second and third floors to house a total of 60 future additional beds when needed. Recently, the hospital was approved for a \$40 million expansion for a new Family Birth Center. The center is proposed for 49,000 square feet and will replace the former birth center along Douty Street. The project broke ground in October, 2013. In terms of staffing, hospital hired about 16 new physicians in 2007 and 18 for 2008. About one third of those typically work in Hanford, with the remainder being spread out in the regional area at other facilities. The hospital intends to hire about 10 new physicians per year as it continues to expand. Nursing staff should be increased by about 10%.

Retail: One of the reasons Hanford is attracting a number of workers from neighboring communities is the quality of life and availability of shopping and services. The Hanford Mall opened in April 1993 and features major retailers such as JC Penney, and Forever 21. A Sears store and auto center opened in 1999. A Ross Dress For Less store in the mall in 2000. The mall includes an additional 166,000 square feet of in-line space including an eight-screen theater. The mall was recently dealt a blow when long time tenant Mervyn's and Gottschalks closed. Kohl's leased the former Mervyn's space while the Gottschalk's store had been occupied by Forever 21. However, Forever 21 closed their store earlier this year and that space is now vacant.

Major discount retailers are also present including Wal-Mart and Orchard Supply Hardware, two Rite Aid Stores and a Walgreens store. Home Depot is located at the northeast corner of 12th Avenue and Lacey Boulevard. The 96,000 square foot store employs 150 to 200 people. Target has a store in the Mall area along with Michael's, Famous Footwear, Old Navy, PetsMart Cold Stone Creamery, and Jamba Juice can also be found at this location. Wal-Mart recently opened a new super center just south of the Target site. A Lowe's store opened in November 2008 northwest of Target on Lacey Boulevard. An auto mall was developed on 37 acres at the northwest quadrant of 12th Avenue and State Highway 198. A Toyota and Hyundai dealership were the first to open.

A new shopping center is being constructed at the intersection of Highway 43 and Highway 198 in East Hanford. The center piece is a new Costco store, which will open in fall of 2016. This center represents the first significant new growth in that sector of town.

Office: Offices within the Hanford market have a strong presence in two locations and generally include the downtown district and the district east of 12th Avenue along Lacey Boulevard. Tenants and owner users include medical, lawyers, accountants, insurance, and real estate. The bulk of the medical offices are located near Hanford's two acute care hospitals. Government offices are also prominent in the downtown and surrounding area.

The majority of office space in the downtown district of Hanford is owner-occupied. The strong owner-user influence promotes elevated pricing when good quality properties become available. There is some office vacancy present in the downtown area but the majority of the vacancies are in older commercial buildings that feature retail users on the ground levels and office users on the upper levels. The downtown district has seen several new developments recently. The vacant Sears building was purchased and completely renovated for office uses. It is anchored by FAST credit union and Kings County. A newer office building was completed for the Social Security Administration near city hall. One of the centerpieces of downtown, the former Hanford Furniture building, was purchased by the law firm of Griswold, LaSalle, Cobb, Dowd and Gin and was renovated as their newer office space.

The higher quality developments along Lacey Boulevard are mostly tenant-occupied. These buildings set the upper tier for quality and condition within the county. A wide range of professional and medical users are present. This location offers excellent access and exposure

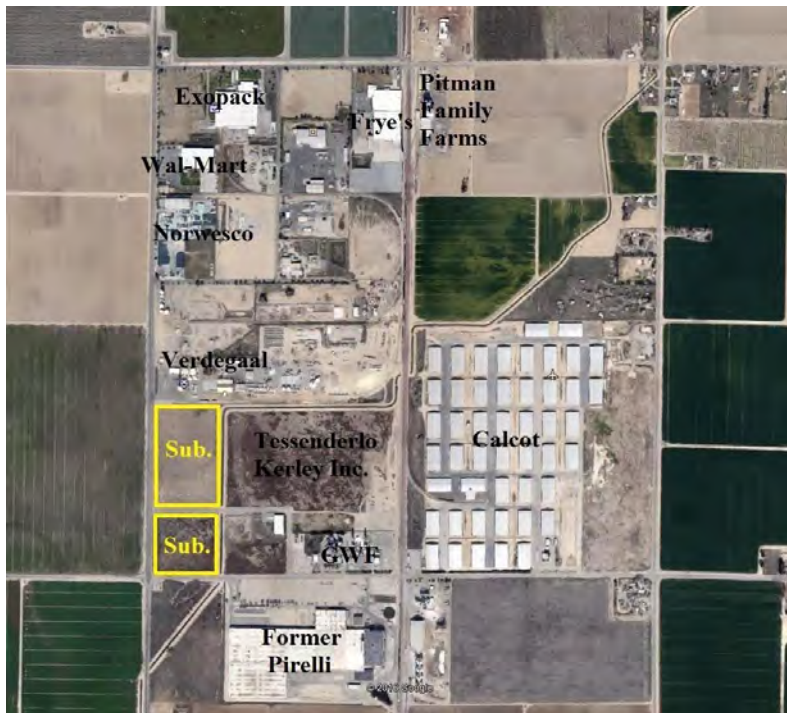
along with proximity to the Kings County Government Center and the new Hanford Community Medical Center. New offices are being added in a mature residential sector along Seventh Street east of Campus Drive as doctors seek to relocate near the new hospital campus.

Summary: The long-term outlook for Hanford is positive. It has a diversified economy based on agriculture, manufacturing, and large public sector employers. It has become the health care provider for the region. Home prices have been on the rise supported by limited supply. Continued improvements in unemployment will further stabilize the local economy. This trend is likely to continue through 2016.

Industrial Park Sub-Market

The subject property is located in the southern portion of the city of Hanford. More specifically, the subject is positioned at the intersection of 11th Avenue and Idaho Avenue in the southern portion of town. This location is part of the primary industrial park, which is generally located between 10th and 11th Avenues, south of Houston Avenue, and north of Jackson Avenue.

Highway 198 is about 3.5 miles to the north and is accessible at both 10th and 11th Avenues. Highway 43 is about 3 miles to the east and is accessible via multiple roadways. The highways provide linkage to larger thoroughfares such as Interstate 5 and Highway 99. In addition, the Burlington Northern Santa Fe railroad line passes through the industrial park in a north-south direction providing rail access.



The broader area surrounding the subject features a mixture of industrial oriented uses. Smaller users are present such as Crop Production Services, Norwesco, Mineral King Minerals, Simplot, and Verdegaa Brothers. Larger users include Del Monte, Exopack, Frye's Electronics, McClellan, Wal-Mart, and the former Pirelli facility. The most recent addition is a new fertilizer plant operated by Tessengerlo Kerley, which is just east of the subject on Energy Street. Pitman Family Farms is currently under construction.

Of note is the former Cargill feed facility, which was purchased by a poultry producer known as Pitman Family Farms. The same buyer then purchased 110 acres from the City of Hanford for \$25,000 per acre. A new poultry processing plant is currently under construction at the site. The former Pirelli plant was converted to multi-tenant warehouse space and still houses a substantial amount of vacancy. However, there is a proposal to convert the plant to a medicinal marijuana growing facility. This proposal is in the very early stages with it set to go before the city council. The Calcot warehouse site is also largely vacant.

There is over 300 acres of vacant land zoned for industrial uses within this sector. Available sites range from 2.5 acres to over 50 acres. The area benefits from municipal infrastructure and rail access. The main limitation is that Hanford is not located along the Highway 99 corridor. With that said, access is adequate and rail access is a plus.

Historically, demand has been stagnant and growth has been slow. This may be a function of the location and smaller rural market when compared to Fresno and Visalia, which have captured the bulk of the industrial base in the region. As a result of low activity, land values have traditionally been fairly stable with most transactions in the \$25,000 to \$35,000 per acre range.



Property Data

Property Data

Location:	The subject is located at the northeast corner of 11 th Avenue and Idaho Avenue, in the City of Hanford, County of Kings, State of California. There is no known site address.
Ownership Info:	Official Records of the County of Kings show fee ownership is vested as City of Hanford, a municipal corporation. There have been no sales transactions on this property within the last three years. It is not currently listed for sale or lease. The subject has consisted as vacant industrial land for many years.
APN:	018-242-067 & 018-242-077; Kings County
Legal Description:	Reviewed and contained in work-file.
Zoning:	The subject property is situated within a planned heavy industrial district (H-I) by the City of Hanford. Permitted uses include manufacturing, warehousing, food processing, and cold storage. Additional uses are allowed with a conditional use permit.
Site Description:	The subject property consists of two separate parcels. APN 018-242-067 sits at the northeast corner of 11th Avenue and Idaho Avenue. It contains 9.81 acres, or 427,324 square feet. APN 018-242-077 sits at the northeast corner of 11th Avenue and Energy Street. It contains 16.43 acres, or 715,691 square feet. Both parcels have a rectangular shape with a level topography. The parcels have frontage on 11th Avenue, Idaho Avenue, and Energy Street. All three frontages are two-lane asphalt-paved city maintained roadways. Each frontage is improved with concrete curb, gutter, and street lighting. All municipal utilities are available.
Access & Visibility:	Eleventh Avenue is a north-south arterial roadway that carries above average traffic volume. It links to Highway 198 about 3.5 miles to the north. Idaho Avenue is a two-lane connector street carrying moderate traffic volume. It links to Highway 43 about 3

miles to the east. Energy Street borders the north property line, and is a two-lane collector street.

Exceptions to Title:	No apparent adverse easements or encroachments were noted upon inspection of the subject property. However, this cannot be verified without review of a title report, which was not provided to us. Review of a title report is a contingency of this report.
Flood Zone:	The subject is within Zone X and flood insurance is not required. Source: FEMA Panel No. 06031C-0195C, dated June 16, 2009.
Earthquake Zone:	The subject is not within an Alquist-Priolo special studies zone.
Other Considerations:	The subject is not located within a land preserve, wetlands area or environmentally sensitive area. No onsite hazardous waste conditions were noted by the appraiser during the observation. The reader is directed to the Item 13 of the <i>Contingent and Limiting Conditions</i> for the environmental limitations of this appraisal.
Improvements:	None.

APN 018-242-067



View along 11th Avenue



View of subject from 11th Avenue



View along Idaho Avenue



View of subject from Idaho Avenue

Attachment: 2016.10.07 Appraisal Industrial Land at 11th and Energy Hanford (1767 : Helena Purchase Agreement)

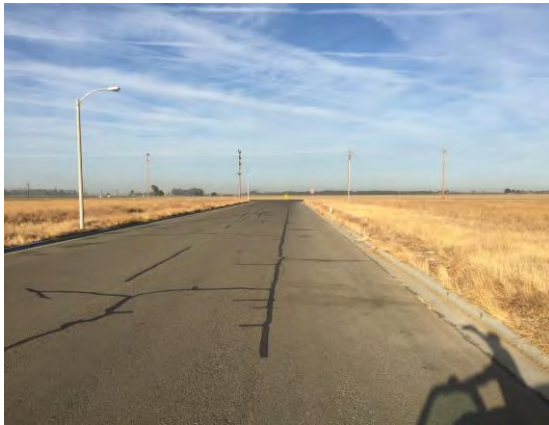
APN 018-242-077



View along 11th Avenue



View of subject from 11th Avenue



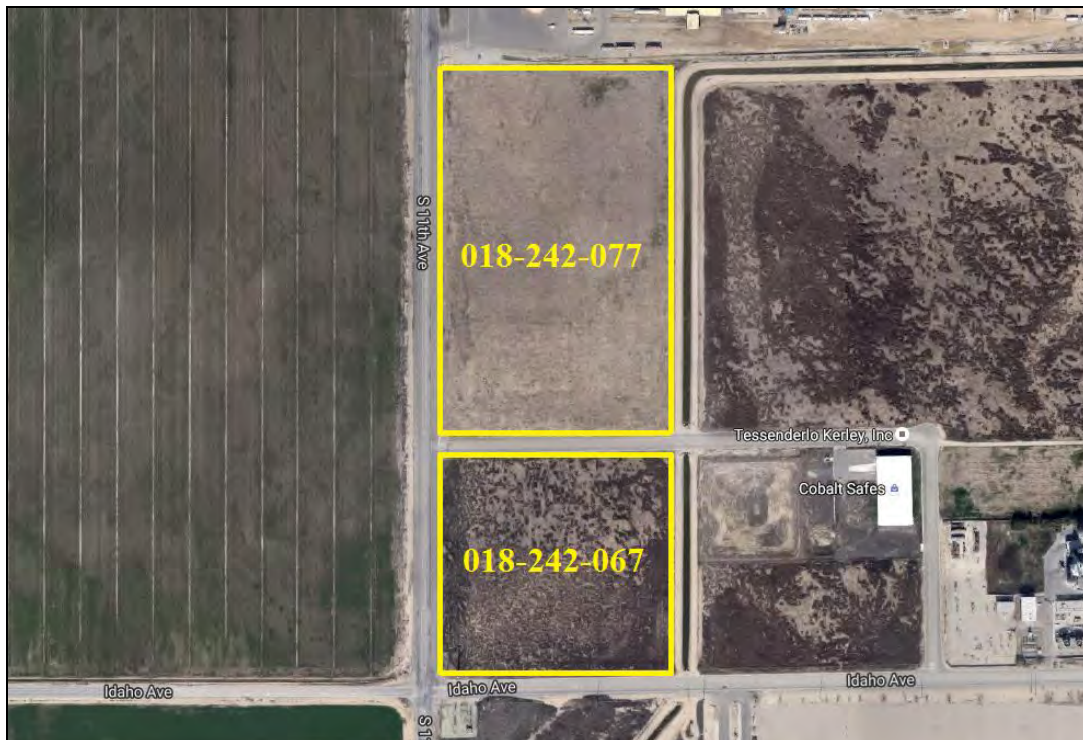
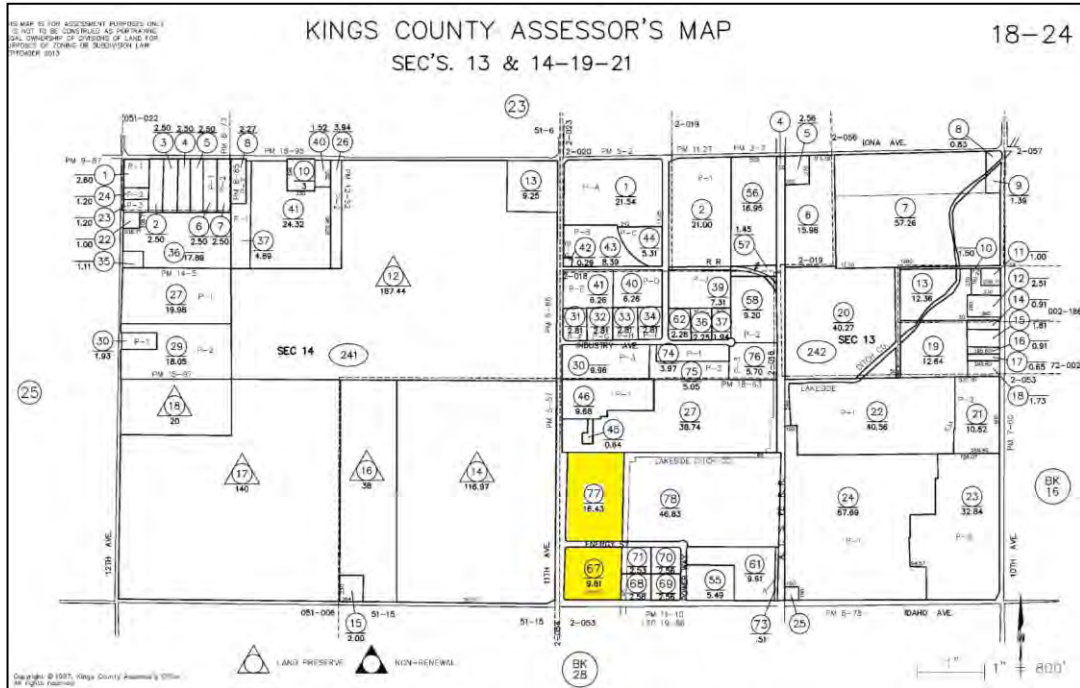
View along Energy Street



View of subject from Energy Street

Attachment: 2016.10.07 Appraisal Industrial Land at 11th and Energy Hanford (1767 : Helena Purchase Agreement)

Subject Maps



Attachment: 2016.10.07 Appraisal Industrial Land at 11th and Energy Hanford (1767 : Helena Purchase Agreement)



Valuation

Highest & Best Use

In the valuation of the subject property, consideration has been given to its highest and best use. The highest and best use analysis involved a study of the present use of the property, uses of surrounding properties, and zoning availability for the subject. Highest and best use may be defined as follows: *"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."* (*The Appraisal of Real Estate, Edition, p.275*)

A highest and best use analysis identifies the most probable and profitable competitive use the subject property could be used for. Since economic conditions change, a property's highest and best use changes as well. This analysis is an essential step in the determination of market value because it forms a framework for the proper selection of comparables. There are four main tests in a highest and best use study: (1) governmental requirements and limitations; (2) physical constraints; (3) financial feasibility, and (4) maximum productivity. If more than one use survives the first three tests, then the use that produces the highest positive reward with the least risk is the highest and best use.

The subject parcels are zoned H-I, which is a planned heavy industrial district by the City of Hanford. Nearby lands are compatibly zoned. Permitted uses include manufacturing, warehousing, food processing, and cold storage. Additionally, a wide range of uses can be allowed with a conditional use permit.

Physically, the subject is comprised of two separate parcels containing 9.81 acres and 16.43 acres. The topography is rough level and at street grade. All municipal utilities are available and all three frontages are improved with curb and gutter. Access and visibility are rated average. The subject has all of the qualities necessary for development with few limitations.

Physical attributes of the property appraised are well suited to serve the use selected below. Usage of the property in this manner produces a positive reward with acceptable risk. There is no significant potential for rezoning to a significantly different use. Based upon legalities, physical elements, as well as economic factors, the highest and best use of the subject is for industrial development.

Sales Comparison Approach

Introduction: The sales comparison approach is the most applicable approach when valuing vacant land. In this approach, the subject property is compared directly with recent sales of similar properties in the marketplace. This comparison is typically accomplished by extracting "units of comparison," for example, price per acre, then adjusting these units of comparison for the comparable sales for differences between the subject and the comparable.

Market Data: The local market area was searched for sales of vacant land parcels zoned for industrial uses. Numerous conveyances were considered on a preliminary basis. Those cited in this appraisal report were judged most comparable. Six sales and one listing were identified and compared with the subject. Each sale has been verified with a reliable source and visually observed by the appraiser. The data indicates a unit price range of \$26,911 to \$90,000 per acre with a median of \$55,594 per acre. The market data is summarized as follows:



Sale 1 is located in the southwest portion of the city of Porterville. It is located on Hope Avenue, west of Newcomb Street within the airport industrial park. The property consists of 9.3 acres of land that is improved with curb and gutter. All municipal utilities are available. The property is currently in escrow. It is being purchased by a firm that plans to build a new 150,000 square foot manufacturing plant for environmentally friendly buses. The purchase price is \$660,000 or \$70,968 per acre. The seller is the City of Porterville.

Sale 2 is located along the Manning Avenue corridor north of Selma. It is a small parcel of farmland zoned for agriculture. However, it is within Selma's sphere of influence with a future land use of industrial. Several large industrial properties are one-quarter mile to the west.

Sale 3 is located in the city of Tulare on the south side of Paige Avenue, east of "K" Street. This location is in the heart of Tulare's industrial sector. The property includes 18.96 acres of land that also includes a house and a shop. All utilities are available, but there are no off-site improvements. It is zoned for light industrial uses. It was listed for \$1,520,000 and was on the market for 22 months. The buyer is a local investor that paid \$1,275,000 or \$67,247 per acre. No value was assigned to the buildings.

Sale 4 is also located in Tulare's industrial sector on the east side of "K" Street, north of Commercial Avenue. The property consists of 19.85 acres of land that is zoned for heavy industrial uses. It had all utilities, but no off-site improvements. There is an auto wrecking yard on a portion of the property that includes a small shop building. The property was not exposed on the market. The buyer is a local investor who has been active in purchasing property in this area. There may have been some motivation to acquire this site due to assemblage. The price was \$1,786,500 or \$90,000 per acre.

Sale 5 is located in the neighboring city of Lemoore. It consists of 3.03 acres of land that is located on the west side of Commerce Street at Iona Avenue. The property has frontage along Highway 198 and has all municipal utilities available. It is finished with curb and gutter. This property was purchased from the City of Lemoore by a neighboring property owner for future expansion. The purchase price was \$125,000 or \$40,850 per acre.

Sale 6 is located immediately east of the subject on Energy Avenue at Power Way. It consists of 45.99 acres of industrial land improved with curb and gutter. All municipal utilities were available. Additionally, a new rail spur was included in the purchase price. The seller was the City of Hanford. The site was purchased for the development of a new fertilizer plant.

Listing 1 is located just north of the subject at the northwest corner of Crown Avenue and Industry Avenue. It is part of a tract of industrial lots with primarily smaller to mid-size industrial users. The property consists of three lots that are improved with curb and gutter. All municipal utilities are available and a rail spur is present along the north property line. The entire assemblage can be purchased for \$63,175 per acre, or the smaller individual lots can be purchased for \$73,571 per acre. These lots have been on the market for several years.

COMPARABLE INDUSTRIAL LAND SALES

	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Listing 1
Location	<i>11th Avenue & Energy Street, Hanford</i>	N.S. of Hope Avenue, west of Newcomb Street, Porterville	SWC of Manning Avenue & Leonard Avenue, Selma	S.S. of Paige Avenue, east of "K" Street, Tulare	E.S. of "K" Street, north of Commercial Avenue, Tulare	W.S. of Commerce at Iona Avenue, Lemoore	N.S. of Energy Street, east of 11th Avenue, Hanford	NWC of Crown Avenue & Industrial Avenue, Hanford
APN	<i>018-242-67, 77</i>	302-390-015 & 024	348-050-25	191-050-039	191-340-001	024-051-32, 33	018-242-064	018-242-033, 034 & 040
Date of Sale	-----	In Escrow	Apr-2016	Dec-2015	Dec-2015	Jul-2014	Jun-2012	Listing
Doc. Number	-----	-----	16-44514	15-76197	15-76199	14-10296	12-10386	-----
Buyer	-----	Green Power Motor Co.	Crossings LP	Five Star Dairy	Five Star Dairy	Amber Investments	Tessenderlo Kerley Inc.	-----
Seller	-----	City of Porterville	Campbell	Harris	Chavez	Community Redevelopment Agency	Community Redevelopment Agency	Koster
Sale Price	-----	\$660,000	\$250,000	\$1,275,000	\$1,786,500	\$125,000	\$1,380,000	\$760,000
Price/Acre	-----	\$70,968	\$26,911	\$67,247	\$90,000	\$40,850	\$30,007	\$63,175
Price/S.F.	-----	\$1.63	\$0.62	\$1.54	\$2.07	\$0.94	\$0.69	\$1.45
Site Size (Ac.)	<i>9.81 & 16.43</i>	9.30	9.29	18.96	19.85	3.06	45.99	12.03
Site Size (S.F.)	<i>427,324 & 715,691</i>	405,108	404,672	825,898	864,666	133,294	2,003,324	524,027
Zoning	<i>H-1</i>	A-1	AE-20	M-1	M-2	M-L	H-1	H-1
Off-sites	<i>Curb & gutter</i>	Curb & gutter	None	None	None	Curb & gutter	Curb & gutter	Curb & gutter
Utilities	<i>All Municipal</i>	All Municipal	Septic, G & E	All Municipal	All Municipal	All Municipal	All Municipal	All Municipal
Orientation	<i>Corner</i>	Interior	Corner	Interior	Interior	Interior	Interior	Corner
On-Sites	<i>None</i>	None	None	None	None	None	Rail Spur	None
Adjustments								
Time of Sale	<i>Current</i>	0%	0%	0%	0%	5%	15%	0%
Sale Conditions	<i>Normal</i>	0%	0%	0%	-10%	0%	0%	-10%
Location	<i>Average</i>	0%	0%	-25%	-15%	0%	0%	0%
Site Size	<i>9.81 & 16.43</i>	0%	0%	0%	0%	-5%	10%	0%
Zoning	<i>H-1</i>	0%	10%	0%	0%	0%	0%	0%
Off-sites	<i>Yes</i>	0%	10%	10%	10%	0%	0%	0%
Utilities	<i>Yes</i>	0%	10%	0%	0%	0%	0%	0%
On-Sites	<i>None</i>	0%	0%	0%	0%	0%	-15%	0%
Total Adj. %	-----	0%	30%	-15%	-15%	0%	10%	-10%
Price/Sq. Ft.		\$70,968	\$34,984	\$57,160	\$76,500	\$40,850	\$33,007	\$56,858

Conclusion: The comparables are considered to be pertinent indicators of value. Observations of market conditions indicate that adjustments may be required for property rights conveyed, conditions of sale, time of sale, location, size, zoning, off-sites and utilities. The adjustments are summarized in the lower half of the sales chart on the preceding page. After adjustment the sales range from \$33,007 to \$76,500 per acre with a median of \$56,858 per acre.

Sale 4 sets the high end at \$76,500 per acre. Tulare is a superior market due to its location along the Highway 99 corridor. Additionally, this sale was influenced by a motivated buyer accumulating land in this area. Sale 1 is also at the upper end of the range. The Porterville location is considered more comparable, as Porterville and Hanford have tended to have comparable raw industrial land values. However, given the higher price point, it is possible this sale is not typical and may include a motivated buyer.

The low end of the range is influenced by Sales 2 and 6. Sale 2 is more transitional in nature and is given less weight. While located near the subject, Sale 6 is quite dated. Both of these sales are given less weight.

The remaining sales bracket a range of \$40,850 to \$57,160 per acre.

Local listing activity was also considered. Only a few private party listings in Hanford were found with Listing 1 being the most similar. This property has had considerable market exposure at that price point with no success. This could suggest that the asking price of \$63,175 per acre is too high. The economic development agencies of Hanford and Lemoore have historically sold finished sites in the \$30,000 to \$45,000 per acre range. This trend coupled with other market factors already discussed has led to fairly stagnant land values locally. It is difficult to foresee land value patterns substantially changing over the short-term.

All factors considered; a unit value of \$40,000 per acre is best supported for the subject. By the sales comparison approach, it is my opinion that the value of the subject is as follows:

APN 018-242-067
9.81 Acres @ \$40,000 / Acre = \$392,400
Rounded = \$390,000

APN 018-242-077
16.43 Acres @ \$40,000 / Acre = \$657,200
Rounded = \$660,000

Reasonable Exposure Time: The assumptions and conclusions reached in the valuation section of this report were considered. A review was made of actual exposure times from the comparable sales data as well as a survey of real estate brokers knowledgeable in this market. It is my opinion that an exposure time of twelve months or less is reasonable for the subject at the appraised value.



Addenda

Qualifications of Timothy J. Simon, MAI

STATE OF CALIFORNIA CERTIFICATION

State of California Office of Real Estate Appraisers - Certified General Real Estate Appraiser. Certificate # AG010007, Expiration May 7, 2017.

PROFESSIONAL AFFILIATIONS

MAI - The Appraisal Institute. Member # 10,157 (October 1993)
 1999 President - Central California Chapter
 State of California Licensed Real Estate Broker # 01264078

EDUCATION

California State University, Fresno

Bachelor of Science, Industrial Technology - Construction, 1981

The Appraisal Institute (1986-Present)

1A1, Real Estate Appraisal Principles
 1A2, Basic Valuation Procedures
 1BA, Capitalization Theory and Techniques A
 1BB, Capitalization Theory and Techniques B
 2-1 Case Studies in Real Estate
 2-2, Report Writing and Valuation Analysis
 SPP-A, B and C, Standards of Professional Practice
International Right of Way Association
 Course 403 Easement Valuation
 Course 214 Skills of Expert Testimony
 Numerous Appraisal Seminars and Workshops

INSTRUCTOR

Instructor of appraisal classes at College of the Sequoias, a community college located in Visalia, CA. (1994)

PARTIAL LIST OF PROPERTY TYPES APPRAISED

Office Buildings	Industrial Properties	Shopping Centers
Apartment Buildings	Residential Subdivisions	Agricultural Properties
Eminent Domain/Right of Way	Special Purpose Properties	

APPRAISAL EXPERIENCE

American Appraisal Associates Walnut Creek, CA 1981-86
 Building cost analyst and real estate appraiser. Clients included numerous corporations, business firms, lending institutions and government agencies.
Wells Fargo Bank Real Estate Industries Group Walnut Creek, CA 1986-88
 Staff real estate appraiser. Clientele were medium to large developers for construction lending and permanent financing of existing and proposed construction.
Real Property Analysts Fresno, CA 1988-92

Independent fee appraiser. Proposed and existing income real property. Right of way appraisals for Government agencies.

Simon Company Hanford, CA 1992-Present

Independent fee appraiser, self-employed.

COURT EXPERIENCE

Qualified as an expert witness in Kings and Tulare County Superior Court

PARTIAL LIST OF CLIENTS SERVED

Lending Institutions:

Wells Fargo Bank
Bank of America
Sanwa Bank California
Bank of the West
The California Stockmen's Bank
Imperial Thrift & Loan
Westamerica Bank
Clovis Community Bank
Bank of the Sierra
United Security Bank
Comercia Bank
Stockton Savings Bank
Sacramento State Bank
Goleta National Bank
Kaweah National Bank
Heritage Bank of Commerce
California Federal Bank
Zion First National Bank
Federal Land Bank
Temucula Valley Bank
Rabo Bank
Valley Business Bank
Premier Valley Bank
Suncrest Bank

Corporations:

McDonald's Corporation
Chevron USA
Principal Financial
Adventist Health Systems

Law Firms:

Kahn, Soares & Conway – Hanford, CA
Griswold, LaSalle, Cobb, Dowd & Gin – Hanford, CA
Maroot, Hardcastle & Hatherley – Hanford & Visalia, CA
Lazano Smith – Fresno, CA
Horsewill Mederos & Dorman – Tulare, CA

Governmental Agencies:

Kings County
Tulare County
City of Hanford
City of Corcoran
City of Lindsay
City of Porterville
City of Huron
Visalia Redevelopment Agency
Hanford Elementary School District
Pioneer School District
Riverdale Unified School District
Central Unified School District
Island Union School District
College of the Sequoias
West Hills College
Lemoore Unified School District
Sierra Kings District Hospital
Hanford Community Medical Center
California Dept. Of Transportation
Southern California Edison Co.
Southern California Gas Co.
Kings County Water District
Tulare Lake Drainage District
Resolution Trust Company

Accounting Firms:

Brown, Neuman & Semas/Hanford, CA
Gilman, Harris and Travoli/Visalia, CA
M Green and Company/Hanford, Visalia
and Tulare, CA

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All opinions, analyses, and conclusions stated herein are intended for the exclusive use of our client and other specifically identified intended users. Only the client and other specifically identified intended users may use this report for the sole purpose and intended use stated herein.

End of Report

**SHARED APPRECIATION
SECURED PROMISSORY NOTE**

\$246,450.00

September 20, 2011
Hanford, California

FOR VALUE RECEIVED the undersigned, the CITY OF HANFORD, a municipal corporation ("**Maker**"), promises to pay in lawful money of the United States to the KINGS COUNTY ECONOMIC DEVELOPMENT CORPORATION, a California Non-Profit Public Benefit corporation ("**Holder**"), or order, at Hanford, California, or such other location designed by Holder, the principal sum of Two Hundred Forty-Six Thousand, Four Hundred Fifty Dollars (\$246,450.00) with no interest thereon.

Maker and Holder acknowledge and agree that this Promissory Note represents a shared appreciation loan by Holder to Maker. The loan funds will be used by Maker to fund fifty percent (50%) of the purchase price of real property located in Hanford, California, purchased by Maker from Eliot Carmi and Cristina Alicia Carmi for a total purchase price of Four Hundred Ninety-Two Thousand, Nine Hundred Dollars (\$492,900.00) ("**Purchase Price**"). The real property purchased by Maker ("**Real Property**") is more particularly described in the Shared Appreciation Deed of Trust of same date herewith and which secures Maker's performance under this Promissory Note ("**Deed of Trust**").

The principal balance of this Promissory Note shall be paid to Holder as portions of the Real Property are sold by Maker. Prior to the close of escrow for the sale of any portion of the Real Property, Holder shall provide to the escrow holder, on or before the date of close of escrow, a partial reconveyance of the Deed of Trust as to the portion of the Real Property sold by Maker. In consideration of providing a partial reconveyance, Maker shall pay to Holder Fifteen Thousand Dollars (\$15,000.00) per acre ("**Principal Installment**") for each acre subject to Holder's partial reconveyance on the date of close of escrow for the sale of that portion of the Real Property. Payments of Principal Installments shall continue in this fashion until the sale of the last portion of the Real Property at which time the remaining principal balance of this Promissory Note shall be paid in full.

Should Maker elect to transfer title to any portion of the Real Property for consideration other than cash, Holder shall remain entitled to payment of the Principal Installment and CDI (defined below) for that portion of the Real Property transferred, with the CDI calculated based upon the Bare Land Price (defined below) for that portion of the Real Property transferred, unless Holder elects to waive payment of such Principal Installment and/or elects to waive or accept a reduced CDI. In the event Maker and Holder cannot reasonably agree upon the Bare Land Price for that portion of the

Real Property transferred, the appraisal process described in the first full paragraph of page 4 below shall be utilized to identify the Bare Land Price for the purposes of this paragraph.

Holder and Maker agree to perform their obligations under this Promissory Note and the Deed of Trust in good faith and to deal fairly with each other. Maker agrees that the sale or lease of any portion of the Real Property will be through an arms-length transaction unless otherwise consented to by Holder.

Holder and Maker agree that the principal balance of this Promissory Note shall not accrue fixed rate interest, but instead, Maker shall pay Holder contingent deferred interest ("CDI") which shall be calculated as follows: Should Maker sell any portion of the Real Property for a price in excess of Thirty Thousand Dollars (\$30,000.00) per acre, Holder shall receive on the date of close of escrow for the sale of that portion of the Real Property, an amount equal to fifty percent (50%) of that portion of the Purchase Price for that portion of the Real Property in excess of Thirty Thousand Dollars (\$30,000.00) per acre. For purposes of example only, should Maker sell an acre of the Real Property for Forty Thousand Dollars (\$40,000.00) per acre, Forty Thousand Dollars (\$40,000.00) per acre less Thirty Thousand Dollars (\$30,000.00) equals Ten Thousand Dollars (\$10,000.00), with Holder receiving half of that amount, Five Thousand Dollars (\$5,000.00) per acre, as CDI. The CDI received by Holder will be in addition to the Principal Installment due upon the sale of that portion of the Real Property. Maker will, with respect to each sale of a portion of the Real Property, retain the sales proceeds remaining after payment of the Principal Installment and CDI to Holder.

On the sale of the last portion of the Real Property, Holder shall provide to escrow holder on or before the date of close of escrow, a full reconveyance of the Deed of Trust. On the date of close of escrow for the sale of the last portion of the Real Property, Holder shall receive any remaining portion of the Principal Installment that may be due and was not waived by Holder plus any CDI Holder may be entitled to receive plus an amount equal to Fifteen Thousand Dollars (\$15,000.00) per acre for those portions of Real Property that were used for the construction of streets, storm drainage basins and any other public improvements constructed by Maker. On the date of close of escrow for the sale of the last portion of the Real Property and the payment to Holder of all remaining Principal Installments and CDI, this Promissory Note shall terminate.

Maker shall have the right to prepay all or any part of the outstanding unpaid principal balance of this Promissory Note at any time without penalty. Should Maker prepay all or any portion of the outstanding principal balance of this Promissory Note before all of the Real Property is sold, the Deed of Trust shall remain a lien against title to the Real Property only to secure Maker's payment of any CDI due Holder from the sale of the remainder of the Real Property. However, prior to the close of escrow for the sale of any portion of the Real Property occurring after the principal balance of this Promissory Note has been paid in full, Holder shall provide to the escrow holder, on or before the date of close of escrow, a partial reconveyance of the Deed of Trust as to the portion of the Real Property sold, subject to payment to Holder, on the date of close of escrow of CDI, if any, due to Holder for the sale of that portion of the Real Property.

In the event of Maker's failure to perform when due any obligation, covenant or agreement of this Promissory Note or the Deed of Trust which secures Maker's performance under this Promissory Note, Holder may accelerate this Promissory Note and demand immediate payment of all unpaid principal. In such event, the Deed of Trust shall remain a lien against title to the Real Property only to secure Maker's payment of any CDI due to Holder from the sale of the remainder of the Real Property. However, prior to the close of escrow for the sale of any portion of the Real Property occurring after Holder's acceleration of payment under this Promissory Note, Holder shall provide to escrow holder, on or before the date of close of escrow, a partial reconveyance of the Deed of Trust as to the portion of the Real Property sold, subject to payment to Holder on the date of close of escrow of CDI, if any, due to Holder for the sale of that portion of Real Property.

Should Maker default under any of the terms and conditions of this Promissory Note or the Deed of Trust securing Maker's performance hereunder, and an attorney is hired for collection, or if suit is filed hereon, Maker agrees to pay to Holder all reasonable costs of collection, including attorneys' fees. The amounts due Holder hereunder shall have equal priority with, and be secured by, the Deed of Trust securing this Promissory note.

The breach by Maker of any term or consideration of the Deed of Trust shall also constitute a material breach of this Promissory Note and as a result of such breach, the payment of principal shall be accelerated and shall become immediately due and payable.

Should Holder fail to perform when due any obligation, covenant or agreement it is required to perform under this Promissory Note, including, without limitation, providing any partial release of the Deed of Trust within the time period required under this Promissory Note, and Maker is not in breach of any provision of this Promissory Note or the Deed of Trust, Maker shall be relieved of all its obligations under this Promissory Note, including, without limitations, the payment to Holder of any Principal Installment or CDI until Holder completes its required performance.

In the event of any breach or default by Holder or Maker of their respective obligations under this Promissory Note, the non-defaulting party may maintain an action at law or in equity, including, without limitation, an action for damages or specific performance. Because the Real Property is unique and the amount thereof limited for sale to purchasers, irreparable harm could result if the Promissory Note was not strictly enforced. Therefore, the rights and obligations of the parties hereto may be enforced by a court of equity by a decree of specific performance and/or appropriate injunctive relief. Such remedies shall be cumulative and not exclusive and shall be in addition to all other remedies which any party may have under this Promissory Note or otherwise.

Holder and Maker acknowledge and agree that the relationship between Holder and Maker is one of lender and borrower and no other. Nothing contained in this Promissory Note or the Deed of Trust shall create or be construed as creating a partnership, joint venture or any other relationship other than lender and borrower.

Maker shall have, upon receiving Holder's approval, the right to lease any portion of the Real Property ("**Leased Property**"). Holder's approval will not be unreasonably withheld.

Should Maker lease any portion of the Real Property, Maker shall, except as otherwise provided, pay to Holder on or before the date the lease term commences, a Principal Installment for each acre of Leased Property. The Principal Installment payment will **not** be due and payable upon the execution of any agricultural lease for the cultivation of crops on the Real Property by Maker's tenant(s).

In addition to the Principal Installment, Holder will be entitled to one-half (½) of the net rental income generated under each approved lease. Net rental income shall equal the rent paid by a tenant less any costs incurred by Maker that are associated with the lease. Maker will pay one-half of the net rental income to Holder within thirty (30) calendar days of Maker's receipt of each rental payment.

In the event of a lease, the Deed of Trust shall remain a lien against title to the Real Property only to secure Maker's payment of any CDI due Holder upon the sale of the Leased Property. Holder agrees to subordinate the Deed of Trust to: (1) deeds of trust or other security instruments recorded against the Leased Property securing construction and permanent financing obtained by Maker or any lessee of the Leased Property for the development and improvement of the Leased Property; and (2) any lease of the Leased Property.

Should Maker sell the Leased Property, any CDI due Holder from the sale of the Leased Property shall be based upon the sale of the Leased Property as bare land without any on-site improvements made after the Lease is executed ("**Bare Land Price**"). Maker and Holder shall have fifteen (15) days from the date of written notice from Maker to Holder advising Holder of Maker's election to sell the Leased Property to agree on the Bare Land Price. Should Maker and Holder fail to agree on the Bare Land Price within said fifteen (15) day period, Maker and Holder will have ten (10) days from the end of the fifteen (15) day period to attempt to agree on a single appraiser to appraise the Leased Property and determine the Bare Land Price. Should Maker and Holder fail to agree on a single appraiser within the ten (10) day period, Maker and Holder shall have five (5) days to each select an appraiser to appraise the Leased Property and determine the Bare Land Price. If either Holder or Maker fails to select an appraiser within said five (5) day period, the appraiser selected by the other shall act as the sole appraiser to determine the Bare Land Price. Once selected, the appraiser or appraisers will have thirty (30) days to issue a final appraisal identifying the Bare Land Price. If the appraisers cannot agree on a Bare Land Price, they shall each provide an appraisal of the Bare Land Price. The Bare Land Price shown in each appraisal will be added together and divided by two (2) and that number will constitute the Bare Land Price to be used to determine whether any CDI is owed to Holder. Prior to the close of escrow for the sale of the Leased Property, Holder shall provide to escrow holder, on or before the date of close of escrow, a partial reconveyance of the Deed of Trust for the Leased Property sold, subject to payment to Holder on the date of close of escrow of CDI, if any, due Holder for the sale of the Leased Property.

This Promissory Note shall be governed and construed in accordance with the laws of the State of California as those laws are applied to written contracts between residents of said jurisdiction to be performed within said jurisdiction.

Time is of the essence in the performance of the obligations of Maker under this Promissory Note.

All payments under this Promissory Note shall be made in lawful money of the United States of America to Kings County Economic Development Corporation, 120 North Irwin Street, Hanford, California 93230, or at such other address as Holder may designate in writing from time to time.

Any notices or other communication required or permitted under this Agreement shall be in writing, and shall be (a) personally delivered, or sent by certified or registered United States mail, postage prepaid, return receipt requested, to the address of the party set forth in this paragraph; or (b) telecopied to the Fax number of the party set forth below. Such notice or communication shall be deemed given when delivered in person, when the telecopy is received or, in the case of the mailed notice, at the time of deposit in the United States mail to the addresses shown below:

To Holder: Kings County Economic Development Corporation
120 N. Irwin Street
Hanford, CA 93230
Fax#(559) 585-7398

With a copy to: K. Phillip Maroot
MAROOT & HARDCASTLE
429 N. Redington Street
Hanford, CA 93230
Fax#(559) 584-7625

To Maker: City of Hanford
319 N. Douty Street
Hanford, CA 93230
Attn: City Manager
Fax#(559) 582-1152

With copy to: Robert M. Dowd
Ty N. Mizote
GRISWOLD, LaSALLE, COBB,
DOWD & GIN, LLP
111 E. Seventh Street
Hanford, CA 93230
Fax#(559) 582-3106

Any party may designate a new address for notice by written notice to the other party mailed or transmitted as herein provided.

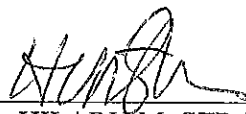
Maker expressly waives demand and presentment for payment, notice of nonpayment, protest, notice of protest, notice of dishonor, bringing of suit, and diligence in making any action to collect any amounts called for hereunder.

This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the matters set forth herein and contains all of the covenants and agreements between the parties regarding such matter. Each party to this Agreement acknowledges that no representations, inducements, promises or agreements, orally or in writing, have been made by any party or anyone acting on behalf of any party which are not embodied in this Agreement and no other agreement, statement or promises shall be valid or binding.

No change, amendment or modification of this Agreement shall be valid unless the same be in writing and signed by the parties hereto.

This Promissory Note is secured by a Deed of Trust of same date herewith.

CITY OF HANFORD

By: 
 HILARY M. STRAUS
 City Manager

H:\Documents\Mizote\Hanford, City of\Redevelopment Agency\Carm\Repurchase\Shared Appreciation Promissory Note - 09-15-11 Clean Draft.wpd

Attachment: signed Promissory Note 9-20-11 (002) (1767 : Helena Purchase Agreement)

Recording Requested By:
Chicago Title Company
Escrow #41006233EG



Doc Nbr: 1117553
Doc Type: 08

Titles: 02		Pages: 15.F.f
Fees:	0.00	
Taxes:	0.00	
Paid:	\$0.00	

RECORDING REQUESTED BY AND)
WHEN RECORDED RETURN TO:)

Kings County Economic Development Corp.)
120 N. Irwin Street)
Hanford, CA 93230)

Kings County Clerk Recorder-157200 10/07/201
Ken Baird 08:00:0

Chicago Title Company

RE
Attachment: 2011.10.07 Recorded Shared Appreciation Deed of Trust (1767 : Helena Purchase Agreement)

**SHARED APPRECIATION
DEED OF TRUST WITH ASSIGNMENT OF RENTS
(This Deed of Trust Contains an Acceleration Clause)**

THIS DEED OF TRUST, made this 20th day of September, 2011, between the CITY OF HANFORD, a municipal corporation, herein called **TRUSTOR**, whose address is 319 N. Douty Street, Hanford, California 93230,

FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation, herein called **TRUSTEE**,

and KINGS COUNTY ECONOMIC DEVELOPMENT CORPORATION, herein called **BENEFICIARY**,

WITNESSETH: That Trustor grants to Trustee in Trust, with Power of Sale, that property in the CITY OF HANFORD, California described as:

SEE EXHIBIT "A," which is attached hereto and made a part hereof,

TOGETHER WITH the rents, issues and profits thereof, SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits for the purpose of securing (1) payment of the sum of **\$246,450.00** with contingent deferred interest thereon according to the terms of a Shared Appreciation Secured Promissory Note or notes of even date herewith ("Note") payable to order of Beneficiary, and extensions or renewals thereof, (2) the performance of each agreement of Trustor incorporated by reference or contained herein and (3) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or their successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

To protect the security of this Deed of Trust, and with respect to the property above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually

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agreed that each and all of the terms and provisions set forth in subdivision B of the fictitious deed of trust recorded in Orange County August 17, 1964, and in all other counties August 18, 1964, in the book and at the page of Official Records in the office of the county recorder where said property is located, noted below opposite the name of such county, namely:

County	Book	Page	County	Book	Page	County	Book	Page	
Alameda	1288	556	Madera	911	136	San Luis Obispo	1311	137	
Alpine	3	130-31	Marin	1849	122	San Mateo	4778	175	
Amador	133	438	Mariposa	90	453	Santa Barbara	2065	881	
Butte	1330	513	Mendocino	667	99	Santa Clara	6626	664	
Calaveras	185	338	Merced	1660	753	Santa Cruz	1638	607	
Colusa	323	391	Modoc	191	93	Shasta	800	633	
Contra Costa	4684	1	Mono	69	302	Sierra	38	187	
Del Norte	101	549	Monterey	357	239	Siskiyou	506	762	
El Dorado	704	635	Napa	704	742	Solano	1287	182	
Fresno	5052	623	Nevada	363	94	Sonoma	2067	427	
Glenn	469	76	Orange	7182	18	Stanislaus	1970	56	
Humboldt	801	83	Placer	1028	379	Sutter	655	585	
Imperial	1189	701	Plumas	166	1307	Tehama	457	183	
Inyo	165	672	Riverside	3778	347	Trinity	108	595	
Kern	3756	60	Sacramento	5039	124	Tulare	2530	108	
Kings	858	713 ~	San Benito	300	405	Tuolumne	177	160	
Lake	437	110	San Bernardino	6213	768	Ventura	2607	237	
Lassen	192	367	San Diego	Series 5 Book 1964, Page 149774			Yolo	769	16
Los Angeles	T03878	874	San Francisco	A-804	596	Yuba	398	693	
			San Joaquin	2855	283				

shall inure to and bind the parties hereto, with respect to the property above described. Said agreements, terms and provisions contained in said subdivisions A and B, (identical in all counties, and printed on pages 5 and 6 hereof) are by the within reference thereto, incorporated herein and made a part of this Deed of Trust for all purposes as fully as if set forth at length herein, and Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge therefor does not exceed the maximum allowed by law.

If the trustor shall sell, convey or alienate said property, or any part thereof, or any interest therein, or shall be divested of his title or any interest therein in any manner or way, whether voluntarily or involuntarily, without the written consent of the beneficiary being first had and obtained, beneficiary shall have the right, at its option, except as prohibited by law, to declare any indebtedness or obligations secured hereby, irrespective of the maturity date specified in any note evidencing the same, immediately due and payable.

The undersigned Trustor requests that a copy of any Notice of Default and any Notice of Sale hereunder be mailed to him at its address hereinbefore set forth.

Dated: September 20, 2011

CITY OF HANFORD

By:



HILARY M. STRAUS
City Manager

EXHIBIT A

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF HANFORD, COUNTY OF KINGS, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Parcel A of Parcel Map Waiver 08-01, as evidenced by document recorded December 3, 2010 as Document No. 1021597, Kings County Official Records, described as follows:

That portion of the Southwest quarter of Section 13, Township 19 South, Range 21 East, Mount Diablo Base and Meridian, in the City of Hanford, County of Kings, State of California, described as follows:

Commencing at the Southeast corner of said Southwest quarter of Section 13;

Thence, North $01^{\circ}26'53''$ East, along the East line of said Southwest quarter, 1803.35 feet;

Thence, North $89^{\circ}53'58''$ West, parallel with the North line of said Southwest quarter, 50.01 feet, more or less, to the Northeast corner of Parcel D of Parcel Map No. 11-10, Kings County Records;

Thence, continuing North $89^{\circ}53'58''$ West, along said North line of Parcel D, 1862.00 feet, to the Northwest corner of said Parcel D, said point also being the Northeast corner of Parcel C of said Parcel Map No. 11-10, and the TRUE POINT OF BEGINNING;

Thence, North $89^{\circ}53'58''$ West along the North line of said Parcel C, 676.54 feet, to the Northwest corner of said Parcel C and a point on the East right of way line of 11th Avenue;

Thence, South $01^{\circ}28'20''$ West, along the West line of said Parcel C and East right of way line 1027.34 feet, to the beginning a tangent curve, concave Northeasterly, having a radius of 30.00 feet;

Thence, Southeasterly, along said 30.00 foot radius curve, through a central angle of $91^{\circ}15'25''$, an arc distance of 47.78 feet;

Thence, South $89^{\circ}47'05''$ East, parallel with the South line of said Southwest quarter of Section 13, a distance of 645.84 feet, to the intersection with the Southerly prolongation of the East line of said Parcel C;

Thence, North $01^{\circ}28'20''$ East, along said Southerly prolongation and said East line 1059.36 feet, to the TRUE POINT OF BEGINNING.

APN: 018-242-077

4

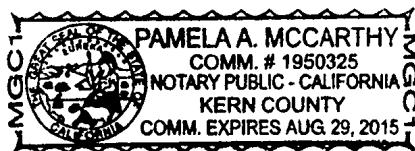
STATE OF CALIFORNIA)
) ss.
 COUNTY OF KERN)

On September 22, 2011, before me, Pamela A. McCarthy, Notary Public, personally appeared Hilary M. Straus, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity and that by his/her signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

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

WITNESS my hand and official seal.

(SEAL)



Pamela A. McCarthy
 Notary Public

Attachment: 2011.10.07 Recorded Shared Appreciation Deed of Trust (1767 : Helena Purchase Agreement)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of KingsOn October 6, 2011 before me, Lori Saldana, Notary Public

Date

Here Insert Name and Title of the Officer

personally appeared Hilary M. Straus

Name(s) of Signer(s)



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

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

WITNESS my hand and official seal.

Signature

Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer Is Representing: _____

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer Is Representing: _____

END OF DOCUMENT

RECORDING REQUESTED BY:**CITY OF HANFORD****WHEN RECORDED MAIL TO:**

CITY OF HANFORD
319 N. Douty Street
Hanford, CA 93230



**SPACE ABOVE THIS LINE FOR
 RECORDER'S USE**

EASEMENT AND CONSTRUCTION AGREEMENT

This EASEMENT AND CONSTRUCTION AGREEMENT ("Agreement") is made and entered into this 1st day of June, 2012, by and between THE CITY OF HANFORD, a municipal corporation ("the City"), and TESSENDERLO KERLEY, INC., a Delaware corporation ("TKI"). The City and TKI are sometimes collectively referred to herein as the "Parties" and singularly as a "Party." This Agreement is made with reference to the following facts:

RECITALS

1. TKI is the owner of 45.99 +/- acres of real property ("Real Property") located in Hanford, Kings County, State of California, more particularly described in Exhibit "A." which is attached hereto and made a part hereof.
2. The City is the owner of 16.43 +/- acres of real property ("Adjacent Property") that is located directly west of the Real Property. The Adjacent Property is more particularly described in Exhibit "B." attached hereto and made a part hereof.
3. The Real Property and the Adjacent Property are collectively hereinafter referred to as "the Industrial Park Properties."
4. TKI shall construct rail improvements on the Real Property that will facilitate the transfer of rail cars between the Real Property and the existing BNSF Railway Company ("BNSF") railroad tracks ("BNSF Mainline") located to the east of the Real Property.

5/31/2012 5:00 PM

Page 1 of 24

5. TKI is willing to grant easement rights to the City and its successors over and across the Real Property for purposes of moving rail cars between the Adjacent Property and the BNSF Mainline.

6. TKI is willing to construct, at TKI's initial cost and expense, certain rail improvements on the Adjacent Property that will facilitate the movement of rail cars between the Adjacent Property and the BNSF Mainline.

7. To permit TKI's construction, maintenance, repair, and replacement of rail improvements on the Adjacent Property, the City is willing to grant easement rights to TKI over and across the Adjacent Property.

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree to the following:

A. Construction of Rail Improvements

1. TKI shall construct on the Real Property and the Adjacent Property a lead rail line ("**Lead Rail Line**"), rail switches (to be constructed only on the Real Property and on land leased by TKI from BNSF to facilitate the construction and use of the Lead Rail Line on the Industrial Park Properties), drainage facilities, and appurtenances thereto (collectively the "**Rail Improvements**"), all of which is intended to and will facilitate the movement of rail cars over the Real Property and the Adjacent property. The Lead Rail Line will originate at and connect to the BNSF track to the east of the Real Property and will run through the Real Property and onto the Adjacent Property. The Rail Improvements shall be constructed in the locations identified in Exhibit "C," attached hereto and made a part hereof.
2. TKI shall commence and complete construction of the Rail Improvements in accordance with the Parties' Supplemental Agreement dated May 31, 2012, the terms of which are incorporated herein by reference.
3. Should one (1) of the City's successors-in-interest desire to utilize the Lead Rail Line for the purpose of moving rail cars, such successor-in-interest must, at its sole cost and expense, construct a side spur and corresponding switch (or switches, as applicable) on the Adjacent Property as a condition of using the Lead Rail Line. The Adjacent Property side spur also shall satisfy BNSF's track requirements, including, without limitation, those requirements already identified in the ITA (defined below) and BNSF Lease (defined below).
4. The Rail Improvements and all improvements constructed by the City's successor-in-interest shall comply with all applicable laws, ordinances, and regulations, and shall meet the requirements and specifications of and be

approved by BNSF and any governmental agency having jurisdiction over the Rail Improvements.

5. The City and its assignees may, but shall not be required to, extend the Lead Rail Line to accommodate potential future owners of parcels of real property that are not the Industrial Park Properties (hereafter referred to as the "**Western Parcels**") for possible future rail transport activities to, from and on any of such Western Parcels.

B. Easement Rights.

1. TKI hereby grants to the City and the City's successors-in-interest a non-exclusive easement to move rail cars over that part of the Rail Improvements that will be located on the portion of the Real Property described in Exhibit "D," attached hereto and made a part hereof ("**Real Property Easement**").
2. The City hereby grants to TKI a non-exclusive easement to enter that portion of the Adjacent Property described in Exhibit "E," attached hereto and made a part hereof ("**Adjacent Property Easement**") for purposes of constructing, maintaining, repairing, and replacing the portion of the Rail Improvements that will be located on the Adjacent Property.
3. The City will cause this Agreement to be recorded in the Official Records of Kings County, California. This Agreement will be the first document recorded after the recording of the Deed from the City under which TKI receives title to the Real Property.
4. The permitted activities identified in this Agreement are not meant to be an exhaustive list, and the Parties do not intend to limit TKI's activities occurring within the Adjacent Property Easement, so long as the same are consistent with the Parties' intent and purposes as hereunder described. TKI shall be allowed to enter and conduct upon the Adjacent Property any and all activities reasonably associated with the Rail Improvements.
5. Except as expressly allowed herein, the City, TKI, and their respective successors-in-interest shall not construct any structure or any other type of improvement of any kind within the Real Property Easement or the Adjacent Property Easement, or on the Real Property or the Adjacent Property that may impede or hinder railroad activities occurring on and over the Rail Improvements or which violates the ITA (defined below) or the BNSF Lease (defined below).
6. The City and its successors shall permit TKI access to the Adjacent Property necessary for the exercise of all rights granted hereunder; provided, however, TKI will not unreasonably interfere with the use of the Adjacent Property or any operations occurring thereon.

C. **Operation of Rail Improvements.**

1. TKI has entered into an Industry Track Agreement ("ITA") and a Lease ("BNSF Lease") with BNSF under which TKI will connect the Lead Rail Line to the BNSF Mainline, thereby making access to the BNSF Mainline available to the Industrial Park Properties. True and correct copies of the executed ITA and BNSF Lease are attached hereto as Exhibits "F" and "G," respectively, and incorporated herein by reference.
2. Construction and operation of the Rail Improvements and corresponding facilities will be subject to the terms of the ITA and BNSF Lease. Except as otherwise provided herein, and as may be agreed upon by the owners of the Industrial Park Properties, the owner of the Adjacent Property will observe and adhere to all terms of the ITA and BNSF Lease that will be executed by TKI and BNSF to ensure that the actions and omissions of the City and its successors-in-interest will not cause a default or breach under the ITA and BNSF Lease. It is also anticipated that the purchaser of the Adjacent Property will be obligated to enter into a separate industry track agreement with BNSF before it will be allowed to use the Rail Improvements. TKI will remain responsible for the inspection, maintenance, repair, improvement, and replacement of the Rail Improvements in accordance with this Rail Easement. The City and its successors-in-interest will not engage in any maintenance, repair, replacement, improvement, modification, or alteration of the Rail Improvements without TKI's prior written consent.
3. The owner of the Adjacent Property will be solely responsible for paying all BNSF fees for rail services provided by BNSF to such party. The owner of the Adjacent Property will indemnify, defend, and hold TKI harmless with respect to any fees charged by BNSF for rail services provided to such party. The owner of the Adjacent Property will contact BNSF to negotiate rail services that such party desires from BNSF.
4. Except as provided herein, TKI will not be responsible for the operation of the Rail Improvements, for moving rail cars to or from the Adjacent Property, or for operating or making arrangements for the Adjacent Property's use of a locomotive, engine, or trackmobile for the movement of rail cars on the Rail Improvements. Such operations will be the responsibility of the owner of the Adjacent Property in connection with both this Easement Agreement and its separate arrangements to be made with BNSF. However, the provisions of this section will not preclude TKI from providing, by agreement, trackmobile or other similar rail services to the owner of the Adjacent Property.
5. TKI may temporarily suspend rail services to the Adjacent Property if the Adjacent Property, including operations occurring thereupon, endangers rail operations over the Rail Improvements, as determined by TKI or BNSF in their reasonable discretion. TKI will have no liability to the owner of the Adjacent

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Property or any other person or entity if rail services are suspended to the Adjacent Property pursuant to this section; provided however, TKI will be responsible for damages caused by TKI's negligent acts or omissions or intentional misconduct. The suspension of rail services will not relieve the owner of the Adjacent Property from the payment of its pro rata share of Maintenance Costs (defined below). The shutdown of a side spur located on the Real Property will not prevent the use of the Rail Improvements by the Adjacent Property unless a dangerous condition, as determined by TKI or BNSF, warrants the shutdown of the Lead Rail Line.

6. The owners of the Industrial Park Properties will allow the City and its assignees, including, without limitation, owners of the Western Parcels, to extend the Lead Rail Line to serve such properties. If such extension occurs, this Agreement shall be amended with respect to the addition of the owner(s) of each of the Western Parcels on which the extended Lead Rail Line is located in order to have consistency with the intentions and obligations currently herein expressed by the parties hereto at the time of its execution. Such amendment(s) shall be entered into by and among the owners of the Real Property, the Adjacent Property and the future owner(s) of the Western Parcels who validly desire to be a party to this Agreement and to acquire rail service to their real property. Such amendment(s) would be agreed upon before an owner of any Western Parcel could obtain the construction of and rail service over the extended Lead Rail Line. Such amendment(s) shall be consistent with the reasonable requirements of the City and BNSF, if and as applicable. More than one amendment to this Agreement may be required at different times if owners of the Western Parcels acquire title to, or request rail service over the extended Lead Rail Line sequentially rather than concurrently. Approvals by parties to any such amendment to this Agreement shall not be unreasonably withheld.

D. Inspection, Maintenance, Repair and Replacement

1. Due to BNSF's requirements, TKI will be responsible for inspection, maintenance, and repair work associated with the Rail Improvements.
2. TKI will, except as otherwise provided herein, arrange for a qualified person or entity to inspect the Rail Improvements as required by: (a) any governmental agency having jurisdiction over the Rail Improvements; or (b) BNSF or any other individual or entity providing rail services over the Rail Improvements.
3. TKI will, except as otherwise provided herein, maintain, repair, and replace the Rail Improvements as required by BNSF in such manner so as to cause the Rail Improvements to comply with all applicable laws, ordinances, and regulations.
4. TKI will perform its obligations under this Section D. in a timely manner, subject to the terms of Section E. below. Should TKI breach this Agreement by failing to perform under this Section D., the owner of the Adjacent Property may submit

a written notice of default to TKI. Except as otherwise provided hereunder, if TKI fails to commence the required maintenance or repair work within seven (7) days of its receipt of such notice or fails to complete the work in an expeditious manner, the owner of the Adjacent Property may undertake such work; provided however, no such notice will be required if an existing or threatened condition constitutes or will constitute an imminent threat to safety or if TKI's failure to act will result in the suspension of rail traffic over the Rail Improvements by BNSF or a governmental agency having jurisdiction over such improvements. TKI will pay the owner of the Adjacent Property for actual, direct costs and damages incurred by the owner pursuant to this Section D.4; payment shall occur in a manner consistent with Sections E.4(b) and (c) below. Actual costs and damages shall be direct and verifiable, supported by reasonably required documentation. TKI's obligation to commence and complete maintenance and repair work is subject to any *force majeure* events occurring, including, but not limited to, fire, riot, strike, the elements, delays caused by BNSF, or other acts of God, and for any delays caused by losses or damages to or incurred by TKI resulting from such *force majeure* events. Any delay caused by such *force majeure* events shall be added to the time period hereinabove provided with regard to the commencement or completion, as applicable, of said maintenance and repair work. TKI will utilize all commercially reasonable effort to address and minimize the duration of any *force majeure* event that may arise.

5. The owner of the Adjacent Parcel shall maintain, repair, and replace, at its sole and separate cost, any side spur that may be constructed on the Adjacent Property. If an inspection report indicates that an Adjacent Property side spur requires maintenance, repair, or replacement, TKI will promptly provide, or will use diligent efforts to cause to be provided if and when known to TKI, a true and correct copy of such report to the owner of the Adjacent Property.
6. The owner of the Adjacent Property shall, at all times, properly maintain, at its sole and separate cost, the Adjacent Property Easement area and prevent the same from becoming dangerous and unsightly; however, the owner of such property shall not maintain, repair, replace, modify or interfere with the Rail Improvements. Such duty to maintain by said owner will include, without limitation, weed abatement and removal of trash and debris from the Adjacent Property Easement.

E. Costs.

1. TKI shall construct the Rail Improvements at its initial cost. TKI shall render timely payment to its contractors and suppliers of construction materials to ensure that no liens are recorded against the Adjacent Property. TKI will promptly obtain lien releases from its contractor and materials suppliers and will provide a true and correct copy of each to the City within ten (10) days of TKI's receipt of the same.
2. The party that purchases the Adjacent Property from the City shall pay to TKI its pro rata portion of the costs to construct the Rail Improvements ("**Construction Costs**") in an amount equal to Seventeen and 6/10ths percent (17.6 %) of Nine Hundred Twenty-One Thousand and xx/100ths Dollars (\$ 921,000.00), for a total reimbursement to TKI of One Hundred Sixty-Two Thousand Ninety-Six and xx/100ths Dollars (\$ 162,096.00). This pro rata apportionment of the Construction Costs is equal to the number of lineal feet of Lead Rail Line located on the Adjacent Property (i.e., 613') divided by the total length of the Lead Rail Line (beginning at the point of connection to the BNSF Mainline and ending at the terminus point on the Adjacent Property; i.e., 3,477').
3. The City will cause the purchaser of the Adjacent Property to deposit the Adjacent Property's pro rata portion of the Construction Costs into escrow with First American Title Company in Fresno California, Darryl Evans, Escrow Officer ("**Escrow Holder**") at the time the City's successor-in-interest acquires the Adjacent Property from the City. If the Rail Improvements have been completed by TKI by the time escrow for the City's sale of the Adjacent Property closes, the Adjacent Property's pro rata portion of the Construction Costs shall be released by the Escrow Holder to TKI at the close of such escrow. Conversely, if the Rail Improvements have not been completed by the time escrow for the City's sale of the Adjacent Property closes, the Adjacent Property's pro rata portion of the Construction Costs shall be held in escrow until TKI completes the Rail Improvements. For purposes of reimbursement to TKI, completion of construction shall be deemed to have occurred upon: (i) completion of all of the facilities comprising the Rail Improvements; and (ii) TKI provides to the City a true and correct copy of all lien releases described in Section E.1 above. The City will not be required to pay any portion of these Construction Costs to TKI; provided however, TKI may seek payment directly from the City if the City fails to cause the purchaser of the Adjacent Property to deposit the Adjacent Property's pro rata portion of the Rail Construction Costs into escrow at the close of the purchaser's escrow for the Adjacent Property or if the City fails to cause the release of such funds to TKI as required hereunder. The City's duties, responsibilities, and obligations hereunder shall cease upon TKI's receipt of payment in full of the Adjacent Property's pro rata share of Construction Costs by the City's successor-in-interest. The cessation of the City's duties, responsibilities, and obligations pursuant to this section will not affect the right

of the City and its assignees to extend the Lead Rail Line to service other properties in accordance with Section C.6 above.

4. TKI will charge the Adjacent Property for such property's pro rata share (i.e., 17.6 %) of the following costs: (i) the cost to inspect the Rail Improvements; (ii) the cost to maintain, repair, and replace the Rail Improvements; and (iii) TKI's administrative fees to oversee the inspection, maintenance, repair, and replacement efforts (collectively "**Maintenance Costs**"). It is estimated that the initial total annual Maintenance Costs for the Rail Improvements will be THIRTY-THREE THOUSAND and NO/100 DOLLARS (\$33,000.00). These Maintenance Costs will be billed and paid as follows:
 - (a) TKI will submit itemized bills quarterly to the owner of the Adjacent Property to evidence the Adjacent Property's share of Maintenance Costs. If TKI utilizes contractors for maintenance and repair work, TKI will include with its billings a true and correct copy of each underlying contractor invoice that represents a fee or cost included in TKI's bill. TKI will not mark up or charge a premium with respect to any services or supplies provided by third parties. Payment will be due within thirty (30) days of the owner's receipt of a TKI bill.
 - (b) Any payment not received by TKI within such thirty (30) day period shall be delinquent and shall: (i) automatically bear interest at the maximum rate allowed by law; and (ii) be subject to a five percent (5%) late fee.
5. Should any of the Industrial Park Properties be subdivided, Maintenance Costs shall be reallocated between the parcels on which the Rail Improvements are located. The new allocation will be calculated on a pro rata basis based upon length of Lead Rail Line located on each of the properties in the same general fashion as is hereinabove described.
6. The Adjacent Property may not avoid paying its share of Maintenance Costs by foregoing the use of the Rail Improvements.
7. TKI may temporarily suspend the Adjacent Property's movement of rail cars over the Real Property Easement if the Adjacent Property is more than sixty (60) calendar days delinquent in rendering payment to TKI for the Adjacent Property's pro rata share of Maintenance Costs.

F. Indemnification

1. The owner of the Adjacent Property will, except as otherwise provided, indemnify, defend, and hold TKI and its shareholders, directors, officers, employees, and agents and their respective heirs, successors, personal representatives and assigns harmless and hereby waives, releases, remises, acquits and forever discharges such parties from any and all suits, causes of

action, legal, equitable or administrative proceedings, claims, demands, actual damages, punitive damages, losses, costs, liabilities, penalties, interest, attorneys' fees and expenses of whatever kind and nature, in law or in equity, known or unknown, which the owner of the Adjacent Property or any other person or entity ever had, now has, hereafter can, shall or may have or acquire or possess arising out of or in any way connected with, directly or indirectly, based upon or arising out of: (i) the condition, status, quality, nature or environmental state of the Adjacent Property and the Adjacent Property Easement, and the Rail Improvements; (ii) the condition, status, quality, nature of any switch, side spur, or any other improvement constructed on the Adjacent Property; (iii) any act or omission of the owner of the Adjacent Property or its shareholders, directors, officers, members, managers, partners, owners, employees, agents, or contractors; and (iv) violation of the ITA or the BNSF Lease by the owner of the Adjacent Property (collectively "**Covered Conditions and Events**"). The duty to indemnify, defend, and hold harmless shall not, however, apply to any suits, causes of action, legal, equitable or administrative proceedings, claims, demands, actual damages, punitive damages, losses, costs, liabilities, penalties, interest, attorneys' fees or expenses of whatever kind and nature arising out of the negligence or intentional misconduct of TKI or shareholders, directors, officers, employees, and agents. The terms of this Section F.1 shall survive the termination of this Agreement.

2. It is the intention of this Agreement that, except as otherwise expressly set forth herein, any and all responsibilities and obligations of the owner of the Adjacent Property to TKI, and any and all rights or claims of TKI as against the owner of the Adjacent Property are, by this release provision, declared null and void and of no present or future effect as to such parties. With respect to the matters released by the owner of the Adjacent Property pursuant to this paragraph, such party waives the benefits of Section 1542 of the Civil Code of the State of California, which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

3. Upon the sale or transfer of the Adjacent Property by the City to its successor-in-interest, the terms and provisions of these indemnity provisions thereafter shall be required to apply mutually and in like manner to both TKI and the City's successor-in-interest with respect to the parcels of real property they each own (i.e., the Real Property and the Adjacent Property) and their activities occurring thereon. At the time the City is in the process of transferring or conveying the Adjacent Property to its successor-in-interest, and prior to the consummation of the same, the City, TKI and said future successor-in-interest shall work together

in good faith, if and as applicable, to amend this Indemnification provision in this document to satisfy the foregoing requirements.

G. Insurance

1. Except as otherwise provided, the owner of the Adjacent Property shall maintain general comprehensive liability insurance, with such limits as the City deems reasonably necessary but initially not less than Two Million and No/100 Dollars (\$2,000,000.00) for injury or death to one person; Two Million and No/100 Dollars (\$2,000,000.00) for injury or death to more than one person; and Two Million and No/100 Dollars (\$2,000,000.00) against claims of third persons for property damage. Said insurance shall cover, without limitation, the owner's use of the Rail Improvements, including the transport of material, hazardous or otherwise, over the Rail Improvements located on the Real Property and properties owned by others. Said coverage shall insure performance by the owner of the Adjacent Property of the indemnity provisions of this Agreement.
2. The City's liability coverage is currently through the Central San Joaquin Valley Risk Management Authority ("RMA"), with the City switching to the CSAC Excess Insurance Authority ("CSAC") as of July 1, 2012. Both entities are joint powers authorities through which members self-insure. The City shall be deemed to have satisfied the liability insurance requirements outlined in the preceding section as long as it maintains a membership in the RMA, CSAC, or a similar joint powers authority through which its members self-insure.
3. TKI reserves the right to adjust, in its sole reasonable discretion, the amount of insurance coverage that shall be maintained hereunder so that it is consistent with industry standards.
4. TKI and its shareholders, directors, officers, employees, and agents, shall be named as additional insureds on liability insurance policies required hereunder.
5. The insurance coverage required hereunder shall be primary and non-contributory with respect to any coverage maintained by TKI.
6. The owner of the Adjacent Property shall cause each of its insurance carriers to provide a waiver of all rights of recovery by way of subrogation against TKI and its shareholders, directors, officers, employees, and agents in connection with any damage covered by said insurance.
7. The City shall, upon the commencement of this Agreement, provide to TKI certificates of insurance and endorsements evidencing that its coverage is consistent with the requirements hereof. Thereafter, the City and its successors-in-interest will provide to TKI updated certificates of insurance and endorsements whenever there is a modification to or renewal of liability coverage. Upon breach of this Agreement by the owner of the Adjacent Property

or upon the owner's duty to indemnify TKI, such owner will, upon TKI's request, provide to TKI a true and correct copy of the owner's general liability insurance policy or equivalent.

8. The coverage required hereunder shall not be canceled or altered without thirty (30) days prior written notice to TKI. TKI acknowledges that the City's liability coverage will switch to CSAC as of July 1, 2012 and that the thirty (30) day notice requirement is non-applicable with respect to the transition.
9. If the owner of the Adjacent Property should fail to secure or maintain the required liability coverage, TKI shall be permitted to obtain such insurance in the owner's name or as the agent of the owner and shall be reimbursed by the owner for the cost of the insurance premiums. The owner of the Adjacent Parcel shall pay TKI interest on paid insurance premiums at the maximum rate allowed by law, computed from the date that premiums are paid by TKI.
10. Upon the sale or transfer of the Adjacent Property by the City to its successor-in-interest, the terms and provisions of these insurance provisions (except as to Section G.2 above) thereafter shall apply mutually and in like manner as to both TKI and the City's successor-in-interest with respect to the parcels of real property they each own (i.e., the Real Property and the Adjacent Property). At the time the City is in the process of transferring or conveying the Adjacent Property to its successor-in-interest, and prior to the consummation of the same, the City, TKI and said future successor-in-interest shall work together, in good faith, if and as applicable, to amend this Insurance provision to satisfy the foregoing requirements.

H. Termination.

1. This Agreement may be terminated upon the mutual agreement of the owners of the Industrial Park Property.
2. Upon termination of this Agreement:
 - (a) TKI will have no duty to remove any of the Rail Improvements from the Real Property and will have no further obligation to maintain, repair, improve, or replace the Rail Improvements.
 - (b) The easement rights hereunder will cease and ownership of the Rail Improvements located on the Adjacent Property shall automatically pass to the owner thereof in their then-current condition.
 - (c) TKI shall have no duty to restore the Adjacent Property Easement or any other portion of the Adjacent Property to the condition that existed prior to TKI's construction of the Rail Improvements.

deposited for next-day delivery with a nationally recognized overnight delivery service, or five (5) business days after being mailed by first class mail, charges and postage prepaid, properly addressed to the party to receive such notice at the last address furnished for such purpose by the party to whom notice is directed and addressed as follows:

To TKI: Chief Executive Officer
 TESSENDERLO KERLEY, INC.
 2255 N. 44th St., Ste. 300
 Phoenix, AZ 85008-3279
 P.O. Box 15627
 Phoenix, AZ 85060-5627
 FAX: (602) 889-8430

To City: City Manager
 CITY OF HANFORD
 319 N. Douty Street
 Hanford, CA 93230
 FAX: (559) 585-2595

10. In the event of a breach of this Agreement by either party, the non-breaching Party may, in addition to the remedies outlined herein, pursue any legal or equitable remedy of the non-breaching Party's choice.
11. In the event any party to this Agreement or a third party beneficiary brings an action to enforce the terms contained herein, the party prevailing in such action shall be entitled to, as part of the Court's order or judgment, its attorneys' fees and costs relating to such legal action.
12. This Agreement may be signed by the Parties in different counterparts and the signature pages combined to create a document binding on all Parties.

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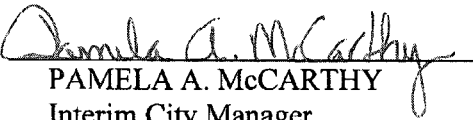
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IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first hereinabove written.

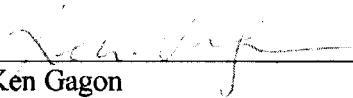
“CITY”

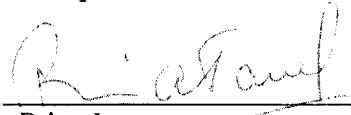
THE CITY OF HANFORD, a municipal corporation

By: 
PAMELA A. McCARTHY
Interim City Manager

“TKI”

TESSENDERLO KERLEY, INC., a Delaware corporation

By: 
Ken Gagon
Group Vice President

By: 
Brian Janes
CAO and Vice President

Attachment: Easement Construction Agreement - Signed (002) (1767 : Helena Purchase Agreement)

STATE OF CALIFORNIA) ss.

COUNTY OF KINGS)

On JUNE 4, 2012, before me, DIANA BLACK, Notary Public, personally appeared PAMELA A. MCCARTHY, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon which behalf the person acted, executed the instrument.

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

WITNESS my hand and official seal.



Signature: *Diana Black*
Notary Public

(Seal)

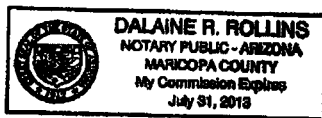
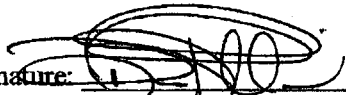
STATE OF ARIZONA

COUNTY OF MARICOPA

On May 24th, 2012, before me, DALAIN E. R. ROLLINS, Notary Public, personally appeared KEN GAGON, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon which behalf the person acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature: 

Notary Public

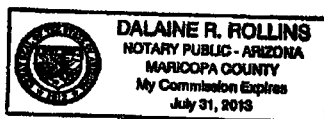
STATE OF ARIZONA

COUNTY OF MARICOPA

On May 24th, 2012, before me, DALAIN E. R. ROLLINS, Notary Public, personally appeared BRIAN JANES, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon which behalf the person acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature: 

Notary Public

EXHIBIT "A"

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF HANFORD, COUNTY OF KINGS, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1

That portion of the Southwest quarter of Section 13, Township 19 South, Range 21 East, Mount Diablo Base and Meridian, in the City of Hanford, County of Kings, State of California, described as follows:

Commencing at the Southeast corner of said Southwest quarter of Section 13;

Thence, North 01° 26' 53" East, along the East line of said Southwest quarter, 1803.35 feet;

Thence, North 89° 53' 58" West, parallel with the North line of said Southwest quarter, 50.01 feet, more or less, to the Northeast corner of Parcel D of Parcel Map No. 11-10, Kings County Records and the TRUE POINT OF BEGINNING;

Thence, continuing North 89° 53' 58" West, 800.00 feet;

Thence, South 01° 26' 53" West, parallel with the East line of said Southwest quarter, 1053.22 feet;

Thence, South 89° 47' 05" East, parallel with the South line of said Southwest quarter, 57.29 feet, to the beginning of a tangent curve, concave Northwesterly, having a radius of 70.00 feet;

Thence, Northeasterly, along said 70.00 foot radius curve, through a central angle of 48° 23' 40", an arc distance of 59.12 feet, to a point of reverse curvature, and beginning of a tangent curve, concave Southwesterly having a radius of 55.00 feet;

Thence, Easterly and Southerly, along said 55.00 foot radius curve, through a central angle of 228° 23' 40", an arc distance of 219.24 feet, to a point on the North line of Parcel A of map recorded in Volume 19 of Licensed Surveyors' Plats at Page 24, Kings County Records;

Thence, South 89° 47' 05" East, parallel with the South line of said Southwest quarter, 647.75 feet, to a point on the East line of said Parcel D;

Thence, North 01° 26' 53" East, along said East line of Parcel D, 1122.84 feet, to the TRUE POINT OF BEGINNING

Contains 20.21 acres

APN: 018-242-063

PARCEL 2

That portion of the Southwest quarter of Section 13, Township 19 South, Range 21 East, Mount Diablo Base and Meridian, in the City of Hanford, County of Kings, State of California, described as follows:

Commencing at the Southeast corner of said Southwest quarter of Section 13;

Thence, North $01^{\circ} 26' 53''$ East, along the East line of said Southwest quarter, 1803.35 feet;

Thence, North $89^{\circ} 53' 58''$ West, parallel with the North line of said Southwest quarter, 50.01 feet, more or less, to the Northeast corner of Parcel D of Parcel Map No. 11-10, Kings County Records;

Thence, continuing North $89^{\circ} 53' 58''$ West, along the North line of said Parcel D, 800.00 feet, to the TRUE POINT OF BEGINNING;

Thence, continuing North $89^{\circ} 53' 58''$ West, along said North line of Parcel D, 1062.00 feet, to the Northwest corner of said Parcel D, said point also being the Northeast corner of Parcel C of said Parcel Map No. 11-10;

Thence, South $01^{\circ} 28' 20''$ West, along the East line of said Parcel C and the Southerly prolongation thereof, 1059.36 feet;

Thence, South $89^{\circ} 47' 05''$ East, parallel with the South line of said Southwest quarter of Section 13, a distance of 667.20 feet, to the beginning of a tangent curve, concave Northwesterly, having a radius of 70.00 feet;

Thence, Northeasterly, along said 70.00 foot radius curve, through a central angle of $26^{\circ} 54' 24''$, an arc distance of 32.87 feet, to a point of reverse curvature, and beginning of a tangent curve, concave Southerly, having a radius of 55.00 feet;

Thence, Easterly, along said 55.00 foot radius curve, through a central angle of $52^{\circ} 12' 58''$, an arc distance of 50.12 feet;

Thence, South $89^{\circ} 47' 05''$ East, parallel with the South line of said Southwest quarter, 315.30 feet;

Thence, North $01^{\circ} 26' 53''$ East, parallel with the East line of said Southwest quarter, 1053.22 feet, To the TRUE POINT OF BEGINNING.

Contains 25.78 acres

APN: 018-242-064

EXHIBIT "B"

Real property in the City of Hanford, County of Kings, State of California, described as follows:

Parcel A of Parcel Map Waiver 08-01, as evidenced by document recorded December 03, 2010 as Document No. 1021597, Kings County Official Records, described as follows:

That portion of the Southwest quarter of Section 13, Township 19 South, Range 21 East, Mount Diablo Base and Meridian, in the City of Hanford, County of Kings, State of California, described as follows:

Commencing at the Southeast corner of said Southwest quarter of Section 13;

Thence, North 01° 26' 53" East, along the East line of said Southwest quarter, 1803.35 feet;

Thence, North 89° 53' 58" West, parallel with the North line of said Southwest quarter, 50.01 feet, more or less, to the Northeast corner of Parcel D of Parcel Map No. 11-10, Kings County Records;

Thence, continuing North 89° 53' 58" West, along said North line of Parcel D, 1862.00 feet, to the Northwest corner of said Parcel D, said point also being the Northeast corner of Parcel C of said Parcel Map No. 11-10, and the true point of beginning;

Thence, North 89°53'58" West along the North line of said Parcel C, 676.54 feet, to the Northwest corner of said Parcel C and a point on the East right of way line of 11th Avenue;

Thence, South 01° 28' 20" West, along the West line of said Parcel C and East right of way line 1027.34 feet, to the beginning a tangent curve, concave Northeasterly, having a radius of 30.00 feet;

Thence, Southeasterly, along said 30.00 foot, radius curve, through a central angle of 91°15'25", an arc distance of 47.78 feet;

Thence, South 89°47'05" East, parallel with the South line of said Southwest quarter of Section 13, a distance of 645.84 feet, to the intersection with the Southerly prolongation of the East line of said Parcel C;

Thence, North 01°28'20" East, along said Southerly prolongation and said East line 1059.36 feet, to the true point of beginning.

APN: 018-242-077

TRACKING NO. LMJ367

EXHIBIT "C"

EXHIBIT "A"ATTACHED TO CONTRACT BETWEEN
BNSF RAILWAY COMPANY
AND

TESSENDERLO KERLEY, INC.

SCALE: 1 IN. = 100 FT.

CALIFORNIA DIV.

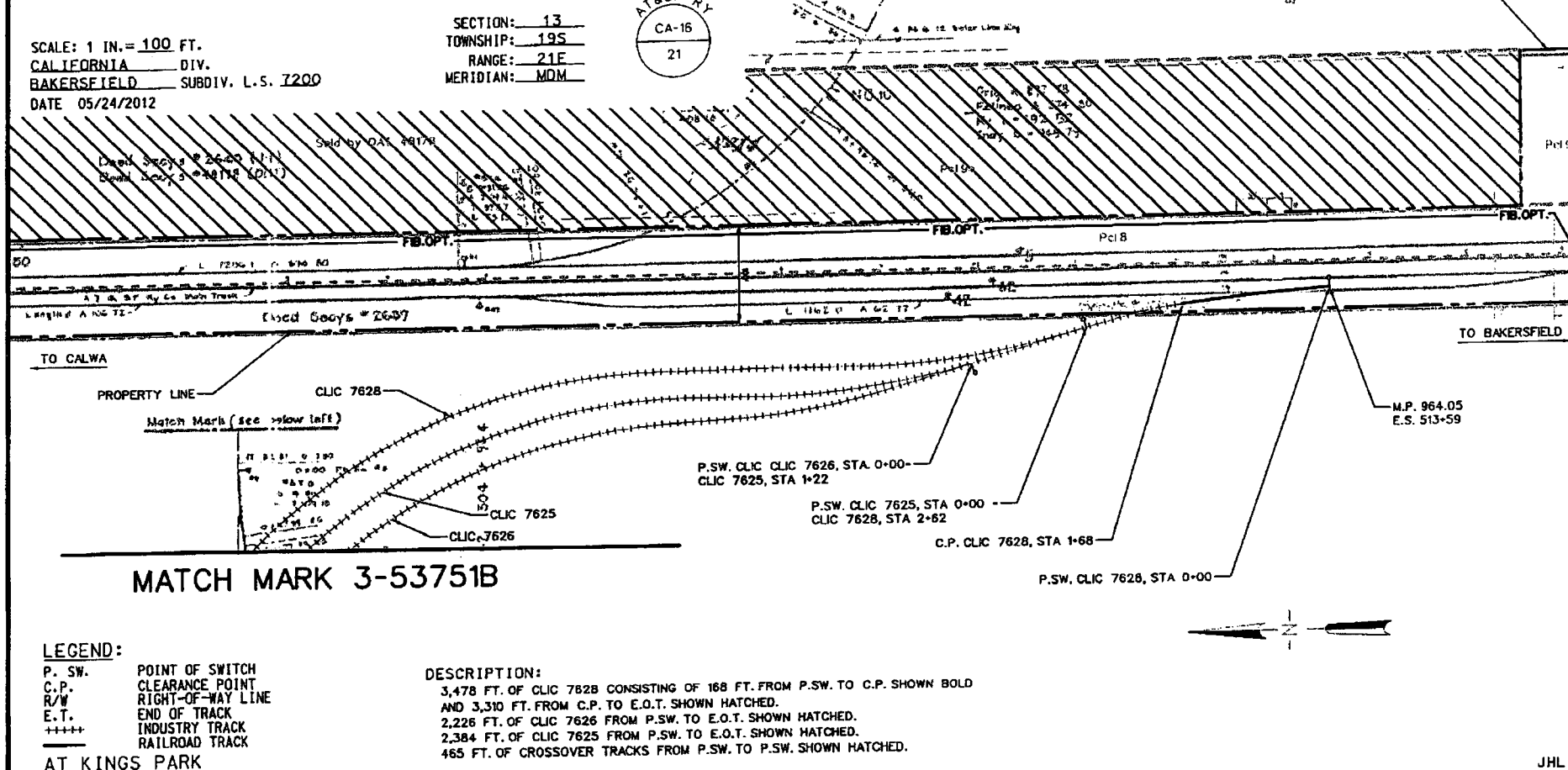
BAKERSFIELD SUBDIV. L.S. 7200

DATE 05/24/2012

SECTION: 13
TOWNSHIP: 19S
RANGE: 21E
MERIDIAN: MDM

TRIM LINE

PROPERTY LINE

**MATCH MARK 3-53751B****LEGEND:**

P. SW. POINT OF SWITCH
C.P. CLEARANCE POINT
R/W RIGHT-OF-WAY LINE
E.T. END OF TRACK
++++ INDUSTRY TRACK
RAILROAD TRACK

AT KINGS PARK
COUNTY OF KINGS**DESCRIPTION:**

3,478 FT. OF CLIC 7628 CONSISTING OF 168 FT. FROM P.S.W. TO C.P. SHOWN BOLD
AND 3,310 FT. FROM C.P. TO E.O.T. SHOWN HATCHED.
2,226 FT. OF CLIC 7626 FROM P.S.W. TO E.O.T. SHOWN HATCHED.
2,384 FT. OF CLIC 7625 FROM P.S.W. TO E.O.T. SHOWN HATCHED.
465 FT. OF CROSSOVER TRACKS FROM P.S.W. TO P.S.W. SHOWN HATCHED.

STATE OF CA

JHL

DRAWING NO. 3-53751A

REVISION 2

MAP REF. 505061

Attachment: Easement Construction Agreement - Signed (002) (1767 : Helena Purchase Agreement)

TRACKING NO. LMJ367

EXHIBIT "C"

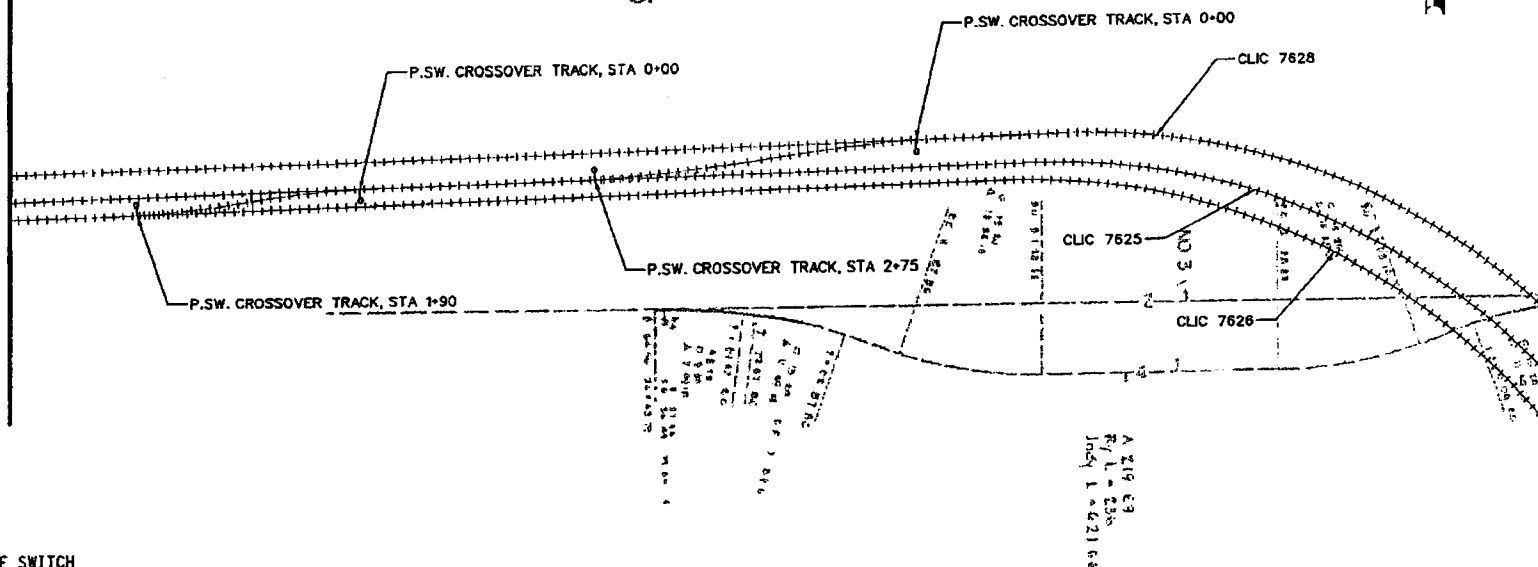
EXHIBIT "A"
 ATTACHED TO CONTRACT BETWEEN
BNSF RAILWAY COMPANY
 AND
TESSENDERLO KERLEY, INC.

SCALE: 1 IN. = 100 FT.
 CALIFORNIA DIV.
 BAKERSFIELD SUBDIV. L.S. 7200
 DATE 05/24/2012

SECTION: 13
 TOWNSHIP: 19S
 RANGE: 21E
 MERIDIAN: MDM



MATCH MARK 3-53751C

**LEGEND:**

P. SW. POINT OF SWITCH
 C.P. CLEARANCE POINT
 R/W RIGHT-OF-WAY LINE
 E.T. END OF TRACK
 ++++ INDUSTRY TRACK
 ——— RAILROAD TRACK

AT KINGS PARK
 COUNTY OF KINGS

STATE OF CA

REVISION 2

DRAWING NO. 3-53751B

JHL

LAD DEC 505051

Attachment: Easement Construction Agreement - Signed (002) (1767 : Helena Purchase Agreement)

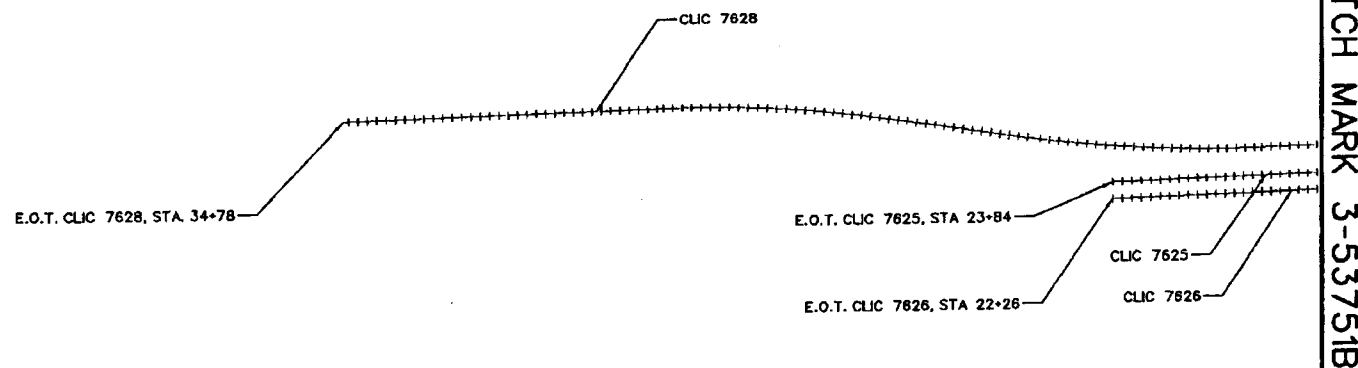
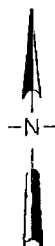
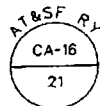
TRACKING NO. LMJ367

EXHIBIT "C"

EXHIBIT "A"
 ATTACHED TO CONTRACT BETWEEN
BNSF RAILWAY COMPANY
 AND
TESSENDERLO KERLEY, INC.

SCALE: 1 IN. = 100 FT.
 CALIFORNIA DIV.
 BAKERSFIELD SUBDIV. L.S. 7200
 DATE 05/24/2012

SECTION: 13
 TOWNSHIP: 19S
 RANGE: 21E
 MERIDIAN: MDM

**LEGEND:**

P. SW. POINT OF SWITCH
 C.P. CLEARANCE POINT
 R/W RIGHT-OF-WAY LINE
 E.T. END OF TRACK
 +++++ INDUSTRY TRACK
 ——— RAILROAD TRACK

AT KINGS PARK
 COUNTY OF KINGS

STATE OF CA

JHL

REVISION 2

DRAWING NO. 3-53751C

MAP REF. 505061

Attachment: Easement Construction Agreement - Signed (002) (1767 : Helena Purchase Agreement)

EXHIBIT "D"

A 25 foot wide easement for rail spur purposes, the centerline of which is more particularly described as follows:

Being a portion of the Southwest Quarter of Section 13, Township 19 South, Range 21 East, Mount Diablo Base and Meridian in the City of Hanford, County of Kings, State of California;

Commencing at the southeast corner of Parcel 1 per document recorded on February 21, 2003 as Document No. 0304314, in the office of the Kings County Recorder;

Thence, South $89^{\circ}47'05''$ East, a distance of 18.23 feet, along the south line of said Parcel 1, to the True Point of Beginning of said centerline;

Thence North $14^{\circ}09'51''$ West, a distance of 29.33 feet;

Thence, North $07^{\circ}48'16''$ West, a distance of 92.81 feet, to the beginning of a tangent curve, concave Northeasterly, having a radius of 603.80 feet;

Thence, Northwesterly, along said 603.80 foot radius curve, through a central angle of $09^{\circ}09'09''$, an arc distance of 96.45 feet;

Thence North $01^{\circ}20'53''$ East, 208.26 feet, to the beginning of a tangent curve, concave Southwesterly, having a radius of 603.93 feet;

Thence, Northwesterly, along said 603.93 foot radius curve, through a central angle of $09^{\circ}29'14''$, an arc distance of 960.56 feet;

Thence, North $89^{\circ}48'25''$ West, a distance of 986.91 feet, to the beginning of a tangent curve, concave Northeasterly, having a radius of 1136.37 feet;

Thence, along said 1136.37 foot radius curve, through a central angle of $10^{\circ}18'23''$, an arc distance of 204.41 feet;

Thence, North $79^{\circ}35'13''$ West, a distance of 4.93 feet, to a point on the west line of said Parcel 2, said point being 59.82 feet southerly along said west line from the Northwest corner of said Parcel 2.

EXHIBIT "E"

The South 65.00 feet of the North 130.00 feet of the following described property.

Real property in the City of Hanford, County of Kings, State of California, described as follows:

Parcel A of Parcel Map Waiver 08-01, as evidenced by document recorded December 03, 2010 as Document No. 1021597, Kings County Official Records, described as follows:

That portion of the Southwest quarter of Section 13, Township 19 South, Range 21 East, Mount Diablo Base and Meridian, in the City of Hanford, County of Kings, State of California, described as follows:

Commencing at the Southeast corner of said Southwest quarter of Section 13;

Thence, North 01° 26' 53" East, along the East line of said Southwest quarter, 1803.35 feet;

Thence, North 89° 53' 58" West, parallel with the North line of said Southwest quarter, 50.01 feet, more or less, to the Northeast corner of Parcel D of Parcel Map No. 11-10, Kings County Records;

Thence, continuing North 89° 53' 58" West, along said North line of Parcel D, 1862.00 feet, to the Northwest corner of said Parcel D, said point also being the Northeast corner of Parcel C of said Parcel Map No. 11-10, and the true point of beginning;

Thence, North 89°53'58" West along the North line of said Parcel C, 676.54 feet, to the Northwest corner of said Parcel C and a point on the East right of way line of 11th Avenue;

Thence, South 01° 28' 20" West, along the West line of said Parcel C and East right of way line 1027.34 feet, to the beginning a tangent curve, concave Northeasterly, having a radius of 30.00 feet;

Thence, Southeasterly, along said 30.00 foot, radius curve, through a central angle of 91°15'25", an arc distance of 47.78 feet;

Thence, South 89°47'05" East, parallel with the South line of said Southwest quarter of Section 13, a distance of 645.84 feet, to the intersection with the Southerly prolongation of the East line of said Parcel C;

Thence, North 01°28'20" East, along said Southerly prolongation and said East line 1059.36 feet, to the true point of beginning.

APN: 018-242-077

EXHIBIT "F"
BNSF RAILWAY COMPANY
INDUSTRY TRACK AGREEMENT

THIS INDUSTRY TRACK AGREEMENT ("Agreement") is made to be effective _____, 20____, (the "Effective Date") by and between **BNSF RAILWAY COMPANY**, a Delaware corporation ("Railroad" or "BNSF"), and **TESSENDERLO KERLEY, INC.**, a Delaware corporation ("Industry").

RECITALS

A. Railroad owns or controls certain rail, ties, ballast, and appurtenances thereto shown as heavy solid on Drawing No. 3-53751A-C, dated 05/24/2012, marked Exhibit "A" attached hereto and incorporated herein by reference (collectively, the "Railroad Track").

B. Industry owns or controls certain additional rail, ties, ballast, and appurtenances thereto shown as heavy hatched on Exhibit "A" (the "Industry Track"). The Railroad Track and Industry Track, together with all appurtenances, may be hereinafter collectively called the "Track". The Track depicted on Exhibit "A" has not yet been fully constructed as of the Effective Date. The parties shall amend this Agreement to attach an updated exhibit as necessary to depict the Track following completion of construction.

C. Industry desires that Railroad (i) maintain and operate over the Railroad Track, and (ii) operate over the Industry Track, located at the Station of Kings Park, City of Hanford, County of Kings, State of California.

D. Railroad desires to provide such service, subject to the terms of this Agreement.

E. In addition to this Agreement, Railroad and Industry have also entered into that certain Lease of Land Including New Track Construction (the "Construction Lease") dated of even date herewith.

AGREEMENTS

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

Section 1. OWNERSHIP; ACCESS BY RAILROAD.

1.1 Railroad shall own or control the Railroad Track and Industry shall own or control the Industry Track. Industry represents and warrants that it owns or controls the land underlying the Industry Track and that there are no existing easements or encumbrances affecting such land that would interfere with Railroad's rights under this Agreement. Industry shall not cause or allow the Industry Track to be blocked, obstructed, or used in any manner that would impair or diminish Railroad's ability to use the Industry Track for the purposes set forth in this Agreement.

1.2 Industry hereby grants Railroad a license to enter upon Industry's property and the Industry Track so that Railroad may operate over the Industry Track. This Agreement does not grant or convey to Railroad any real property interest in any property of Industry.

1.3 Industry shall have no right under this Agreement to enter upon the Railroad Track or any other Railroad property.

Section 2. MAINTENANCE AND OPERATION.

2.1 Industry shall be responsible for obtaining, without expense to Railroad and subject to Railroad's prior written approval, all necessary real property rights and public authority and permission for the maintenance and operation of the Track. Industry's obligations under the foregoing sentence include, but are not limited to, obtaining applicable licenses and permits. Industry, at Industry's expense, shall at all times comply with the requirements of each such permit and license. Industry shall further comply with (a) all applicable laws, statutes, regulations, ordinances, orders, covenants, restrictions, codes, rules or any order, decision, injunction, judgment, award or decree of any public body or authority having jurisdiction over Industry, the Track, this Agreement, and/or Industry's obligations under this Agreement, and including all Environmental Laws (defined below) (collectively, "Legal Requirements") and (b) other Railroad requirements relating to the construction, use, maintenance and operation of the Track, Facilities (defined below) or Equipment (defined below) by Industry. Industry shall use the Track solely for receiving railcars for Industry's own account (i.e. private carriage) or for specific individual shippers pursuant to written agreements (i.e., contract carriage) and for no other purpose. All railcar movement operations shall be performed by Railroad, subject, however,

to Industry's right to use a Trackmobile (as hereinafter defined) on the Industry Track in accordance with the provisions of **Section 15** below. Industry shall not permit or admit any third party to use all or any portion of the Track, nor have the right to detour trains of any other party over or upon the Track without obtaining BNSF's prior written consent. Industry shall not enter into or make a contract or agreement for the handling of Industry equipment, cars or trains over or upon the Track, or any portion thereof, without obtaining BNSF's prior written consent.

2.2 Railroad shall, for the accommodation of and at the sole risk and expense of Industry, maintain the Railroad Track; provided that Railroad shall have no obligation to build or maintain the Railroad Track until Industry has built the Industry Track and made all necessary payments to Railroad, including without limitation payment for any switch required to connect the Railroad Track to the Industry Track; further provided, Railroad will be financially responsible for repairing the Track to the extent Railroad directly causes damage thereto. Following installation of any switch connection that may be necessary to connect Railroad's mainline track to the Track, such switch connection shall be considered part of the Railroad Track for purposes of this Agreement. Industry shall at all times, and at its sole risk and expense, maintain, or cause to be maintained, the Industry Track and all Facilities and Equipment (defined below) (if any) in a safe and satisfactory condition and in compliance with all applicable Legal Requirements; provided however, Railroad will be responsible for repairing, at Railroad's sole cost and expense, any damage to the Industry Track, Facilities, or Equipment to the extent directly caused by Railroad. Any entry onto and work upon Railroad's property shall be performed in accordance with this Agreement and pursuant to the terms and conditions of the Construction Lease.

2.3 Maintenance, for purposes of this Agreement, means keeping the Track in good working order and condition, including without limitation: (a) providing proper drainage along the Track; (b) keeping the Track free and clear of snow, ice, vegetation, structures, and other obstacles; and (c) maintaining adequate grade crossing warning devices, passive warning signs, gates, fences, barriers, roadways, track drainage facilities, lighting and track and other signals, all as determined by Railroad in Railroad's sole discretion.

2.4 Without relieving Industry from any of its obligations under this Agreement, Railroad may refuse to operate over the Industry Track or use or enter the Facilities or contact the Equipment whenever Railroad, in its sole discretion, determines that the same is unsatisfactory for Railroad's operation, entry or contact. If and when Industry has remedied such condition to Railroad's sole satisfaction, Railroad may resume operation over the Industry Track or use of or entry into the Facilities or contact with the Equipment. Railroad's operation over the Track or use of or entry into any Facility or contact with any Equipment with knowledge of an unsatisfactory condition is not a waiver of Industry's obligations contained herein or of any right of Railroad to recover for or be indemnified and defended against damages to property or injury to or death of persons that may result therefrom.

2.5 Industry shall, at its sole expense, pay all costs for changes, repairs, relocations or alterations to the Industry Track that may be necessary to conform to any changes of grade or relocation of the Railroad Track at the point of connection with the Industry Track, if such change of grade or relocation (i) is required to comply with any Legal Requirement, (ii) is requested by any governmental agency, or (iii) is made for any other reason beyond Railroad's reasonable control. Without limiting the generality of the foregoing, in the event the public authority having jurisdiction thereover orders the separation of the grade of the Track and any street, road, highway, other rail line or the like, Industry hereby consents to the removal and/or relocation of the Track and shall reimburse Railroad for all expenses incurred in connection with or related to the removal and/or relocation of the Track.

2.6 If Industry installs any gates or fencing across the Track, or a track scale, unloading pit, loading or unloading device, adjustable loading dock, warehouse door, or any other structure (collectively, "Facilities") affecting the Track, Industry shall be solely responsible for assuring the safe and satisfactory condition of the same and shall not allow any Facilities to be a source of danger to the safe operation of the Track, or a source of environmental harm, or interfere with the safe operations of Railroad over the Track. Any entry onto and work upon Railroad's property shall be performed in accordance with this Agreement and pursuant to the terms and conditions of the Construction Lease. Industry shall also be solely responsible for assuring the safe and satisfactory condition of all of Industry's equipment touching, used in conjunction with, or otherwise affecting the Track ("Equipment") and shall not allow any Equipment to be a source of danger to the safe operation of the Track. Before utilizing or unloading any equipment spotted onto the Track, Industry shall inspect the same and all other Equipment and Facilities for the safety of persons working on or about these items to assure compliance with the foregoing. Industry shall utilize all Facilities, Equipment and spotted equipment so as not to negatively affect safe and efficient operation over the Track. In furtherance of the foregoing obligations of Industry but not in limitation of the same, Industry shall do, among others, the following things: (a) keep any gates across the Track open whenever necessary, in Railroad's sole judgment, to enable Railroad to safely and efficiently operate over the Track; (b) keep unloading pits securely covered when not in actual use and at all times when the Track is being switched by Railroad; (c) keep all doors firmly secured, and adjustable loading docks at warehouses and the facility operated by Industry ("Plant") shall likewise be securely fastened in an upright position when not in actual use and at all times when the Track is being switched by Railroad; and (d) operate and maintain all

other Facilities so as not to negatively affect the safe and efficient operation of Railroad over the Track.

2.7 Railroad may require for safety purposes that Industry, at its sole cost and expense, use Railroad's flaggers and provide lights, traffic control devices, automatic warning devices, or any such safety measure that Railroad deems appropriate in connection with the use of the Track by or for Industry. Industry shall reimburse Railroad within thirty (30) days of receipt of bills rendered therefor for all of Railroad's costs, including but not limited to the furnishing of Railroad's flaggers and any vehicle rental costs incurred. The cost of flagger services and other safety measures provided by Railroad, when deemed necessary by Railroad's representative, will be the sole responsibility of Industry. Flagger costs shall include, but not be limited to, the following: pay for at least an eight (8) hour basic day with time and one-half or double time for overtime, rest days and holidays (as applicable); vacation allowance; paid holidays (as applicable); Railroad and unemployment insurance; public liability and property damage insurance; health and welfare benefits; transportation; meals; lodging and supervision. Negotiations for Railroad labor or collective bargaining agreements and rate changes authorized by appropriate Federal authorities may increase flagging rates. Flagging rates in effect at the time of performance by the flaggers will be used to calculate the flagging costs pursuant to this Section 2.7.

2.8 Industry shall not: (a) place, permit to be placed, or allow to remain, any permanent or temporary material, structure, pole, container, storage vessel, above-ground or underground tank, or other obstruction (i) within eight and one-half (8-1/2) feet laterally from the center (nine and one-half (9-1/2) feet on either side of the centerline of curved track) or (ii) within twenty-three and one-half (23-1/2) feet vertically from the top of the rail of any track, or (b) place or allow to be placed any freight cars, materials, machinery, or other equipment within 250 feet of either side of any at-grade crossings on the Track (collectively, "Minimal Clearances"), provided that if any Legal Requirement requires greater clearances than those provided for in this Section 2.8, then Industry shall strictly comply with such Legal Requirement. However, vertical or lateral clearances which are less than the Minimal Clearances but are in compliance with applicable Legal Requirements will not be a violation of this Section 2.8, so long as Industry strictly complies with the terms of any such Legal Requirement and posts a sign in a location approved by Railroad clearly noting the existence of such reduced clearance. Any such sign shall be painted with black and white reflective paint. Railroad or Industry's operation with knowledge of an unauthorized reduced clearance will not be a waiver of the covenants of Industry contained in this Section 2.8 or of any right of Railroad to recover for and be indemnified and defended against such damages to property or the environment, or injury to or death of persons, that may result therefrom.

Section 3. TERM. Unless earlier terminated as provided herein, this Agreement will be in force for a term commencing on the Effective Date and shall automatically continue thereafter until terminated by either party giving the other thirty (30) days' written notice of its desire to terminate this Agreement (the "Term"); provided that such Term is included herein for the sole purpose of establishing the duration of the parties' rights and obligations under this Agreement (unless such rights and obligations expressly survive this Agreement), and nothing herein shall constitute any commitment or agreement regarding the commercial terms and conditions by which Railroad may, from time to time, provide rail service to, from or on the Track, or a modification or amendment to any other arrangement or agreement regarding such service.

Section 4. INDEMNITY.

4.1 For purposes of this Agreement: (a) "Indemnitees" means Railroad and Railroad's affiliated companies, partners, successors, assigns, legal representatives, officers, directors, shareholders, employees and agents; (b) "Liabilities" means all claims, liabilities, fines, penalties, costs, damages, losses, liens, causes of action, suits, demands, judgments and expenses (including, without limitation, court costs, reasonable attorneys' fees, costs of investigation, removal and remediation and governmental oversight costs) environmental or otherwise; and (c) "Industry Parties" means Industry or Industry's officers, agents, invitees, licensees, employees, or contractors, or any party directly or indirectly employed by any of them, or any party they control or exercise control over.

4.2 INDUSTRY SHALL RELEASE, INDEMNIFY, DEFEND, AND HOLD THE INDEMNITEES HARMLESS FROM AND AGAINST ANY LIABILITIES UNDER CERCLA OR OTHER ENVIRONMENTAL LAWS ARISING OUT OF OR RELATED TO (IN WHOLE OR IN PART) ANY CLAIM THAT BY VIRTUE OF THE USE OF THE TRACK CONTEMPLATED IN THIS AGREEMENT RAILROAD IS (I) AN "OWNER", "OPERATOR", "ARRANGER" OR "TRANSPORTER" OF THE INDUSTRY TRACK OR THE PLANT, OR (II) OTHER THAN A COMMON CARRIER WITH RESPECT TO THE TRACK REGARDLESS OF ANY NEGLIGENCE OR STRICT LIABILITY OF ANY INDEMNITEE. IN THE EVENT ANY AGENCY OR COURT CONSTRUES THE AGREEMENT TO BE A WAIVER OF RAILROAD'S COMMON CARRIER DEFENSES, INDUSTRY AGREES TO INDEMNIFY, HOLD HARMLESS, AND DEFEND RAILROAD FOR ANY LIABILITIES RELATED TO THAT CONSTRUCTION OF THIS AGREEMENT.

4.3 IF ANY EMPLOYEE OF AN INDUSTRY PARTY ASSERTS THAT HE OR SHE IS AN EMPLOYEE OF ANY INDEMNITEE, INDUSTRY SHALL RELEASE, INDEMNIFY, DEFEND, AND HOLD THE INDEMNITEES HARMLESS FROM AND AGAINST ANY LIABILITIES (AS DEFINED IN 4.1 ABOVE) ARISING OUT OF OR RELATED TO (IN WHOLE OR IN PART) ANY SUCH ASSERTION INCLUDING, BUT NOT LIMITED TO, THE FEDERAL EMPLOYERS' LIABILITY ACT, THE SAFETY APPLIANCE ACT, THE LOCOMOTIVE INSPECTION ACT, THE OCCUPATIONAL SAFETY AND HEALTH ACT, THE RESOURCE CONSERVATION AND RECOVERY ACT, AND ANY SIMILAR STATE OR FEDERAL STATUTE. INDUSTRY'S OBLIGATIONS UNDER THIS SECTION 4.3 ARE REGARDLESS OF ANY ACTUAL OR ALLEGED NEGLIGENCE, FAULT, OR COMPARATIVE FAULT OF ANY INDEMNITEE RELATED TO SUCH CAUSES OF ACTION.

4.4 Upon written notice from Railroad, Industry agrees to assume the defense of any lawsuit or other proceeding brought against any Indemnatee by any entity, relating to any matter covered by this Agreement for which Industry has an obligation to assume liability for and/or save and hold harmless any Indemnatee. Industry shall pay all costs and expenses incident to such defense, including, but not limited to, reasonable attorneys' fees, investigators' fees, litigation and appeal expenses, settlement payments, and amounts paid in satisfaction of judgments.

Section 5. INSURANCE. Industry shall, at its sole cost and expense, procure and maintain during the life of this Agreement the following insurance coverage:

5.1 Commercial General Liability Insurance. This insurance shall contain broad form contractual liability with a combined single limit of a minimum of \$1,000,000 each occurrence and an aggregate limit of at least \$2,000,000 but in no event less than the amount otherwise carried by Industry. Coverage must be purchased on a post 2004 ISO occurrence or equivalent and include coverage for, but not limited to, Bodily Injury and Property Damage, Products and completed operations. The definition of insured contract shall be amended to remove any exclusion or other limitation for any work being done within 50 feet of railroad property.

5.2 Workers' Compensation and Employers' Liability Insurance. This insurance shall include coverage for, but not limited to:

- Industry's statutory liability under the workers' compensation laws of the state(s) in which the work is to be performed. If optional under State law, the insurance must cover all employees anyway.
- Employers' Liability (Part B) with limits of at least \$500,000 each accident, \$500,000 by disease policy limit, \$500,000 by disease each employee.

5.3 Industry shall comply with the following additional requirements with respect to such insurance:

Any insurance policy shall be written by a reputable insurance company with a current Best's Guide Rating of A- and Class VII or better, and authorized to do business in the state(s) in which the service is to be provided. If Industry subcontracts any portion of the operation, Industry shall require that the subcontractor provide and maintain insurance coverage as set forth herein.

Prior to commencing operations, Industry shall furnish to Railroad an acceptable certificate(s) of insurance from an authorized representative evidencing the required coverage(s), endorsements, and amendments.

The policy(ies) shall contain a provision that obligates the insurance company(ies) issuing such policy(ies) to notify Railroad in writing at least 30 days prior to any cancellation, non-renewal, substitution or material alteration. This cancellation provision shall be indicated on the certificate of insurance.

In the event of a claim or lawsuit involving Railroad arising out of this Agreement, Industry will immediately make available any required policy covering such claim or lawsuit.

Failure to provide evidence as required by this Section 5 shall entitle, but not require, Railroad to terminate this Agreement immediately. Acceptance of a certificate that does not comply with this Section 5 shall not operate as a waiver of Industry's obligations hereunder. The fact that insurance (including, without limitation, self-insurance) is obtained by Industry shall not be deemed to release or diminish the liability of Industry including, without limitation, liability under the indemnity provisions of this Agreement. Damages recoverable by Railroad shall not be limited by the amount of the required insurance coverage.

Section 6. DEFINITION OF COST AND EXPENSE.

6.1 For the purpose of this Agreement, "cost" or "costs" "expense" or "expenses" includes, but is not limited to, actual labor and material costs including all assignable additives, and material and supply costs at current value where used.

6.2 All invoices are due thirty (30) days after the date of invoice. In the event that Industry shall fail to pay any monies due to Railroad within thirty (30) days after the invoice date, then Industry shall pay interest on such unpaid sum from thirty (30) days after its invoice date to the date of payment by Industry at an annual rate equal to (i) the greater of (a) for the period January 1 through June 30, the prime rate last published in *The Wall Street Journal* in the preceding December plus two and one-half percent (2 1/2%), and for the period July 1 through December 31, the prime rate last published in *The Wall Street Journal* in the preceding June plus two and one-half percent (2 1/2%), or (b) twelve percent (12%), or (ii) the maximum rate permitted by law, whichever is less.

Section 7. RIGHT OF RAILROAD TO CONSTRUCT FUTURE FACILITIES. Railroad retains the right, without liability to Industry or any other party, to construct or allow to be constructed upon its property other facilities, and to use its property in any manner, provided Railroad uses all commercially reasonable efforts to avoid material interference with the use of the Track for Industry as described herein.

Section 8. PUBLIC ASSESSMENTS. Industry shall timely pay all compensation, assessments and levies required at any time by any public authority, entity, or person for the privilege of maintaining and operating the Track, and shall not cause or permit any liens to be filed against the Railroad Track or any Railroad property. In the event any such liens are filed, Industry shall cause such liens to be released within fifteen (15) days.

Section 9. NOTIFICATION REQUIREMENTS.

9.1 Industry shall, if Industry becomes aware of such information, give Railroad immediate notice to Railroad's Resource Operations Center at (800) 832-5452 of any release of Hazardous Materials on, from, or affecting the Track, violation of Environmental Laws, or inspection or inquiry by governmental authorities charged with enforcing Environmental Laws with respect to the use of the Track for Industry. Industry also shall give Railroad immediate notice of all measures undertaken by or on behalf of Industry to investigate, remediate, respond to or otherwise cure each such release or violation.

9.2 Industry shall, if Industry becomes aware of such information, promptly report to Railroad in writing any conditions or activities upon the Plant or Track which create a risk of harm to persons, property or the environment and shall take whatever action is necessary to mitigate injury or damage to persons, property or the environment arising out of such conditions or activities, including but not limited to releases or violations of Environmental Laws; provided, however, that Industry's reporting to Railroad shall not relieve Industry of any obligation whatsoever imposed on it by this Agreement or by any Legal Requirement. Industry shall promptly respond to Railroad's request for information regarding such conditions or activities. To the extent such conditions or activities with respect to the Track are attributable to Industry, Railroad may require Industry, at Industry's sole risk and expense, to take timely measures to investigate, remediate, respond to or otherwise cure such conditions or activities on, from, or otherwise affecting the Track.

9.3 For purposes of this Agreement, "Environmental Laws" means any federal, state, or local law, statute, ordinance, code, rule, regulation, policy, common law, license, authorization, decision, order, or injunction which pertains to health, safety, any Hazardous Material (as hereinafter defined), or the environment (including but not limited to ground, air, water, or noise pollution or contamination, and underground or above-ground tanks) and shall include, without limitation, the Resource Conservation and Recovery Act, 42 U.S.C. §6901 *et seq.*, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §9601 *et seq.* ("CERCLA"); the Hazardous Materials Transportation Act, 49 U.S.C. §1801 *et seq.*; the Federal Water Pollution Control Act, 33 U.S.C. §1251 *et seq.*; the Clean Air Act, 42 U.S.C. §7401 *et seq.*; the Toxic Substances Control Act, 15 U.S.C. §2601 *et seq.*; the Safe Drinking Water Act, 42 U.S.C. §300f *et seq.*; the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. 11001 *et seq.*, the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. 136 to 136y; the Oil Pollution Act, 33 U.S.C. 2701 *et seq.*; and the Occupational Safety and Health Act, 29 U.S.C. 651 *et seq.*; all as have been amended from time to time, and any other federal, state, or local environmental requirements, together with all rules, regulations, orders, and decrees now or hereafter promulgated under any of the foregoing, as any of the foregoing now exist or may be changed or amended or come into effect in the future.

9.4 For purposes of this Agreement, "Hazardous Material(s)" shall include but shall not be limited to any substance, material, or waste that is regulated by any Environmental Law or otherwise regulated by any federal, state, or local governmental authority because of toxic, flammable, explosive, corrosive, reactive, radioactive or other properties that may be hazardous to human health or the environment, including without limitation asbestos and asbestos-containing materials, radon, petroleum and petroleum products, urea formaldehyde foam insulation,

methane, lead-based paint, polychlorinated biphenyl compounds, hydrocarbons or like substances and their additives or constituents, pesticides, agricultural chemicals, and any other special, toxic, or hazardous (i) substances, (ii) materials, or (iii) wastes of any kind, including without limitation those now or hereafter defined, determined, or identified as "hazardous chemicals", "hazardous substances," "hazardous materials," "toxic substances," or "hazardous wastes" in any Environmental Law.

Section 10. DEFAULT. The following events shall constitute defaults under this Agreement: (a) creating or allowing to remain any condition, including without limitation, any environmental condition, on, about or affecting the Track, which in Railroad's sole judgment interferes with or endangers Railroad's operations; (b) assignment or transfer by operation of law of Industry's rights or obligations under this Agreement; (c) defaults on any of the covenants or agreements of Industry contained in this Agreement; (d) defaults on any of the covenants or agreements of Industry contained in the Construction Lease that persist beyond all applicable grace or cure periods.

Section 11. REMEDIES; TERMINATION.

11.1 In addition to the parties' termination rights set forth elsewhere in this Agreement, and in addition to all other remedies available at law or in equity, Railroad may, without incurring any liability to Industry, terminate this Agreement, discontinue the maintenance and operation of the Track, and remove the Railroad Track, effective immediately by written notice to Industry, if any of the following events occurs:

- (i) any default as described in **Section 10**, other than a default under **Section 10(c)** occurs;
- (ii) any default as described in **Section 10(c)** occurs and persists for thirty (30) days following written notice from Railroad;
- (iii) Industry fails to utilize rail service from Railroad to or from the Plant for a period of eight (8) months in any consecutive twelve (12) month period;
- (iv) Railroad is authorized by competent public authority to abandon its line to which the Track is connected;
- (v) Railroad is dispossessed of the right to operate over the Track or its connecting track or any part thereof; or
- (vi) Industry fails to provide evidence of insurance as required by **Section 5**.
- (vii) Any default in the Construction Lease that persists beyond all applicable grace or cure periods, or any expiration or termination of the Construction Lease.

11.2 Either party may terminate this Agreement, at any time, by serving thirty (30) days' written notice of termination upon the other party, as set forth in **Section 3** above. Upon expiration of the time specified in such notice, this Agreement and all rights of Industry shall absolutely cease (except for any rights and obligations that expressly survive this Agreement).

11.3 Industry hereby agrees to waive and release all claims, rights, and causes of action that Industry has, may have, or may assert against Railroad because of the discontinuance of operation and/or removal of the Railroad Track as provided in this **Section 11**.

11.4 Upon the expiration or earlier termination of this Agreement as provided herein, Railroad at its sole discretion shall have the right to: (a) require Industry to transfer title to that portion of the Industry Track located upon Railroad's property, and any Facilities or improvements located upon, over, or under Railroad's property, to Railroad, and upon such transfer Railroad shall pay Industry the salvage value of the same; or (b) require Industry to remove, at its sole cost and expense, that portion of the Industry Track located upon Railroad's property and any Facilities, Equipment or improvements upon, over, or under Railroad's property and restore Railroad's property to substantially the state in which it was on the Effective Date of this Agreement. Any entry onto and work upon Railroad's property shall be performed in accordance with this Agreement and pursuant to the terms and conditions of the Construction Lease. In the event Railroad elects option (b) and Industry fails within thirty (30) days after the date of such expiration or termination to make the removal and restoration, then Railroad may do so itself and in such event Industry shall, within thirty (30) days after receipt of a bill therefor, reimburse Railroad for all costs incurred by Railroad in connection therewith. Industry's obligations under this **Section 11.4** shall expressly survive termination of this Agreement.

Section 12. ASSIGNMENT.

12.1 This Agreement will inure to the benefit of and be binding upon the approved successors and assigns of the parties hereto; provided, however, that Industry may not sell, assign, transfer, or hypothecate this Agreement or any interest herein (either voluntarily or by operation of law) without the prior written consent of Railroad, which shall not be unreasonably withheld. Any attempted assignment by Industry in violation of this **Section 12** shall be absolutely

void. For purposes of this **Section 12**, the word "assign" shall include without limitation (a) any sale of the equity interests of Industry following which the equity interest holders of Industry immediately prior to such sale own, directly or indirectly, less than 50% of the combined voting power of the outstanding voting equity interests of Industry, (b) any sale of all or substantially all of the assets of (i) Industry and (ii) Industry's parent and subsidiaries (to the extent such entities exist), taken as a whole, or (c) any reorganization, recapitalization, merger or consolidation involving Industry, except for a reorganization, recapitalization, merger or consolidation following which the equity interest holders of Industry immediately prior to such reorganization, recapitalization, merger or consolidation own, directly or indirectly, at least 50% of the combined voting power of the outstanding voting equity interests of Industry or any successor thereto or the entity resulting from such reorganization, recapitalization, merger or consolidation. Either party hereto may assign any receivables due them under this Agreement; provided, however, that such assignments will not relieve the assignor of any of its rights or obligations under this Agreement. This Agreement cannot be assigned or transferred independently from the Construction Lease. **NOTWITHSTANDING ANYTHING ELSE IN THIS AGREEMENT TO THE CONTRARY, THIS AGREEMENT SHALL NOT RUN WITH THE LAND WITHOUT RAILROAD'S WRITTEN CONSENT.**

12.2 Railroad shall have the right to transfer and assign, in whole or in part, all of its rights and obligations under this Agreement, and upon such transfer, Railroad shall be released from any further obligations hereunder, and Industry agrees to look solely to the successor in interest of Railroad for the performance of such obligations.

Section 13. NOTICES. Any notice required or permitted to be given hereunder must be in writing and the same shall be given and will be deemed to have been given if (i) placed in the United States mail, certified, return receipt requested, or (ii) deposited into the custody of a nationally recognized overnight delivery service, addressed to the party to be notified at the address specified below, or to such other address as the party to be notified may designate by giving the other party no less than thirty (30) days' advance written notice. The address for such notice shall be the address set forth below each party's signature, which may be changed by written notice to the other party.

Section 14. MISCELLANEOUS.

14.1 It is understood and agreed that this Agreement shall not be recorded in the real property records in the county or counties in which the Track is located or otherwise placed of public record.

14.2 All questions concerning the interpretation or application of provisions of this Agreement shall be decided according to the laws of the State of California. Any legal action to interpret or enforce this Agreement shall be instituted and litigated in the courts of the State of California, located in the County of Kings, or in the United States District Court for the Eastern District of California located in Fresno, California (if jurisdiction is proper in such federal court), all without regard to conflict of laws principles.

14.3 To the maximum extent possible, each provision of this Agreement must be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is prohibited by, or held to be invalid under, applicable law, such provision will be ineffective solely to the extent of such prohibition or invalidity, and this will not invalidate the remainder of such provision or any other provision of this Agreement.

14.4 This Agreement, together with the Construction Lease, is the full and complete agreement between Railroad and Industry with respect to all matters relating to the maintenance and operation of the Track and supersedes all other agreements between the parties hereto relating to the maintenance and operation of the Track. However, nothing herein is intended to terminate any surviving obligation of Industry or Industry's obligation to defend and hold Railroad harmless in any prior written agreement between the parties, including, but not limited to, the Construction Lease.

14.5 Neither termination nor expiration of this Agreement will release either party from any liability or obligation under this Agreement, whether of indemnity or otherwise, resulting from any acts, omissions or events happening prior to the date of termination or expiration of this Agreement, or if later, the date when Railroad's property is restored in accordance with the applicable provisions of this Agreement or any other written agreement between the parties.

14.6 One or more waivers of any covenant, term, or condition of this Agreement by either party shall not be construed as a waiver of a subsequent breach of the same covenant, term, or condition. The consent or approval by a party to or of any act by the other party requiring such consent or approval shall not be deemed to waive or render unnecessary consent to or approval of any subsequent similar act. The remedies set forth hereunder shall be in addition to, and not in limitation of, any other remedies that a party may have at law or in equity.

14.7 In the event that Industry consists of two or more parties, all covenants and agreements of Industry

herein contained shall be the joint and several covenants and agreements of such parties.

14.8 The parties acknowledge that each party and their counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments or exhibits hereto.

14.9 In this Agreement, the use of one gender shall include the other gender; and the singular shall mean the plural, and vice versa, all as the context may require.

14.10 This Agreement may be executed in multiple counterparts, each of which shall, for all purposes, be deemed an original but which together shall constitute one and the same instrument, and the signature pages from any counterpart may be appended to any other counterpart to assemble fully executed documents, and counterparts of this Agreement may also be exchanged via electronic facsimile machines and any electronic facsimile of any party's signature shall be deemed to be an original signature for all purposes.

14.11 The captions are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Agreement, nor the intent of any provision thereof.

14.12 Except as may be elsewhere specifically provided in this Agreement, if either party is delayed or hindered in, or prevented from the performance required under this Agreement (except for payment of monetary obligations) by reason of earthquakes, landslides, strikes, lockouts, labor troubles, failure of power, riots, Insurrection, war, acts of God or other reason of the like nature not the fault of the party delayed in performance of its obligation, such party is excused from such performance for the period of delay. The period for the performance of any such act will then be extended for the period of such delay.

Section 15. TRACKMOBILE. The following shall apply to Industry's use of the Industry Track for the purpose of intraplant switching of railroad cars with an on-track unit:

15.1 Industry's use of the Industry Track for the purpose of intraplant switching of railroad cars with an on-track unit, hereinafter called "**Trackmobile**", or any other use of the Trackmobile shall be subject to the following terms and conditions set forth below. Should Industry cause or permit the Trackmobile to be used or operated by its contractor, Industry shall cause its contractor to comply with such terms and conditions, and shall include in its agreement with its contractor the obligation to comply with such terms and conditions:

- 15.1.1 movement of railcars on the Industry Track with other than an on-track unit is strictly prohibited.
- 15.1.2 use of the Industry Track shall only be for contract carriage or private carriage operations. Railcar movement operations shall be coordinated with Railroad. Industry shall not perform or allow its contractor to perform any common carrier services or transportation by rail carrier on, along or from the Industry Track. Without limiting the generality of the foregoing, Industry acknowledges and agrees that it shall not be allowed to perform, or have a third party perform on Industry's behalf, the following: (i) switch industries or transload upon the Track (other than Industry's own commodities originally loaded or unloaded at Plant), except as otherwise provided herein; (ii) set out, pick up, or store equipment, cars, or trains upon the Track, or any part thereof, except as otherwise provided herein; (iii) serve any industry, shipper, receiver, team or house track, transload or other facility now existing or hereafter located along the Track; (iv) interchange with any other railroad or other party on or along the Track; or (v) provide any passenger service of any kind or handle or operate passenger trains on or along the Track.
- 15.1.3 The Trackmobile shall be equipped, maintained, and operated in strict accordance with the statutes of the United States and all valid orders of the National Transportation Safety Board, Federal Railroad Administration, Surface Transportation Board, and/or other public authority which may have jurisdiction.
- 15.1.4 The Trackmobile shall be operated in strict accordance with Railroad rules and procedures, and in such a manner as not to interfere with the usual and necessary operations of Railroad. Industry and/or its contractor will not handle cars on any trackage occupied by Railroad crews. The Trackmobile shall be operated so as not to permit any part of it or any cars which it may be handling to foul other tracks of Railroad.

15.1.5 IN ADDITION TO AND NOT IN LIMITATION OF THE INDEMNIFICATION REQUIREMENTS IN SECTION 4 ABOVE OR ELSEWHERE IN THIS AGREEMENT, TO THE FULLEST EXTENT PERMITTED BY LAW, INDUSTRY SHALL, AND SHALL CAUSE ITS CONTRACTOR TO, RELEASE, INDEMNIFY, DEFEND AND HOLD HARMLESS ALL INDEMNITEES FOR, FROM AND AGAINST ANY AND ALL LIABILITIES OF ANY NATURE, KIND OR DESCRIPTION OF ANY PERSON OR ENTITY DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM OR RELATED TO (IN WHOLE OR IN PART):

- (i) FAILURE TO STRICTLY COMPLY WITH THE COVENANTS IN SECTIONS 15.1.1 THROUGH 15.1.4 ABOVE;
- (ii) THE TRACKMOBILE OR OPERATION THEREOF; OR
- (iii) ANY AND ALL LOSS, DAMAGE, INJURY OR DEATH ALLEGED TO HAVE BEEN CAUSED OR CONTRIBUTED TO BY REASON OF MOVEMENT OVER ROAD CROSSINGS OR THE MERE PRESENCE OF FREIGHT CARS OR TRACKMOBILE AT OR NEAR ROAD CROSSINGS OF THE TRACK,

EVEN IF SUCH LIABILITIES ARISE FROM OR ARE ATTRIBUTED TO, IN WHOLE OR IN PART, ANY NEGLIGENCE OF ANY INDEMNITEE. THE ONLY LIABILITIES WITH RESPECT TO WHICH THE FOREGOING OBLIGATION TO INDEMNIFY THE INDEMNITEES DOES NOT APPLY ARE LIABILITIES TO THE EXTENT PROXIMATELY CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF AN INDEMNITEE.

15.2 This Section 15 relating to the use of the Industry Track by Industry for intraplant switching purposes may be canceled by either party on ten (10) days' written notice given by one party to the other to that effect, provided however, should Railroad, acting through its Superintendent having jurisdiction over the Track, in his sole judgment, determine that Industry or its contractor is performing such intraplant switching on the Industry Track in a manner which interferes with or endangers the operations of Railroad, he may forthwith verbally terminate this Section 15 and the privileges afforded to Industry hereunder. Such verbal termination shall be confirmed in writing.

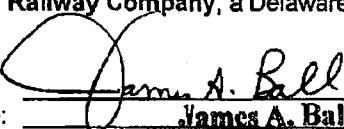
[Signature Page Follows]

Attachment: Easement Construction Agreement - Signed (002) (1767 : Helena Purchase Agreement)

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date below each party's signature; to be effective, however, as of the Effective Date above.

RAILROAD:

BNSF Railway Company, a Delaware corporation

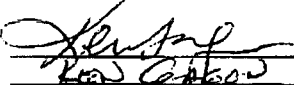
By: 
 Name: James A. Ball
 Title: Senior Manager - Land Revenue Management
 Date: 5/30/2012

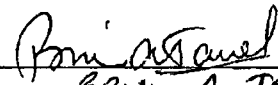
Address for notices:

Jones Lang LaSalle Brokerage, Inc.
 4300 Amon Carter Blvd., Suite 100
 Fort Worth, TX 76155-2670
 Attn: Track Agreements

INDUSTRY:

Tessenderlo Kerley, Inc., a Delaware corporation

By: 
 Name: Brad Carter
 Title: Group V.P.
 Date: 5/25/12

By: 
 Name: Brian A. Jones
 Title: CAO & VP
 Date: 5-25-12

Address for notices:

Tessenderlo Kerley, Inc.
 2255 N. 44th Street, Suite 300
 Phoenix, AZ 85008
 Attn: CEO

Attachment: Easement Construction Agreement - Signed (002) (1767 : Helena Purchase Agreement)

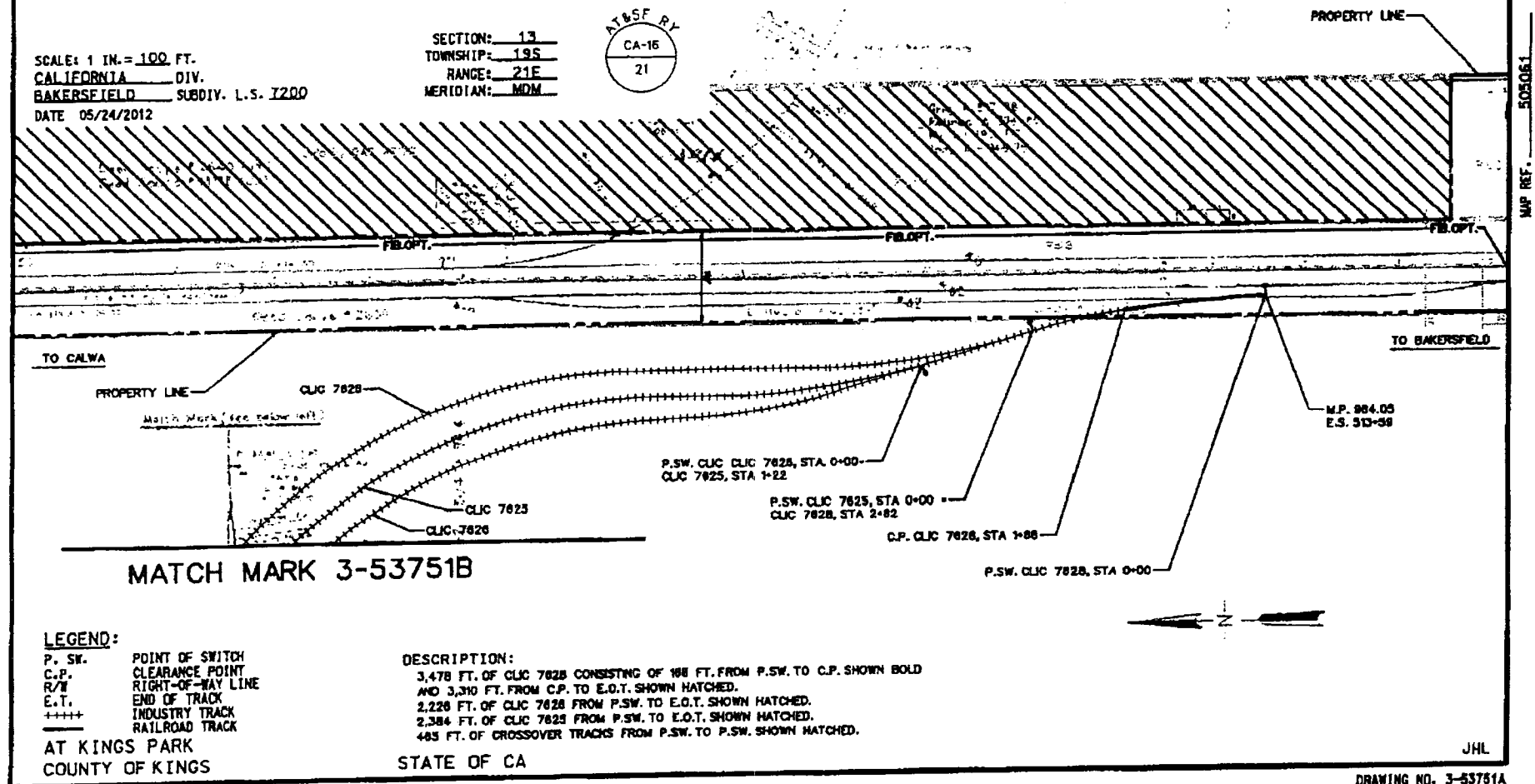
TRACKING NO. LMJ367

EXHIBIT "A"
 ATTACHED TO CONTRACT BETWEEN
 BNSF RAILWAY COMPANY
 AND

TESSENDERLO KERLEY, INC.

SCALE: 1 IN. = 100 FT.
 CALIFORNIA DIV.
 BAKERSFIELD SUBDIV. L.S. 1200
 DATE 05/24/2012

SECTION: 13
 TOWNSHIP: 19S
 RANGE: 21E
 MERIDIAN: MDM



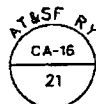
REVISION 2

TRACKING NO. LM/357

EXHIBIT "A"
 ATTACHED TO CONTRACT BETWEEN
BNSF RAILWAY COMPANY
 AND
TESSENDERLO KERLEY, INC.

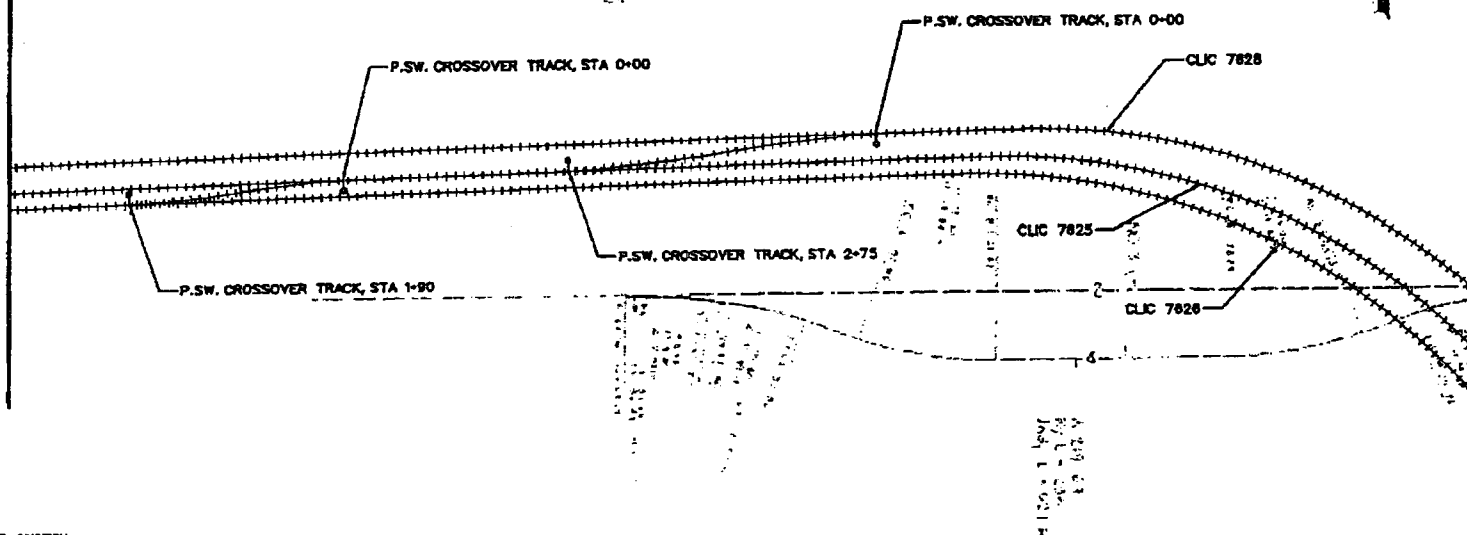
SCALE: 1 IN. = 100 FT.
 CALIFORNIA DIV.
 BAKERSFIELD SUBDIV. L.S. 1200
 DATE 05/24/2012

SECTION: 13
 TOWNSHIP: 19S
 RANGE: 21E
 MERIDIAN: NDM



TRIM LINE

MATCH MARK 3-53751C



MATCH MARK 3-53751A

MAP REF. 505061

LEGEND:

P. SW. POINT OF SWITCH
 C.P. CLEARANCE POINT
 R/W RIGHT-OF-WAY LINE
 E.T. END OF TRACK
 ++++ INDUSTRY TRACK
 ——— RAILROAD TRACK

AT KINGS PARK
 COUNTY OF KINGS

STATE OF CA

JHL

DRAWING NO. 3-53751B

REVISION 2

TRACKING NO. LM/367

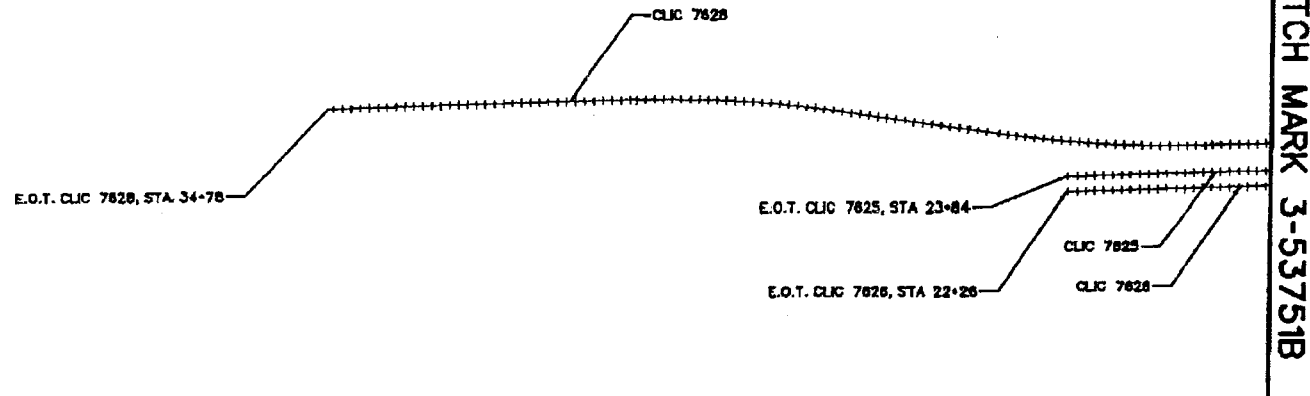
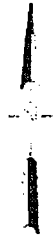
EXHIBIT "A"
ATTACHED TO CONTRACT BETWEEN
BNSF RAILWAY COMPANY
AND

TESSENDERLO KERLEY, INC.

TRIM LINE

SCALE: 1 IN. = 100 FT.
CALIFORNIA DIV.
BAKERSFIELD SUBDIV. L.S. 7200
DATE 05/24/2012

SECTION: 13
TOWNSHIP: 19S
RANGE: 21E
MERIDIAN: NDM



LEGEND:

P. SW. POINT OF SWITCH
C.P. CLEARANCE POINT
R/W RIGHT-OF-WAY LINE
E.T. END OF TRACK
++++ INDUSTRY TRACK
— RAILROAD TRACK

AT KINGS PARK
COUNTY OF KINGS

STATE OF CA

JHL

REVISION 2

DRAWING NO. 3-53751C

MAP REF. S05061

EXHIBIT "G"
BNSF RAILWAY COMPANY
LEASE OF LAND INCLUDING NEW TRACK CONSTRUCTION
(No Existing Track / No Additional Land / No Construction of Other Improvements)

THIS LEASE OF LAND INCLUDING NEW TRACK CONSTRUCTION – (NO EXISTING TRACK AND NO ADDITIONAL LAND) ("Lease") is made to be effective _____, 20__ ("Effective Date"), by and between BNSF RAILWAY COMPANY, a Delaware corporation ("Railroad"), and TESSENDERLO KERLEY, INC., a Delaware corporation ("Industry").

RECITALS

A. Railroad owns or controls certain land situated at or near the railway station of Kings Park, City of Hanford, County of Kings, State of California, as described or shown on the Drawing No. 3-53752 hereto attached, dated 05/24/2012, marked Exhibit "A", and made a part of this Lease ("Premises").

B. Railroad and Industry have entered into that certain Industry Track Agreement ("Track Agreement") dated of even date herewith relating to the operation and maintenance of that certain Railroad Track (as defined in the Track Agreement) and that certain Industry Track (as defined in the Track Agreement) (the Railroad Track and Industry Track to be collectively referred to herein as the "Track") located on or near the Premises to serve the Plant (as defined in the Track Agreement).

C. The parties desire to enter into this Lease to allow Industry to occupy the Premises in connection with its maintenance and operation of the Track and for the construction of a portion of the Track on the Premises.

AGREEMENTS

NOW THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

Section 1. LEASE OF PREMISES.

1.1 Railroad hereby leases to Industry, subject to all rights, interests and estates of third parties, and upon the terms and conditions set forth below, the Premises for the Permitted Uses (defined below).

1.2 In the event Industry requires access to and from the Premises by use of the Railroad Track or Railroad's property adjacent to the Premises, Railroad hereby grants Industry a non-exclusive license and permission to enter upon Railroad's property for such purpose. Railroad shall, at its sole discretion, designate the location or route to be used by Industry. For the purposes of this Lease, the designated access, whether specifically defined or not, is included in the definition of Premises.

Section 2. PERMITTED USES. Industry shall use the Premises exclusively as a site for: (i) the performance of Routine Activities (defined below) and (ii) Major Construction (defined below) related to the Track and for no other purposes (collectively, the "Permitted Uses"). Except as otherwise provided in this Lease, Industry shall not use or store hazardous substances, as defined by the Comprehensive Environmental Response, Compensation, and Liability Act, as amended ("CERCLA") or petroleum or oil as defined by applicable Environmental Laws (defined below) on the Track or any part of the Premises. Industry shall provide all relevant information in response to Railroad's inquiries regarding the use or condition of the Premises. For purposes of this Lease:

2.1 "Routine Activities" shall include those normal maintenance and operating activities described in the Track Agreement, so long as such normal maintenance and operating activities described in the Track Agreement do not involve Major Construction.

2.2 "Major Construction" shall mean activities conducted on the Premises or Track that (a) require the excavation of soil that would alter or disturb the Premises; (b) require the use of heavy machinery; (c) involve Fouling (defined below) or a significant risk of Fouling; or (d) require the sheltering of the Facilities or Equipment in shelters located closer than 25 feet from the nearest portion of the Track or other track owned or operated by Railroad. In addition, the parties agree that all activities on the Premises prior to the first date that initial construction of the Track on the Premises is complete to the point that railroad cars can operate over such Track shall be deemed to be "Major Construction", even if such activities do not include activities described in (a), (b), (c) or (d) above.

2.3 "Fouling" shall mean the existence, movement or placement of material, equipment and/or personnel on the Track or within twenty-five (25) feet vertically or laterally of the centerline of the Track, or any other activity which in Railroad's sole opinion may interfere with any operations of Railroad.

2.4 "Facilities" shall collectively mean any gates or fencing across the Track, track scale, unloading pit, loading or unloading device, adjustable loading dock, warehouse door, or any other structure affecting the Track.

2.5 "Equipment" shall collectively mean all of Industry's equipment touching, used in conjunction with or affecting the Track.

Section 3. TERM. Unless earlier terminated as provided herein, this Lease will be in force for a term commencing on the Effective Date and shall automatically continue thereafter until terminated by either party giving the other thirty (30) days' written notice of its desire to terminate the Lease (the "Term"); provided that such Term is included herein for the sole purpose of establishing the duration of the parties' rights and obligations under this Lease (unless such rights and obligations expressly survive this Lease), and nothing herein shall constitute any commitment or agreement regarding the commercial terms and conditions by which Railroad may, from time to time, provide rail service to, from or on the Track or any other part of the Premises, or a modification or amendment to any other arrangement or agreement regarding such service.

Section 4. RENTAL. Industry shall pay to Railroad, prior to the Effective Date, a one-time sum of \$500 for the lease of the Premises. If Industry fails to surrender the Premises to Railroad upon the expiration or termination of this Lease, and Railroad does not consent in writing to Industry's holding over, then such holding over will be deemed a month-to-month tenancy. Industry's holdover will be subject to all provisions of this Lease, provided that Industry shall pay to Railroad in advance a monthly rental of \$500 during such holdover period. In no event shall such holding over renew or extend the Term except as provided for in this Section 4.

Section 5. MAINTENANCE AND REPAIRS.

5.1 Industry shall at all times, and at its sole risk and expense, maintain (or cause to be maintained), repair (or cause to be repaired), the Premises in a safe and satisfactory condition, and in strict compliance with all applicable Legal Requirements (defined below), and in accordance with other Railroad requirements relating to the use, maintenance, and operation of the Premises and construction of the Track. Industry shall promptly make all necessary or desirable repairs and maintenance to the Premises. Maintenance, for purposes of this Lease, means keeping the Premises in good working order and condition, including without limitation: (a) providing proper drainage, as determined by Railroad in Railroad's sole discretion, on the Premises; (b) keeping the Premises free and clear of snow, ice, vegetation, structures, and other obstacles; and (c) maintaining adequate grade crossing warning devices, passive warning signs, gates, fences, barriers, roadways, track drainage facilities, lighting and track and other signals. The Track shall be maintained in accordance with the terms and conditions of the Track Agreement.

5.2 Industry shall keep and maintain any paved areas, sidewalks, curbs, landscaping and lawn parts of the Premises in a clean and orderly condition, and free of accumulation of dirt and rubbish. Industry shall not cause or permit, commit, or maintain any waste or nuisance in, on or about the Premises.

5.3 Railroad shall not have any liability or obligation to furnish or pay for any water, light, power, or any other services or facilities of whatsoever nature or to make any repairs or alterations of whatsoever nature in or to the Premises, including but not limited to structural repairs, or to maintain the Premises in any manner. Industry acknowledges that Railroad shall have no responsibility for management of the Premises.

5.4 Industry shall notify Railroad's representative, Roadmaster Pat Newell, at 4006 E. Vine Street, Building B, Fresno, CA 93725, telephone 559-457-7660, five (5) days prior to commencing any Major Construction.

5.5 Notwithstanding anything contained herein to the contrary, in the event of any conflict between the terms of this Lease and the Track Agreement with regard to the use and maintenance of the Premises, the most stringent provision or requirement applicable to Industry will control.

Section 6. COMPLIANCE WITH LAWS.

6.1 Industry shall be responsible for obtaining, without expense to Railroad, all necessary real property rights and public authority and permission, including without limitation applicable licenses and permits, for the maintenance and operation of the Premises and the construction of the Track, provided Industry obtains prior written consent from Railroad. Industry, at Industry's expense, shall at all times comply with the requirements of each such license and permit.

6.2 Industry shall comply with all Railroad requirements related to the use of the Premises. Industry further agrees to comply with all Legal Requirements applicable to Industry and the Premises, this Lease and Industry's activities and obligations hereunder, and shall have the sole responsibility for costs, fees, or expenses associated with such compliance. As used herein, the term "**Legal Requirements**" shall mean all applicable laws, statutes, regulations, ordinances, orders, covenants, restrictions, codes, rules or any order, decision, injunction, judgment, award or decree of any public body or authority having jurisdiction over Industry, the Track, all other parts of the Premises, this Lease, and/or Industry's obligations under this Lease, and shall include all Environmental Laws (defined below).

6.3 Prior to entering the Premises, Industry shall and shall cause its contractor(s) to comply with all of Railroad's applicable safety rules and regulations. Industry must ensure that each of its employees, contractors, agents or invitees entering upon the Premises completes the safety training program at the Website "www.contractororientation.com" (the "**Safety Orientation**") within one year prior to entering upon the Premises. Additionally, Industry must ensure that each and every employee of Industry, its contractors, agents and invitees possess a card certifying completion of the Safety Orientation prior to entering upon the Premises. Industry must renew the Safety Orientation annually. Prior to any contractor of Industry entering the Premises, Industry shall cause each such contractor to enter into and comply with Railroad's standard Contractor's Right of Entry Agreement ("**Right of Entry Agreement**") in the form attached hereto as Exhibit "D" and incorporated herein by this reference.

Section 7. OPERATION AND USE OF PREMISES.

7.1 In the event the Premises is used for receiving, forwarding, or storing hazardous materials as defined by any Environmental Law, Industry agrees to comply with all applicable Legal Requirements and with Railroad's further requirements concerning the same.

7.2 In the event Industry desires to install any Facilities, Industry shall first submit in writing to Railroad the plans and specifications for such Facilities, and secure written approval from Railroad, which may be withheld in Railroad's sole discretion, before construction of any Facilities is undertaken by Industry.

7.3 Industry shall be responsible for the safe condition of the Facilities and shall construct, install, use, maintain, and repair any Facilities approved in advance by Railroad at Industry's sole risk and expense, in a manner and of materials satisfactory to Railroad. Industry, during the installation, construction, use, operation, renewal, relocation, modification, maintenance and repair of these Facilities, shall exercise utmost and extraordinary diligence to prevent damage to the property of Railroad or injury to its agents, employees, invitees and contractors.

7.4 If Industry installs any Facilities, Industry shall be solely responsible for assuring the safe and satisfactory condition of the same and shall not allow any Facilities to be a source of danger or environmental harm to the Premises, or interfere with the safe operations of the Track or Premises. Industry shall also be solely responsible for assuring the safe and satisfactory condition of all of the Equipment and shall not allow any Equipment to be installed or operated in a way that impairs the safe operation of the Track. Before utilizing or unloading any equipment spotted onto the Track, Industry shall inspect the same and all other Equipment and Facilities for the safety of persons working on or about these items to assure compliance with the foregoing. Industry shall utilize all Facilities, Equipment and spotted equipment so as not to negatively affect safe and efficient operation over the Track. In furtherance of the foregoing obligations of Industry but not in limitation of the same, Industry shall do, among others, the following things: (a) keep any gates across the Track or any other part of the Premises open whenever necessary, in Railroad's sole judgment, to enable Railroad to safely and efficiently operate over the Track or any other part of the Premises; (b) keep unloading pits securely covered when not in actual use and at all times when the Track is being switched by Railroad; (c) keep all doors firmly secured, and adjustable loading docks at warehouses shall likewise be securely fastened in an upright position when not in actual use and at all times when the Track is being switched by Railroad; and (d) operate and maintain all other Facilities so as not to negatively affect the safe and efficient operation of Railroad over Track or any other part of the Premises.

7.5 Without relieving Industry from any of its obligations under this Lease, Railroad may refuse to enter the Premises or use or enter the Facilities or contact the Equipment whenever Railroad, in its sole discretion, determines that the same is unsatisfactory for Railroad's operation, entry or contact. If and when Industry has remedied such condition to Railroad's sole satisfaction, Railroad may resume entry into the Premises or use of or entry into the Facilities or contact with the Equipment. Railroad's entry into the Premises or use of or entry into any Facility or contact with any Equipment with knowledge of an unsatisfactory condition is not a waiver of Industry's obligations contained herein or of Railroad's right to recover for or be indemnified and defended against damages to property or the environment, or injury to or death of persons, that may result therefrom.

7.6 It is understood by Industry that the Premises may be in dangerous proximity to railroad tracks, including the Track, and that persons and property, whether real or personal, on the Premises will be in danger of injury, death or destruction incident to the operation of the railroad, including, without limitation, the risk of derailment, fire, or inadequate

clearance (including sight clearance or vision obstruction problems at grade crossings on or adjacent to the Premises), and Industry accepts this Lease subject to such dangers, and acknowledges that its indemnification obligations hereunder extend to and include all such risks.

7.7 Industry shall pay all taxes, assessments, levies, utilities, and other charges of every kind and character, whether foreseen or unforeseen, ordinary or extraordinary, which are attributable to the Term and may become due or levied against the Track, any other part of the Premises, against Industry, against the business conducted on the Track, any other part of the Premises during the Term, even though such taxes, utilities or other charges may not become due and payable until after termination of this Lease. Industry waives all rights pursuant to all Legal Requirements to protest appraised values or receive notice of reappraisal regarding the Premises or the Track (including Railroad's personality), irrespective of whether Railroad contests the same.

7.8 Railroad may require for safety purposes that Industry, at its sole cost and expense, use Railroad's flaggers and provide lights, traffic control devices, automatic warning devices, or any such safety measure that Railroad deems appropriate in connection with the use of the Track or any other part of the Premises by or for Industry. Industry shall reimburse Railroad within thirty (30) days of receipt of bills rendered therefor for all of Railroad's costs, including but not limited to the furnishing of Railroad's flaggers and any vehicle rental costs incurred. The cost of flagger services and other safety measures provided by Railroad, when deemed necessary by Railroad's representative, will be the sole responsibility of Industry. Flagger costs shall include, but not be limited to, the following: pay for at least an eight (8) hour basic day with time and one-half or double time for overtime, rest days and holidays (as applicable); vacation allowance; paid holidays (as applicable); Railroad and unemployment insurance; public liability and property damage insurance; health and welfare benefits; transportation; meals; lodging and supervision. Negotiations for Railroad labor or collective bargaining agreements and rate changes authorized by appropriate Federal authorities may increase flagging rates. Flagging rates in effect at the time of performance by the flaggers will be used to calculate the flagging costs pursuant to this Section 7.8.

7.9 Industry shall, at its sole expense, pay all costs for changes, repairs, relocations or alterations to the Track if such changes, repairs, relocations or alterations: (i) are required to comply with any Legal Requirements, (ii) are requested by any governmental agency, or (iii) are made for any other reason beyond Railroad's reasonable control. Without limiting the generality of the foregoing, in the event the public authority having jurisdiction thereover orders the separation of the grade of the Track and any street, road, highway, other rail line, or the like, Industry hereby consents to the removal and/or relocation of the Track and shall reimburse Railroad all expenses in connection with the removal and/or relocation of said Track.

7.10 Industry shall be solely responsible for the security of the Premises during the Term, including without limitation excluding third parties from the Premises.

7.11 Industry shall not cause, permit, commit, or maintain any waste or nuisance in, on or about the Premises.

Section 8. CONDITION OF PREMISES.

8.1 Industry represents that the Premises, including without limitation the title thereto, the improvements and structures located on the Premises or adjoining the same, the environmental condition of the Premises, any subsurface conditions underlying the Premises, and the present uses of the Premises have been examined by Industry. Industry accepts the Premises in the condition in which they now are, without representation or warranty, expressed or implied, in fact or by law, by Railroad, and without recourse to Railroad as to the title thereto, the nature, condition or usability thereof, or the uses to which the Premises may be put. By taking possession or commencing use of the Premises, Industry: (i) acknowledges that it is relying on its own inspections of the Premises and not on any representations from Railroad regarding the Premises; (ii) establishes conclusively that the Premises are at such time in satisfactory condition and in conformity with this Lease and all zoning or other governmental requirements in all respects; and (iii) accepts the Premises in their condition as of the Effective Date on an "AS IS," "WHERE IS," and "WITH ALL FAULTS" basis, subject to all faults and infirmities and the environmental condition of the Premises, whether now or hereafter existing. Industry expressly waives any and all claims that Railroad has any duty or obligation to inform or warn Industry of patent or latent hazards, defects or environmental conditions, if any, or to make the Premises free of same, and expressly assumes these obligations, whether or not applicable law imposes such requirements on Railroad. Nothing contained in this Section 8 affects the commencement of the Term or the obligation of Industry to pay rent as provided above.

8.2 Industry represents and warrants to Railroad as follows: (a) Industry does not intend to, and will not, use the Premises for any purposes other than as set forth in Section 2; (b) Industry has previously disclosed in writing to Railroad all special requirements (but Railroad shall have no responsibility relative to any such special requirement), if any, which Industry may have in connection with its intended uses of the Premises; and (c) Industry has undertaken and has reasonably and diligently completed all appropriate investigations regarding the suitability of the Premises for Industry's

intended uses. Industry shall comply with any covenants, conditions or restrictions now or hereafter affecting the Premises, and acknowledges that Railroad may place any covenants, conditions or restrictions of record affecting the Premises prior to or during the Term. In such event, this Lease will be subject and subordinate to all of the same without further action by either party, including, without limitation, the execution of any further instruments. Industry acknowledges that Railroad has given material concessions for the acknowledgements and provisions contained in this Section 8, and that Railroad is relying on these acknowledgements and agreements and would not have entered into this Lease without such acknowledgements and agreements by Industry.

8.3 Industry may not make any alterations to the Premises or permanently affix anything to the Premises or any buildings or other structures adjacent to the Premises without Railroad's prior written consent. All alterations, additions, or betterments to the Premises, other than the rails and the ties, shall upon completion of construction become the sole property of Railroad. Upon completion of the construction of the track on the Premises pursuant to this Lease, such track shall be considered either "Railroad Track" or "Industry Track" as defined in the Track Agreement for purposes of this Lease.

Section 9. WATER RIGHTS AND USE OF WELLS. This Lease does not grant, convey or transfer any right to the use of water under any water right owned or claimed by Railroad which may be appurtenant to the Premises. All right, title, and interest in and to such water is expressly reserved unto Railroad, and the right to use same or any part thereof may be obtained only by the prior written consent of Railroad. Industry shall not use, install or permit to be installed or used any wells on the Premises without the prior written consent of Railroad, which consent is in Railroad's sole and absolute discretion.

Section 10. DEFINITION OF COST AND EXPENSE.

10.1 For the purpose of this Lease, "cost" or "costs" "expense" or "expenses" includes, but is not limited to, actual labor and material costs including all assignable additives, and material and supply costs at current value where used.

10.2 All invoices are due thirty (30) days after the date of invoice. In the event that Industry shall fail to pay any monies due to Railroad within thirty (30) days after the invoice date, then Industry shall pay interest on such unpaid sum from thirty (30) days after its invoice date to the date of payment by Industry at an annual rate equal to (i) the greater of (a) for the period January 1 through June 30, the prime rate last published in *The Wall Street Journal* in the preceding December plus two and one-half percent (2 1/2%), and for the period July 1 through December 31, the prime rate last published in *The Wall Street Journal* in the preceding June plus two and one-half percent (2 1/2%), or (b) twelve percent (12%), or (ii) the maximum rate permitted by law, whichever is less.

Section 11. RIGHT OF RAILROAD TO USE; ACCESS TO PREMISES BY RAILROAD.

11.1 All rights granted to Industry hereunder are subject and subordinate to the prior and continuing right of Railroad, without liability to Industry or any other party for compensation or damages thereto: (a) to use the Premises in any manner whatsoever; (b) to construct, maintain, renew, use, operate, change, modify or relocate any existing fences, pipelines, communication facilities, fiber optic lines, wireless towers, telephone, power or other transmission lines, or appurtenances and other facilities or structures of like character upon, over, under or across the Premises, without payment of any sum for any damage, including damage to growing crops; (c) to allow to be constructed upon the Premises or its right-of-way any other facilities and to use its right-of-way in any manner as Railroad in its sole discretion deems appropriate; (d) to take all required materials and equipment onto the Premises, and perform all required work therein, for the purpose of making alterations, repairs, or additions to the Premises as Railroad may elect if Industry defaults in its obligation to do so; (e) to enter the Premises to show the Premises to holders of encumbrances on the interest of Railroad in the Premises, or to prospective purchasers or mortgagees of the Premises; (f) to exhibit the Premises to prospective lessees; (g) to enter the Premises and place signage thereon to advertise that the same is available for lease or sale; and (h) to enter the Premises at any time to inspect the Premises. All such entries and activities described in (a) - (h) above shall be without any rebate of rent to Industry for any loss of occupancy of the Premises, or damage, injury or inconvenience thereby caused; provided that Railroad agrees to use commercially reasonable efforts to avoid material interference with Industry's use of the Track and all other parts of the Premises as described herein.

11.2 For purposes stated in this Section 11, Railroad will at all times have keys with which to unlock all of the doors and gates on the Premises, and Industry will not change or alter any lock thereon without Railroad's permission.

11.3 In an emergency, Railroad will be entitled to use any and all means that Railroad may deem proper to open doors, gates, and other entrances to obtain entry to the Premises. Any entry to the Premises by Railroad as described in this Section 11 shall not under any circumstances be construed or deemed to be a forcible or unlawful entry

into, or a detainer of, the Premises, or any eviction of Industry from the Premises, and any damages caused on account thereof will be paid by Industry.

Section 12. CLEARANCES. Industry shall not: (a) place, permit to be placed, or allow to remain, any permanent or temporary material, structure, pole, container, storage vessel, above-ground or underground tank, or other obstruction (i) within eight and one-half (8-1/2) feet laterally from the center (nine and one-half (9-1/2) feet on either side of the centerline of curved track) or (ii) within twenty-three and one-half (23-1/2) feet vertically from the top of the rail of any track, or (b) place or allow to be placed any freight cars, materials, machinery, or other equipment within 250 feet of either side of any at-grade crossings on the Premises (collectively, "Minimal Clearances"), provided that if any Legal Requirement requires greater clearances than those provided for in this Section 12, then Industry shall strictly comply with such Legal Requirement. However, vertical or lateral clearances that are less than the Minimal Clearances but are in compliance with applicable Legal Requirements will not be a violation of this Section 12, so long as Industry strictly complies with the terms of any such Legal Requirement and posts a sign on the Premises clearly noting the existence of such reduced clearance. Any such sign shall be painted with black and white reflective paint. Railroad or Industry's operation over the Track or Premises with knowledge of an unauthorized reduced clearance will not be a waiver of the covenants of Industry contained in this Section 12 or of Railroad's right to recover for and be indemnified and defended against such damages to property or the environment, or injury to or death of persons, that may result therefrom.

Section 13. INDEMNIFICATION.

13.1 The provisions of this Section 13 shall apply to Industry throughout the Term; provided, however, the provisions of Exhibit "B", attached hereto and incorporated herein by this reference, shall also apply to Industry during: (i) all periods of Major Construction, to the extent Industry self-performs all or any portion of such Major Construction, and (ii) all periods during which Industry's contractor(s) are on the Premises and Industry has failed to cause its contractor(s) to timely enter into and fully comply with Railroad's Right of Entry Agreement.

13.2 For purposes of this Lease: (a) "Indemnitees" means Railroad and Railroad's affiliated companies, partners, successors, assigns, legal representatives, officers, directors, shareholders, employees and agents; (b) "Liabilities" means all claims, liabilities, fines, penalties, costs, damages, losses, liens, causes of action, suits, demands, judgments and expenses (including, without limitation, court costs, reasonable attorneys' fees, costs of investigation, removal and remediation and governmental oversight costs) environmental or otherwise; and (c) "Industry Parties" means Industry or Industry's officers, agents, invitees, licensees, employees, or contractors, or any party directly or indirectly employed by any of them, or any party they control or exercise control over.

13.3

13.3.1 TO THE FULLEST EXTENT PERMITTED BY LAW, INDUSTRY SHALL, AND SHALL CAUSE ITS CONTRACTOR TO, FOREVER WAIVE ANY AND ALL CLAIMS IT MAY HAVE OR WHICH MAY ARISE OUT OF THE ENVIRONMENTAL CONDITION OF THE PREMISES. THIS WAIVER IS APPLICABLE REGARDLESS OF WHETHER SUCH LIABILITY IS BASED ON STRICT LIABILITY, NEGLIGENCE, OR ANY OTHER STANDARD; AND IS APPLICABLE REGARDLESS OF WHETHER SUCH CLAIMS ARISE OUT OF COMMON LAW OR OUT OF CERCLA OR ANY OTHER ENVIRONMENTAL LAW. IN NO EVENT WILL RAILROAD BE RESPONSIBLE FOR THE ENVIRONMENTAL CONDITION OF THE PREMISES AS BETWEEN THE TWO PARTIES.

13.3.2 FURTHER, TO THE FULLEST EXTENT PERMITTED BY LAW, INDUSTRY IS CONSIDERED FOR PURPOSES OF THIS LEASE TO BE THE OWNER AND OPERATOR OF THE PREMISES FOR THE ENTIRE PERIOD INDUSTRY OCCUPIES OR OTHERWISE USES THE PREMISES. INDUSTRY INDEMNIFIES, HOLDS HARMLESS, AND SHALL DEFEND INDEMNITEES FOR ANY LIABILITIES THAT ARISE OUT OF INDEMNITEES' STATUS AS AN OWNER OR OPERATOR OF THE PREMISES FOR THE ENTIRE PERIOD INDUSTRY OCCUPIES OR OTHERWISE USES THE PREMISES. FURTHER, INDUSTRY INDEMNIFIES, HOLDS HARMLESS, AND SHALL DEFEND INDEMNITEES AGAINST ANY CLAIMS THAT ANY INDEMNITEE IS A GENERATOR, ARRANGER OR TRANSPORTER BY VIRTUE OF ITS ENTERING INTO THIS LEASE. NOTHING IN THIS LEASE IS MEANT BY EITHER PARTY TO CONSTITUTE A WAIVER OF ANY INDEMNITEE'S COMMON CARRIER DEFENSES AND THE LEASE SHOULD NOT BE SO CONSTRUED. IN THE EVENT ANY AGENCY OR COURT CONSTRUES THE LEASE TO BE A WAIVER OF ANY INDEMNITEE'S COMMON CARRIER DEFENSES, INDUSTRY AGREES TO INDEMNIFY, HOLD HARMLESS, AND DEFEND INDEMNITEES FOR ANY LIABILITIES RELATED TO THAT CONSTRUCTION OF THIS LEASE.

13.4 IF ANY EMPLOYEE OF AN INDUSTRY PARTY ASSERTS THAT HE OR SHE IS AN EMPLOYEE OF ANY INDEMNITEE, INDUSTRY SHALL RELEASE, INDEMNIFY, DEFEND, AND HOLD THE INDEMNITEES HARMLESS FROM AND AGAINST ANY LIABILITIES (AS DEFINED IN 13.2 ABOVE) ARISING OUT OF OR RELATED

TO (IN WHOLE OR IN PART) ANY SUCH ASSERTION INCLUDING, BUT NOT LIMITED TO, THE FEDERAL EMPLOYERS' LIABILITY ACT, THE SAFETY APPLIANCE ACT, THE LOCOMOTIVE INSPECTION ACT, THE OCCUPATIONAL SAFETY AND HEALTH ACT, THE RESOURCE CONSERVATION AND RECOVERY ACT, AND ANY SIMILAR STATE OR FEDERAL STATUTE. INDUSTRY'S OBLIGATIONS UNDER THIS SECTION 13.4 ARE REGARDLESS OF ANY ACTUAL OR ALLEGED NEGLIGENCE, FAULT, OR COMPARATIVE FAULT OF ANY INDEMNITEE RELATED TO SUCH CAUSES OF ACTION.

13.5 Upon written notice from Railroad, Industry agrees to assume the defense of any lawsuit or other proceeding brought against any Indemnatee by any entity, relating to any matter covered by this Lease for which Industry has an obligation to assume liability for and/or save and hold harmless any Indemnatee. Industry shall pay all costs and expenses incident to such defense, including, but not limited to, reasonable attorneys' fees, investigators' fees, litigation and appeal expenses, settlement payments, and amounts paid in satisfaction of judgments.

Section 14. PERSONAL PROPERTY WAIVER. ALL PERSONAL PROPERTY, INCLUDING, BUT NOT LIMITED TO, FIXTURES, EQUIPMENT, OR RELATED MATERIALS UPON THE TRACK OR PREMISES WILL BE AT THE RISK OF INDUSTRY ONLY, AND NO INDEMNITEE WILL BE LIABLE FOR ANY DAMAGE THERETO OR THEFT THEREOF, WHETHER OR NOT DUE IN WHOLE OR IN PART TO THE NEGLIGENCE OF ANY INDEMNITEE.

Section 15. INSURANCE.

15.1 The provisions of this Section 15 shall apply to Industry throughout the Term; provided, however, the provisions of Exhibit "C", attached hereto and incorporated herein by this reference, shall also apply to Industry during: (i) all periods of Major Construction, to the extent Industry self-performs all or any portion of such Major Construction, and (ii) all periods during which Industry's contractor(s) are on the Premises and Industry has failed to cause its contractor(s) to timely enter into and fully comply with Railroad's Right of Entry Agreement. Throughout the Term, Industry shall, at its sole cost and expense, procure and maintain the following insurance coverage:

15.1.1 Commercial General Liability Insurance. This insurance shall contain broad form contractual liability with a combined single limit of a minimum of \$1,000,000 each occurrence and an aggregate limit of at least \$2,000,000 but in no event less than the amount otherwise carried by Industry. Coverage must be purchased on a post 2004 ISO occurrence or equivalent and include coverage for, but not limited to, the following:

- Bodily Injury and Property Damage.
- Personal Injury and Advertising Injury.
- Fire legal liability.
- Products and completed operations.

This policy shall also contain the following endorsements or language, which shall be indicated on the certificate of insurance:

- The definition of insured contract shall be amended to remove any exclusion or other limitation for any work being done within 50 feet of railroad property.

It is agreed that the Workers' Compensation and employers' liability related exclusions in the Commercial General Liability Insurance policy(ies) required herein are intended to apply to employees of the policy holder and shall not apply to Railroad employees.

No other endorsements limiting coverage may be included on the policy.

15.1.2 Workers' Compensation and Employers' Liability Insurance. This insurance shall include coverage for, but not limited to:

- Industry's statutory liability under the workers' compensation Legal Requirements of the state(s) in which the work is to be performed. If optional under State Legal Requirements, the insurance must cover all employees anyway.
- Employers' Liability (Part B) with limits of at least \$500,000 each accident, \$500,000 by disease policy limit, \$500,000 by disease each employee.

15.2 Industry shall comply with the following additional requirements with respect to such insurance:

15.2.1 Any insurance policy shall be written by a reputable insurance company with a current Best's Guide Rating of A- and Class VII or better, and authorized to do business in the state(s) in which the service is to be provided. If Industry subcontracts any portion of the operation, Industry shall require that the subcontractor provide and maintain insurance coverage as set forth herein.

15.2.2 Prior to commencing operations, Industry shall furnish to Railroad an acceptable certificate(s) of insurance from an authorized representative evidencing the required coverage(s), endorsements, and amendments.

15.2.3 The policy(ies) shall contain a provision that obligates the insurance company(ies) issuing such policy(ies) to notify Railroad in writing at least 30 days prior to any cancellation, non-renewal, substitution or material alteration. This cancellation provision shall be indicated on the certificate of insurance.

15.2.4 In the event of a claim or lawsuit involving Railroad arising out of this Lease, Industry will make available any required policy covering such claim or lawsuit.

15.2.5 Failure to provide evidence as required by this Section 15 shall entitle, but not require, Railroad to terminate this Lease immediately. Acceptance of a certificate that does not comply with this Section 15 shall not operate as a waiver of Industry's obligations hereunder. The fact that insurance (including, without limitation, self-insurance) is obtained by Industry shall not be deemed to release or diminish the liability of Industry including, without limitation, liability under the indemnity provisions of this Lease. Damages recoverable by Railroad shall not be limited by the amount of the required insurance coverage.

15.3 For purposes of this Section 15, Railroad shall mean "Burlington Northern Santa Fe LLC", "BNSF Railway Company" and the subsidiaries, successors, assigns, and affiliates of each.

Section 16. ENVIRONMENTAL.

16.1 Industry shall strictly comply with all Environmental Laws (defined below). Industry shall not maintain any treatment, storage, transfer or disposal facility, or underground storage tank, as defined by Environmental Laws, on the Premises. Industry shall not release or suffer the release of oil or Hazardous Materials (defined below) on, about or affecting the Premises.

16.2 Except as authorized in advance in writing by Railroad, Hazardous Materials are not permitted on the Premises. Use or storage on the Premises of any Hazardous Materials that are not previously authorized by Railroad in writing in advance of such use or storage is a breach of this Lease.

16.3 Industry shall give Railroad immediate notice to Railroad's Resource Operations Center at (800) 832-5452 of any release of Hazardous Materials on, from, or affecting the Premises and to Railroad's Manager Environmental Leases at (785) 435-2386 for any violation of Environmental Laws, or inspection or inquiry by governmental authorities charged with enforcing Environmental Laws with respect to Industry's use of the Premises. Industry also shall give Railroad's Manager-Environmental Leases immediate notice of all measures undertaken by or on behalf of Industry to investigate, remediate, respond to or otherwise cure such release or violation and shall provide to Railroad's Manager-Environmental Leases copies of all reports and/or data regarding any investigations or remediations of the Premises. In the event that Railroad has notice from Industry or otherwise of a release or violation of Environmental Laws on, from, or otherwise affecting the Premises which occurred or may occur during the Term, Railroad may require Industry, at Industry's sole risk and expense, to take timely measures to investigate, remediate, respond to or otherwise cure each such release or violation on, from, or otherwise affecting the Plant, Premises, or Railroad's adjoining property or Railroad's right-of-way.

16.4 Industry shall promptly report to Railroad in writing any conditions or activities upon the Plant or Premises which create a risk of harm to persons, property or the environment and shall take whatever action is necessary to mitigate injury or damage to persons, property or the environment arising out of such conditions or activities, including but not limited to releases or violations of Environmental Laws; provided, however, that Industry's reporting to Railroad shall not relieve Industry of any obligation whatsoever imposed on it by this Lease or by any Legal Requirement. Industry shall promptly respond to Railroad's request for information regarding said conditions or activities.

16.5 In addition to the rights set forth in Section 11 above, Railroad and its agents and representatives shall have a right of entry and access to the Premises: (i) at any time an actual or suspected emergency exists and (ii) at any reasonable time, upon prior written notice, and, at Industry's election, with a representative of Industry present, for the purposes of (a) inspecting the documentation relating to Hazardous Materials or environmental matters maintained by Industry or any occupant of the Premises and (b) ascertaining whether Industry is in compliance with its obligations under this Section 16.

16.6 On or prior to termination of this Lease, Railroad may, at Railroad's option, require Industry to conduct an environmental audit of the Premises through an environmental consulting engineer acceptable to Railroad, at Industry's sole cost and expense, to determine if any noncompliance or environmental damage to the Premises has occurred during

Industry's occupancy thereof. The audit shall be conducted to Railroad's satisfaction and a copy of the audit report shall promptly be provided to Railroad for its review. Industry shall pay all expenses for any remedial action that may be required as a result of said audit to correct any noncompliance or environmental damage, and Industry shall diligently pursue all necessary work to completion no later than thirty (30) days after termination. Industry's obligations under this Section 16.6 shall survive termination of this Lease.

16.7 "Environmental Law(s)" shall mean any federal, state, or local law, statute, ordinance, code, rule, regulation, policy, common law, license, authorization, decision, order, or injunction which pertains to health, safety, any Hazardous Material (as hereinafter defined), or the environment (including but not limited to ground, air, water, or noise pollution or contamination, and underground or above-ground tanks) and shall include, without limitation, the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq., the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §9601 et seq. ("CERCLA"); the Hazardous Materials Transportation Act, 49 U.S.C. §1801 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. §1251 et seq.; the Clean Air Act, 42 U.S.C. §7401 et seq.; the Toxic Substances Control Act, 15 U.S.C. §2601 et seq.; the Safe Drinking Water Act, 42 U.S.C. §300f et seq.; the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. 11001 et seq., the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. 136 to 136y; the Oil Pollution Act, 33 U.S.C. 2701 et seq.; and the Occupational Safety and Health Act, 29 U.S.C. 651 et seq.; all as have been amended from time to time, and any other federal, state, or local environmental requirements, together with all rules, regulations, orders, and decrees now or hereafter promulgated under any of the foregoing, as any of the foregoing now exist or may be changed or amended or come into effect in the future.

16.8 "Hazardous Material(s)" shall include but shall not be limited to any substance, material, or waste that is regulated by any Environmental Law or otherwise regulated by any federal, state, or local governmental authority because of toxic, flammable, explosive, corrosive, reactive, radioactive or other properties that may be hazardous to human health or the environment, including without limitation asbestos and asbestos-containing materials, radon, petroleum and petroleum products, urea formaldehyde foam insulation, methane, lead-based paint, polychlorinated biphenyl compounds, hydrocarbons or like substances and their additives or constituents, pesticides, agricultural chemicals, and any other special, toxic, or hazardous (i) substances, (ii) materials, or (iii) wastes of any kind, including without limitation those now or hereafter defined, determined, or identified as "hazardous chemicals," "hazardous substances," "hazardous materials," "toxic substances," or "hazardous wastes" in any Environmental Law.

Section 17. NO WARRANTIES. RAILROAD'S DUTIES AND WARRANTIES ARE LIMITED TO THOSE EXPRESSLY STATED IN THIS LEASE, IF ANY, AND SHALL NOT INCLUDE ANY IMPLIED DUTIES OR IMPLIED WARRANTIES, NOW OR IN THE FUTURE. NO REPRESENTATIONS OR WARRANTIES HAVE BEEN MADE BY RAILROAD OTHER THAN THOSE CONTAINED IN THIS LEASE. INDUSTRY HEREBY WAIVES ANY AND ALL WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE TRACK OR PREMISES WHICH MAY EXIST BY OPERATION OF LAW OR IN EQUITY, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY, HABITABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

Section 18. QUIET ENJOYMENT. RAILROAD DOES NOT WARRANT ITS TITLE TO THE TRACK OR PREMISES NOR UNDERTAKE TO DEFEND INDUSTRY IN THE PEACEABLE POSSESSION OR USE THEREOF. NO COVENANT OF QUIET ENJOYMENT IS MADE. This Lease is made subject to all outstanding rights or interests of others. If the Premises and/or Track are subsequently found to be subject to prior claim, this Lease shall terminate immediately on notice to that effect from Railroad. Industry accepts this Lease subject to that possibility and its effect on Industry's rights and ownership of any improvements constructed or installed on the Premises by or for Industry ("Industry Improvements"). In case of eviction of Industry by anyone other than Railroad, or anyone owning or claiming title to or any interest in the Premises, Railroad shall not be liable to Industry for damage of any kind (including any loss of ownership right to the Industry Improvements) or to refund any rent paid hereunder, except to return the unearned portion of any rent paid in advance.

Section 19. LIENS. Industry shall promptly, and in any case no later than ten (10) days after notice of the filing thereof, pay and discharge any and all liens arising out of any Major Construction, Routine Activities or any other activities done, suffered or permitted to be done by Industry on the Track or Premises, and shall indemnify, defend and hold harmless Railroad from any such liens. Railroad is hereby authorized to post any notices or take any other action upon or with respect to the Track or Premises that is or may be permitted by law to prevent the attachment of any such liens to the Track or Premises; provided, however, that failure of Railroad to take any such action shall not relieve Industry of any obligation or liability under this Section 19 or any other section of this Lease.

Section 20. DAMAGE OR DESTRUCTION. If at any time during the Term, the Track or Premises are damaged or destroyed by fire or other casualty, then Railroad, at its sole option, has the right to either: (i) terminate this Lease or (ii) repair and reconstruct the Premises to substantially the same condition in which the Premises existed immediately prior to the damage or destruction, except that Railroad is not required to repair, reconstruct or otherwise restore any Industry

Track or other Industry Improvements, Facilities, personal property, furniture, trade fixtures, or office equipment located on the Premises and removable by Industry under the provisions of this Lease.

Section 21. EMINENT DOMAIN. If any part of the Premises is taken by eminent domain, then Railroad, at its sole option, has the right to either: (i) terminate this Lease or (ii) continue the Lease in effect. If Railroad elects to continue the Lease, rent will be reduced in proportion to the area of the Premises taken by eminent domain, and Railroad shall repair any damage to the Premises resulting from the taking. All sums awarded or agreed upon between Railroad and the condemning authority for the taking of the interest of Railroad or Industry, whether as damages or as compensation, will be the property of Railroad; without prejudice, however, to claims of Industry against the condemning authority for moving costs and the unamortized cost of Industry Improvements paid for by Industry taken by the condemning authority. If this Lease is terminated under this **Section 21**, rent will be payable up to the date that possession is taken by the condemning authority, and Railroad shall refund to Industry any prepaid unaccrued rent less any sum then owing by Industry to Railroad.

Section 22. DEFAULT. The following events shall constitute defaults hereunder: (a) creating or allowing to remain any condition, including without limitation, any environmental condition, on, about or affecting the Track or Premises, which in Railroad's sole judgment interferes with or endangers Railroad's operations; (b) assignment or transfer by operation of law of Industry's rights or obligations under this Lease; (c) defaults on any of the covenants or agreements of Industry contained in this Lease; or (d) defaults on any of the covenants or agreements of Industry contained in the Track Agreement that persists beyond all applicable grace or cure periods.

Section 23. REMEDIES; TERMINATION.

23.1 In addition to the parties' termination rights set forth elsewhere in this Lease, and in addition to all other remedies available at law or in equity, Railroad may, without incurring any liability to Industry, terminate this Lease effective immediately by written notice to Industry, if any of the following events occur:

- (i) any default as described in **Section 22**, other than a default under **Section 22(c)**, occurs.
- (ii) any default as described in **Section 22(c)** occurs and persists for thirty (30) days following written notice from Railroad.
- (iii) Industry fails to utilize rail service from Railroad to or from the Plant for eight (8) months in any twelve (12) month period.
- (iv) Industry abandons or vacates the Premises.
- (v) Railroad is authorized by competent public authority to abandon its line to which the Track is connected.
- (vi) Railroad is dispossessed of the right to operate over the Track or its connecting track or any part thereof.
- (vii) the expiration or termination of the Track Agreement.
- (viii) Industry fails to provide evidence of insurance as required by **Section 15**.
- (ix) any default in the Track Agreement that persists beyond all applicable grace or cure periods.

23.2 Either party may terminate this Lease, at any time, by serving thirty (30) days' written notice of termination upon the other party, as set forth in **Section 3** above. Upon expiration of the time specified in such notice, this Lease and all rights of Industry shall absolutely cease (except for any rights and obligations that expressly survive this Lease).

23.3 Upon the expiration or earlier termination of this Lease as provided herein, Railroad at its sole discretion shall have the right to: (a) require Industry to transfer title to that portion of the Industry Track located upon the Premises, and any Facilities or improvements located upon, over, or under the Premises, to Railroad, and upon such transfer Railroad shall pay Industry the salvage value of the same; or (b) require Industry to remove, at its sole cost and expense, that portion of the Industry Track located upon the Premises and any Facilities, Equipment or improvements upon, over, or under the Premises, and to restore the Premises to substantially the state in which it was on the Effective Date of this Lease. In the event Railroad elects option (b) and Industry fails within thirty (30) days after the date of such expiration or termination to make the removal and restoration, then Railroad may do so itself and in such event Industry shall, within thirty (30) days after receipt of a bill therefor, reimburse Railroad for all costs incurred by Railroad in connection therewith. Industry's obligations under this **Section 23.3** shall expressly survive termination of this Lease.

23.4 Industry hereby agrees to waive and release all claims, rights, and causes of action that Industry has, may have, or may assert against Railroad because of the discontinuance of operation and/or removal of the Track as provided in this **Section 23**.

Section 24. ASSIGNMENT/SUBLETTING.

24.1 This Lease will inure to the benefit of and be binding upon the successors and approved assigns of the parties hereto; provided, however, that Industry may not sell, assign, transfer, or hypothecate this Lease or sublet or all a

portion of the Track or Premises or any interest herein (either voluntarily or by operation of law) without the prior written consent of Railroad, which consent shall not be unreasonably withheld. Any attempted assignment by Industry in violation of this **Section 24** shall be absolutely void. For purposes of this **Section 24**, the word "assign" shall include without limitation (a) any sale of the equity interests of Industry following which the equity interest holders of Industry immediately prior to such sale own, directly or indirectly, less than 50% of the combined voting power of the outstanding voting equity interests of Industry, (b) any sale of all or substantially all of the assets of (i) Industry and (ii) Industry's parent and subsidiaries (to the extent such entities exist), taken as a whole, or (c) any reorganization, recapitalization, merger or consolidation involving Industry, except for a reorganization, recapitalization, merger or consolidation following which the equity interest holders of Industry immediately prior to such reorganization, recapitalization, merger or consolidation own, directly or indirectly, at least 50% of the combined voting power of the outstanding voting equity interests of Industry or any successor thereto or the entity resulting from such reorganization, recapitalization, merger or consolidation. Either party hereto may assign any receivables due them under this Lease; provided, however, that such assignments will not relieve the assignor of any of its rights or obligations under this Lease. This Lease cannot be assigned or transferred independently from the Track Agreement.

24.2 Railroad shall have the right to transfer and assign, in whole or in part, all of its rights and obligations under this Lease and in the Premises, and upon such transfer, Railroad shall be released from any further obligations hereunder, and Industry agrees to look solely to the successor in interest of Railroad for the performance of such obligations.

Section 25. NOTICES. Any notice required or permitted to be given hereunder by one party to the other shall be in writing and the same shall be given and shall be deemed to have been served and given if (i) placed in the United States mail, certified, return receipt requested, or (ii) deposited into the custody of a nationally recognized overnight delivery service, addressed to the party to be notified at the address for such party specified below, or to such other address as the party to be notified may designate by giving the other party no less than thirty (30) days' advance written notice of such change in address.

If to Railroad: Jones Lang LaSalle Brokerage, Inc.
4300 Amon Carter Blvd., Suite 100
Fort Worth, Texas 76155-2670
Attn: Track Agreements

If to Industry: Tessenderlo Kerley, Inc.
2255 N. 44th Street, Suite 300
Phoenix, AZ 85008
Attn: CEO

Section 26. SUBORDINATION; ATTORNMEN; ESTOPPEL CERTIFICATES.

26.1 Upon written request of Railroad, or Railroad's mortgagee, or the beneficiary of a deed of trust of Railroad, or lessor of Railroad, Industry will subordinate its rights pursuant to this Lease in writing to the lien of any mortgage, deed of trust, declaration of covenants, conditions and restrictions or the interest of any lease in which Railroad is the lessee (or, if so requested, cause the lien of said mortgage, deed of trust, declaration of covenants, conditions and restrictions or the interest of any lease in which Railroad is the lessee to be subordinated to this Lease), and upon any building hereafter placed upon the land of which the Premises are a part, and to all advances made or thereafter to be made upon the security thereof.

26.2 In the event any proceedings are brought for foreclosure (or a conveyance in lieu of foreclosure), or in the event of the exercise of the power of sale under any mortgage or deed of trust made by Railroad covering the Premises, Industry shall attorn to the purchaser or lessor under this Lease upon such foreclosure, sale or lease termination and recognize the purchaser or lessor as Railroad under this Lease, provided that the purchaser or lessor shall acquire and accept the Premises subject to this Lease.

26.3 Industry, within ten (10) days from receipt of Railroad's written request, shall execute, acknowledge and deliver to Railroad a written statement certifying (a) that this Lease is in full force and effect, without modification (except as identified in the estoppel certificate), (b) that there are no uncured defaults in Railroad's performance (or stating with specificity the nature of any alleged default) and that Industry has no right of offset, counterclaim or deduction against rental and any other amount owed hereunder, and (c) the date to which rent and other charges have been paid, and (d) any other matters reasonably requested by Railroad. Failure of Industry to execute and deliver this statement within said ten (10) days shall constitute Industry's acknowledgement that the Lease is in full force and effect, without modification, except as represented by Railroad, that no rent has been paid more than thirty (30) days in advance, and that no defaults

exist with respect to the Lease.

Section 27. MISCELLANEOUS.

27.1 It is understood and agreed that this Lease shall not be recorded in the real property records in the county or counties in which the Premises are located or otherwise placed of public record.

27.2 All questions concerning the interpretation or application of provisions of this Lease shall be decided according to the laws of the State of California. Any legal action to interpret or enforce this Lease shall be instituted and litigated in the courts of the State of California, located in the County of Kings, or in the United States District Court for the Eastern District of California located in Fresno, California (if jurisdiction is proper in such federal court), all without regard to conflict of laws principles.

27.3 To the maximum extent possible, each provision of this Lease shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Lease shall be prohibited by, or held to be invalid under, applicable law, such provision shall be ineffective solely to the extent of such prohibition or invalidity, and this shall not invalidate the remainder of such provision or any other provision of this Lease.

27.4 This Lease, together with the Track Agreement, is the full and complete agreement between Railroad and Industry with respect to all matters relating to lease of the Premises and the construction, maintenance and operation of the Track located thereon, and supersedes any and all other agreements between the parties hereto relating to lease of the Premises. However, nothing herein is intended to terminate any surviving obligation of Industry or Industry's obligation to defend and hold Railroad harmless in any prior written agreement between the parties, including, but not limited to, the Track Agreement.

27.5 Neither termination nor expiration of this Lease will release either party from any liability or obligation under this Lease, whether of indemnity or otherwise, resulting from any acts, omissions or events happening prior to the date of termination or expiration of this Lease, or, if later, the date when the Premises are restored in accordance with the applicable provisions of the Track Agreement or any other written agreement between the parties.

27.6 One or more waivers of any covenant, term, or condition of this Lease by Railroad shall not be construed as a waiver of a subsequent breach of the same covenant, term, or condition. The consent or approval by Railroad to or of any act by Industry requiring such consent or approval shall not be deemed to waive or render unnecessary consent to or approval of any subsequent similar act. The remedies set forth hereunder shall be in addition to, and not in limitation of, any other remedies that Railroad may have at law or in equity.

27.7 In the event that the Industry consists of two or more parties, all covenants and agreements of Industry herein contained shall be the joint and several covenants and agreements of such parties.

27.8 The parties acknowledge that each party and their counsel have reviewed and revised this Lease and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Lease or any amendments or exhibits hereto.

27.9 In this Lease, the use of one gender shall include the other gender; and the singular shall mean the plural, and vice versa, all as the context may require.

27.10 This Lease may be executed in multiple counterparts, each of which shall, for all purposes, be deemed an original but which together shall constitute one and the same instrument, and the signature pages from any counterpart may be appended to any other counterpart to assemble fully executed documents, and counterparts of this Lease may also be exchanged via electronic facsimile machines and any electronic facsimile of any party's signature shall be deemed to be an original signature for all purposes.

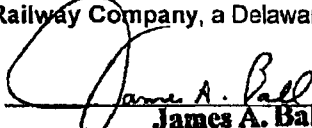
27.11 The captions are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Lease, nor the intent of any provision thereof.

27.12 Except as may be elsewhere specifically provided in this Lease, if either party is delayed or hindered in, or prevented from the performance required under this Lease (except for payment of monetary obligations) by reason of earthquakes, landslides, strikes, lockouts, labor troubles, failure of power, riots, insurrection, war, acts of God or other reason of the like nature not the fault of the party delayed in performance of its obligation, such party is excused from such performance for the period of delay. The period for the performance of any such act will then be extended for the period of such delay.

IN WITNESS WHEREOF, the parties have executed this Lease as of the date below each party's signature; to be effective, however, as of the Effective Date above.

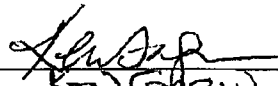
RAILROAD:

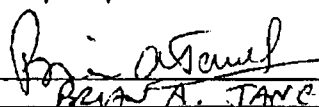
BNSF Railway Company, a Delaware corporation

By: 
 Name: James A. Ball
 Title: Senior Manager - Land Revenue Management
 Date: 5/30/2012

INDUSTRY:

Tessenderlo Kerley, Inc., a Delaware corporation

By: 
 Name: Ken Gibson
 Title: Gen. Mgr. VP
 Date: 5/25/12

By: 
 Name: Brian A. Jones
 Title: CAO & VP
 Date: 5-25-12

Attachment: Easement Construction Agreement - Signed (002) (1767 : Helena Purchase Agreement)

EXHIBIT "A"Description of Premises

[to be attached]

Attachment: Easement Construction Agreement - Signed (002) (1767 : Helena Purchase Agreement)

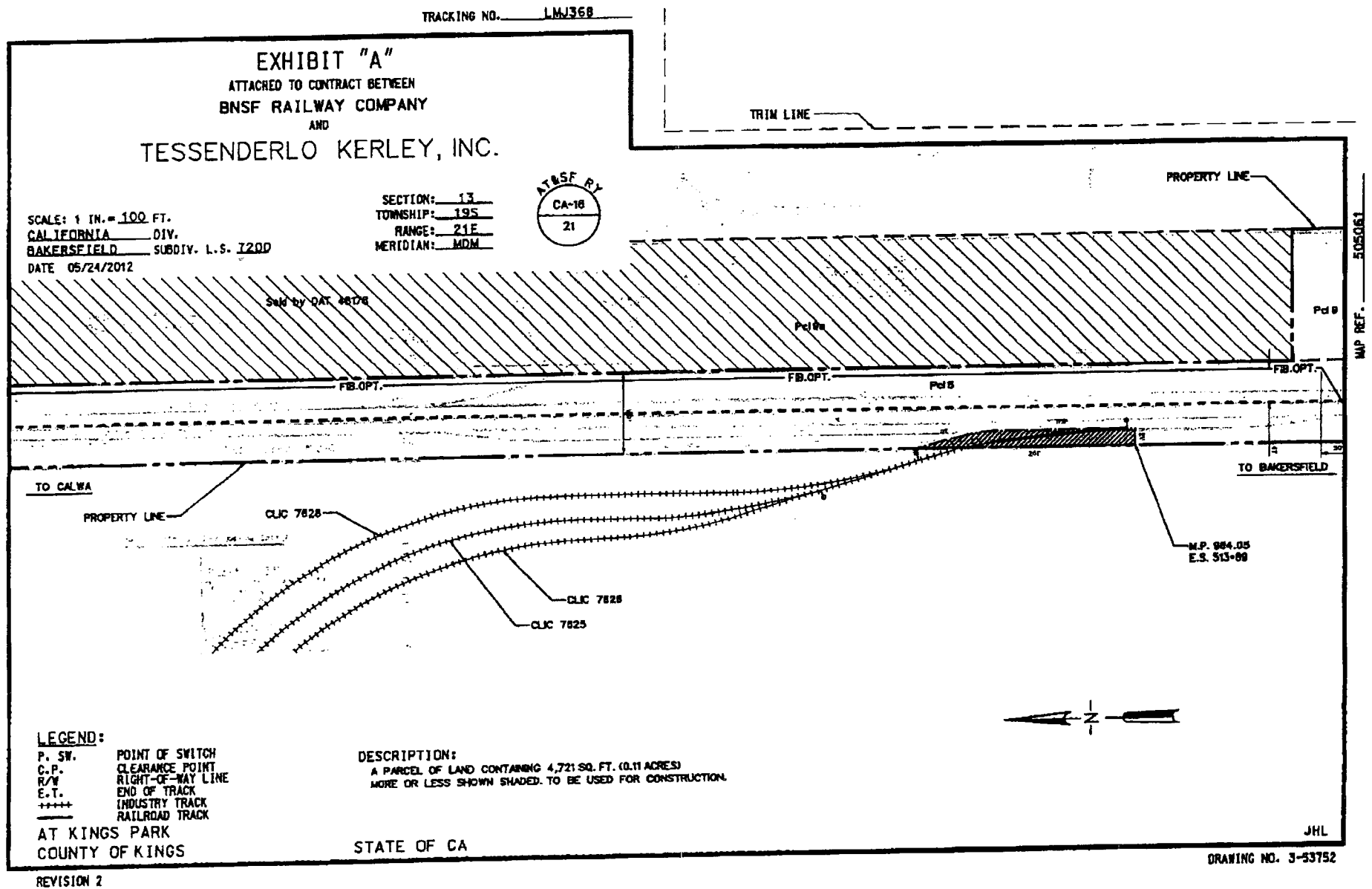


EXHIBIT "B"**Indemnification Provisions Applicable During Major Construction**

In addition to the provisions of **Section 13** above, the provisions of this **Exhibit "B"** shall apply to Industry during: (i) all periods of Major Construction, to the extent Industry self-performs all or any portion of such Major Construction, and (ii) all periods during which Industry's contractor(s) are on the Premises and Industry has failed to cause its contractor(s) to timely enter into and fully comply with Railroad's Right of Entry Agreement.

1. TO THE FULLEST EXTENT PERMITTED BY LAW, INDUSTRY SHALL, AND SHALL CAUSE ITS CONTRACTOR TO, RELEASE, INDEMNIFY, DEFEND AND HOLD HARMLESS INDEMNITEES FOR, FROM AND AGAINST ANY AND ALL LIABILITIES OF ANY NATURE, KIND OR DESCRIPTION OF ANY PERSON OR ENTITY DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM OR RELATED TO (IN WHOLE OR IN PART):

- 1.1 ANY RIGHTS OR INTERESTS GRANTED PURSUANT TO THIS LEASE, INCLUDING WITHOUT LIMITATION ANY INDUSTRY PARTY'S OCCUPATION AND/OR USE OF THE PREMISES OR OTHER PROPERTY OF ANY INDEMNITEE, AND/OR ANY USE OF AND/OR OPERATION BY ANY INDEMNITEE UPON INDUSTRY'S PROPERTY,**
- 1.2 THE ENVIRONMENTAL CONDITION AND STATUS OF THE TRACK, ANY OTHER PART OF THE PREMISES, OR OTHER PROPERTY OF ANY INDEMNITEE CAUSED BY, AGGRAVATED BY, OR CONTRIBUTED TO, IN WHOLE OR IN PART, BY ANY INDUSTRY PARTY, INCLUDING ANY OFF-SITE MIGRATION,**
- 1.3 THE ENVIRONMENTAL CONDITION AND STATUS OF INDUSTRY'S PLANT, INCLUDING ANY OFF-SITE MIGRATION, OR**
- 1.4 ANY ACT OR OMISSION OF ANY INDUSTRY PARTY.**

2. THE FOREGOING OBLIGATIONS OF INDUSTRY SHALL NOT APPLY TO THE EXTENT LIABILITIES ARE PROXIMATELY CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY INDEMNITEE, OR TO LIABILITIES WHOLLY CAUSED BY THE SOLE NEGLIGENCE OF ANY INDEMNITEE, BUT SHALL APPLY TO ALL OTHER LIABILITIES, INCLUDING THOSE ARISING FROM OR ATTRIBUTED TO ANY OTHER NEGLIGENCE OF ANY INDEMNITEE.

Attachment: Easement Construction Agreement - Signed (002) (1767 : Helena Purchase Agreement)

EXHIBIT "C"**Insurance Provisions Applicable During Major Construction**

In addition to the provisions of **Section 15** above, the provisions of this **Exhibit "C"** shall apply to Industry during: (i) all periods of Major Construction, to the extent Industry self-performs all or any portion of such Major Construction, and (ii) all periods during which Industry's contractor(s) are on the Premises and Industry has failed to cause its contractor(s) to timely enter into and fully comply with Railroad's Right of Entry Agreement.

1. Industry must, at its sole cost and expense, procure and maintain the following insurance coverages:

(a) **Commercial General Liability Insurance.** This insurance must contain broad form contractual liability with a combined single limit of a minimum of \$5,000,000 each occurrence and an aggregate limit of at least \$10,000,000 but in no event less than the amount otherwise carried by the contract holder. Coverage must be purchased on a post 2004 ISO occurrence form or equivalent and include coverage for, but not limited to, the following:

- Bodily Injury and Property Damage
- Personal Injury and Advertising Injury
- Fire legal liability
- Products and completed operations

This policy must also contain the following endorsements or language, which shall be indicated on the certificate of insurance:

- The definition of Insured contract must be amended to remove any exclusion or other limitation for any work being done within 50 feet of railroad property.
- Waiver of subrogation in favor of and acceptable to Railroad.
- Additional insured endorsement in favor of and acceptable to Railroad and Jones Lang LaSalle Brokerage, Inc.
- Separation of insureds.
- The policy shall be primary and non-contributing with respect to any insurance carried by Railroad.

It is agreed that the Workers' Compensation and employers' liability related exclusions in the Commercial General Liability insurance policy(s) required herein are intended to apply to employees of the policy holder and shall not apply to BNSF employees.

No other endorsements limiting coverage may be included on the policy with regard to the work being performed under this Lease or otherwise with respect to any obligations under this Lease.

(b) **Business Automobile Insurance.** This insurance must contain a combined single limit of at least \$1,000,000 per occurrence, and include coverage for, but not limited to, the following:

- Bodily injury and property damage
- Any and all vehicles owned, used or hired

The policy shall also contain the following endorsements or language, which shall be indicated on the certificate of insurance:

- Waiver of subrogation in favor of and acceptable to Railroad.
- Additional insured endorsement in favor of and acceptable to Railroad.
- Separation of insureds.
- The policy shall be primary and non-contributing with respect to any insurance carried by Railroad.

(c) **Workers' Compensation and Employers' Liability Insurance.** This insurance shall include coverage for, but not limited to:

- Industry's statutory liability under the workers' compensation laws of the state(s) in which the work is to be performed. If optional under State law, the insurance must cover all employees anyway.
- Employers' Liability (Part B) with limits of at least \$500,000 each accident, \$500,000 by disease policy limit, \$500,000 by disease each employee.

This policy shall also contain the following endorsements or language, which shall be indicated on the certificate of insurance:

- Waiver of subrogation in favor of and acceptable to Railroad.

(d) **Railroad Protective Liability Insurance.** This insurance shall name only Railroad as the Insured with coverage of at least \$5,000,000 per occurrence and \$10,000,000 in the aggregate. The policy must be issued on a standard ISO form CG 00 35 10 93 and include the following:

- Endorsed to include the Pollution Exclusion Amendment (ISO form CG 28 31 10 93)
- Endorsed to include the Limited Seepage and Pollution Endorsement
- Endorsed to include Evacuation Expense Coverage Endorsement

- No other endorsements restricting coverage may be added
- The original policy must be provided to Railroad prior to performing any work or services under this Lease.
- Definition of "Physical Damage to Property" shall be endorsed to read: "means direct and accidental loss of or damage to all property owned by any named Insured and all property in any named insured's care, custody and control arising out of the acts or omissions of the contractor named on the Declarations."

In lieu of providing a Railroad Protective Liability Policy, Industry or its contractor(s) may participate in Railroad's Blanket Railroad Protective Liability Insurance Policy available to Industry or its contractor(s). The limits of coverage are the same as above. The cost is \$_____.

- ☐ I elect to participate in Railroad's Blanket Policy for activities commencing as of the Effective Date (if any);
- ☐ I elect not to participate in Railroad's Blanket Policy for activities commencing as of the Effective Date (if any).

2. In addition to the foregoing, the following other requirements shall apply to this Exhibit "C":

Where allowable by law, all policies (applying to coverage listed above) must not contain an exclusion for punitive damages.

Industry agrees to waive its right of recovery against Railroad for all claims and suits against Railroad. In addition, its insurers, through the terms of the policy or policy endorsement, waive their right of subrogation against Railroad for all claims and suits. The certificate of insurance must reflect the waiver of subrogation endorsement. Industry further waives its right of recovery, and its insurers also waive their right of subrogation against Railroad, for loss of its owned or leased property or property under its care, custody or control.

Allocated Loss Expense shall be in addition to all policy limits for coverages referenced above.

Industry is not allowed to self-insure without the prior written consent of Railroad. If granted by Railroad, any self-insured retention or other financial responsibility for claims shall be covered directly by Industry in lieu of insurance. Any and all Railroad liabilities that would otherwise, in accordance with the provisions of this Lease, be covered by Industry's insurance will be covered as if Industry elected not to include a deductible, self-insured retention or other financial responsibility for claims.

Prior to commencing work, Industry shall furnish to Railroad an acceptable certificate(s) of insurance from an authorized representative evidencing the required coverage(s), endorsements, and amendments.

The policy(ies) shall contain a provision that obligates the insurance company(ies) issuing such policy(ies) to notify Railroad in writing at least 30 days prior to any cancellation, non-renewal, substitution or material alteration. This cancellation provision must be indicated on the certificate of insurance.

Any insurance policy must be written by a reputable insurance company acceptable to Railroad or with a current Best's Guide Rating of A- and Class VII or better, and authorized to do business in the state(s) in which the service is to be provided.

Industry represents that this Lease has been thoroughly reviewed by Industry's Insurance agent(s)/broker(s), who have been instructed by Industry to procure the insurance coverage required by this Lease.

Not more frequently than once every five years, Railroad may reasonably modify the required insurance coverage to reflect then-current risk management practices in the railroad industry and underwriting practices in the insurance industry.

If any portion of the operation is to be subcontracted by Industry, Industry must cause each such subcontractor to enter into Railroad's Right of Entry Agreement.

Failure to provide evidence as required by this Exhibit "C" will entitle, but not require, Railroad to terminate this Lease immediately. Acceptance of a certificate that does not comply with this Exhibit "C" will not operate as a waiver of Industry's obligations hereunder.

The fact that insurance (including, without limitation, self-insurance) is obtained by Industry will not be deemed to release or diminish the liability of Industry including, without limitation, liability under the indemnity provisions of this Lease. Damages recoverable by Railroad will not be limited by the amount of the required insurance coverage.

In the event of a claim or lawsuit involving Railroad arising out of this Lease, Industry will make available any required policy covering such claim or lawsuit.

3. For purposes of this Exhibit "C", "Railroad" means "Burlington Northern Santa Fe LLC", "BNSF Railway Company" and the subsidiaries, successors, assigns, and affiliates of each.

EXHIBIT "D"

CONTRACTOR'S RIGHT OF ENTRY AGREEMENT
FOR CONSTRUCTION PROJECTS ON OR ADJACENT TO PROPERTY OF
BNSF RAILWAY COMPANY

This Right of Entry Agreement ("Agreement") is made to be effective _____, 20____, by and between BNSF RAILWAY COMPANY ("Railroad"), a Delaware corporation, and _____, a(n) _____ ("Contractor").

WHEREAS, Railroad operates a freight transportation system by rail with operations throughout the United States and Canada; and

WHEREAS, _____ [Insert Industry's name here] desires Contractor to perform certain construction services adjacent to and upon Railroad's right of way and/or property, and Contractor is willing to perform such services.

NOW, THEREFORE, in consideration of Railroad entering this Agreement with Contractor and granting Contractor permission to enter upon the Premises (defined herein), Contractor agrees with Railroad as follows:

SECTION 1. SCOPE OF SERVICES

[Contractor [Industry [Contractor and Industry] will perform the following services, hereinafter described as "Work": _____ at _____ [city], _____ [state].

Performance of the Work will necessarily require Contractor to enter Railroad's right of way and property as shown on Drawing No. _____, dated _____ marked Exhibit "A" attached hereto and incorporated herein ("Premises"). Contractor agrees that no work will be commenced on the Premises until (i) this Agreement is executed by both Contractor and Railroad, and (ii) Contractor provides Railroad with the insurance contemplated herein. Contractor further agrees that if this Agreement is not executed by the owner, general partner, president or vice-president of Contractor, Contractor will furnish Railroad with evidence certifying that the signatory is empowered to execute this Agreement.

SECTION 2. PAYMENT OF FEES

Industry will be solely responsible for paying Contractor for the Work.

SECTION 3. RELEASE OF LIABILITY AND INDEMNITY

(a) Contractor hereby waives, releases, indemnifies, defends and holds harmless Railroad for, from and against all judgments, awards, claims, demands, and expenses (including reasonable attorneys' fees), for injury or death to all persons, including Railroad's and Contractor's officers and employees, and for loss and damage to property belonging to any person, arising in any manner from Contractor's or any of Contractor's subcontractors' acts or omissions or any work performed on or about Railroad's property or right of way. **THE LIABILITY ASSUMED BY CONTRACTOR WILL NOT BE AFFECTED BY THE FACT, IF IT IS A FACT, THAT THE DESTRUCTION, DAMAGE, DEATH, OR INJURY WAS OCCASIONED BY OR CONTRIBUTED TO BY THE NEGLIGENCE OF RAILROAD, ITS AGENTS, SERVANTS, EMPLOYEES OR OTHERWISE, EXCEPT TO THE EXTENT THAT SUCH CLAIMS ARE PROXIMATELY CAUSED BY THE INTENTIONAL MISCONDUCT OR GROSS NEGLIGENCE OF RAILROAD.**

(b) **THE INDEMNIFICATION OBLIGATION ASSUMED BY CONTRACTOR INCLUDES ANY CLAIMS, SUITS OR JUDGMENTS BROUGHT AGAINST RAILROAD UNDER THE FEDERAL EMPLOYEE'S LIABILITY ACT INCLUDING CLAIMS FOR STRICT LIABILITY UNDER THE SAFETY APPLIANCE ACT OR THE LOCOMOTIVE INSPECTION ACT, WHENEVER SO CLAIMED.**

(c) Contractor further agrees, at its expense, in the name and on behalf of Railroad, that it will adjust and settle all claims made against Railroad, and will, at Railroad's discretion, appear and defend any suits or actions of law or in equity brought against Railroad on any claim or cause of action arising or growing out of or in any manner connected with any liability assumed by Contractor under this Agreement for which Railroad is liable or is alleged to be liable. Railroad will give notice to Contractor, in writing, of the receipt or pendency of such claims and thereupon Contractor must proceed to adjust and handle to a conclusion such claims, and in the event of a brought against Railroad, Railroad may forward summons and complaint or other process in connection therewith to Contractor, and Contractor, at Railroad's discretion, must defend, adjust, or settle such suits and protect, indemnify, and save harmless Railroad from and against all damages, judgments, decrees, reasonable attorneys' fees, costs, and expenses growing out of or resulting from or

incident to any such claims or suits.

(d) It is mutually understood and agreed that the assumption of liabilities and indemnification provided for in this Agreement will survive any termination of this Agreement.

SECTION 4. INSURANCE

(a) Contractor must, at its sole cost and expense, procure and maintain during the life of this Agreement the following insurance coverages:

(i) Commercial General Liability Insurance. This Insurance must contain broad form contractual liability with a combined single limit of a minimum of \$5,000,000 each occurrence and an aggregate limit of at least \$10,000,000 but in no event less than the amount otherwise carried by the contract holder. Coverage must be purchased on a post 2004 ISO occurrence form or equivalent and include coverage for, but not limited to, the following:

- Bodily Injury and Property Damage
- Personal Injury and Advertising Injury
- Fire legal liability
- Products and completed operations

This policy must also contain the following endorsements or language, which shall be indicated on the certificate of insurance:

- The definition of insured contract must be amended to remove any exclusion or other limitation for any work being done within 50 feet of railroad property.
- Waiver of subrogation in favor of and acceptable to Railroad.
- Additional insured endorsement in favor of and acceptable to Railroad and Jones Lang LaSalle Brokerage, Inc.
- Separation of insureds.
- The policy shall be primary and non-contributing with respect to any insurance carried by Railroad.

It is agreed that the Workers' Compensation and employers' liability related exclusions in the Commercial General Liability Insurance policy(ies) required herein are intended to apply to employees of the policy holder and shall not apply to Railroad employees.

No other endorsements limiting coverage may be included on the policy with regard to the work being performed under this Agreement or otherwise with respect to any obligations under this Agreement.

(iii) Business Automobile Insurance. This insurance must contain a combined single limit of at least \$1,000,000 per occurrence, and include coverage for, but not limited to the following:

- Bodily injury and property damage
- Any and all vehicles owned, used or hired

The policy shall also contain the following endorsements or language, which shall be indicated on the certificate of insurance:

- Waiver of subrogation in favor of and acceptable to Railroad.
- Additional insured endorsement in favor or and acceptable to Railroad.
- Separation of insureds.
- The policy shall be primary and non-contributing with respect to any insurance carried by Railroad.

(iv) Workers' Compensation and Employers' Liability Insurance. This insurance shall include coverage for, but not limited to:

- Contractor's statutory liability under the workers' compensation laws of the state(s) in which the work is to be performed. If optional under State law, the insurance must cover all employees anyway.
- Employers' Liability (Part B) with limits of at least \$500,000 each accident, \$500,000 by disease policy limit, \$500,000 by disease each employee.

This policy shall also contain the following endorsements or language, which shall be indicated on the certificate of insurance:

- Waiver of subrogation in favor of and acceptable to Railroad.

(v) Railroad Protective Liability Insurance. This insurance must name only Railroad as the Insured with coverage of at least \$5,000,000 per occurrence and \$10,000,000 in the aggregate. The policy must be issued on a standard ISO form CG 00 35 10 93 and include the following:

- Endorsed to include the Pollution Exclusion Amendment (ISO form CG 28 31 10 93).
- Endorsed to include the Limited Seepage and Pollution Endorsement.
- Endorsed to include Evacuation Expense Coverage Endorsement.
- No other endorsements restricting coverage may be added.

- The original policy must be provided to Railroad prior to performing any work or services under this Agreement.
- Definition of "Physical Damage to Property" shall be endorsed to read: "means direct and accidental loss of or damage to all property owned by any named insured and all property in any named insured's care, custody and control arising out of the acts or omissions of the contractor named on the Declarations."

In lieu of providing a Railroad Protective Liability Policy, Contractor may participate in Railroad's Blanket Railroad Protective Liability Insurance Policy. The limits of coverage are the same as above. The cost is \$_____.

- ☐ I elect to participate in Railroad's Blanket Policy for activities commencing as of the Effective Date (if any);
- ☐ I elect not to participate in Railroad's Blanket Policy for activities commencing as of the Effective Date (if any).

(b) In addition to the foregoing, the following other requirements shall apply to this Agreement:

Where allowable by law, all policies (applying to coverage listed above) must not contain an exclusion for punitive damages.

Contractor agrees to waive its right of recovery against Railroad for all claims and suits against Railroad. In addition, its insurers, through the terms of the policy or policy endorsement, waive their right of subrogation against Railroad for all claims and suits. The certificate of insurance must reflect the waiver of subrogation endorsement. Contractor further waives its right of recovery, and its insurers also waive their right of subrogation against Railroad, for loss of its owned or leased property or property under its care, custody or control.

Allocated Loss Expense shall be in addition to all policy limits for coverages referenced above.

Contractor is not allowed to self-insure without the prior written consent of Railroad. If granted by Railroad, any self-insured retention or other financial responsibility for claims shall be covered directly by Contractor in lieu of insurance. Any and all Railroad liabilities that would otherwise, in accordance with the provisions of this Agreement, be covered by Contractor's insurance will be covered as if Contractor elected not to include a deductible, self-insured retention or other financial responsibility for claims.

Prior to commencing the Work, Contractor shall furnish to Railroad an acceptable certificate(s) of insurance from an authorized representative evidencing the required coverage(s), endorsements, and amendments.

The policy(ies) must contain a provision that obligates the insurance company(ies) issuing such policy(ies) to notify Railroad in writing at least 30 days prior to any cancellation, non-renewal, substitution or material alteration. This cancellation provision shall be indicated on the certificate of insurance.

Any insurance policy must be written by a reputable insurance company acceptable to Railroad or with a current Best's Guide Rating of A- and Class VII or better, and authorized to do business in the state(s) in which the service is to be provided.

Contractor represents that this Agreement has been thoroughly reviewed by Contractor's insurance agent(s)/broker(s), who have been instructed by Contractor to procure the insurance coverage required by this Agreement.

Not more frequently than once every five years, Railroad may reasonably modify the required insurance coverage to reflect then-current risk management practices in the railroad industry and underwriting practices in the insurance industry.

If any portion of the operation is to be subcontracted by Contractor, Contractor must require that the subcontractor provide and maintain the insurance coverages set forth herein, naming Railroad as an additional insured, and requiring that the subcontractor release, defend and indemnify Railroad to the same extent and under the same terms and conditions as Contractor is required to release, defend and indemnify Railroad herein.

Failure to provide evidence as required by this Section 4 will entitle, but not require, Railroad to terminate this Agreement immediately. Acceptance of a certificate that does not comply with this section will not operate as a waiver of Contractor's obligations hereunder.

The fact that insurance (including, without limitation, self-insurance) is obtained by Contractor will not be deemed to release or diminish the liability of Contractor including, without limitation, liability under the indemnity provisions of this Agreement. Damages recoverable by Railroad will not be limited by the amount of the required insurance coverage.

In the event of a claim or lawsuit involving Railroad arising out of this Agreement, Industry will make available any required policy covering such claim or lawsuit.

For purposes of this Section 4, "Railroad" means "Burlington Northern Santa Fe LLC", "BNSF Railway Company" and the subsidiaries, successors, assigns and affiliates of each.

SECTION 5. CONTRACTOR REQUIREMENTS

(a) While on or about the Premises, Contractor must fully comply with Railroad's "Contractor Requirements", including (but not limited to) clearance requirements and personal protective equipment requirements. Contractor will be solely responsible for fully informing itself as to Railroad's "Contractor Requirements".

(b) Contractor must ensure that each of its employees, subcontractors, agents or invitees entering upon the Premises completes the safety training program at the following Internet Website: "www.contractororientation.com" (the "Safety Orientation") within one year prior to entering upon the Premises. Additionally, Contractor must ensure that each and every employee of Contractor, its subcontractors, agents and invitees possess a card certifying completion of the Safety Orientation prior to entering the Premises. Contractor must renew the Safety Orientation annually.

(c) Prior to entering the Premises, Contractor must prepare and implement a safety action plan acceptable to Railroad. Contractor must audit compliance with that plan during the course of Contractor's work. A copy of the plan and audit results must be kept at the Premises and will be available for inspection by Railroad at all reasonable times.

(d) When not in use, Contractor's machinery and materials must be kept at least 50 feet from the centerline of Railroad's nearest track. Contractor must not cross Railroad's tracks except at existing open public crossings.

SECTION 6. PROTECTION OF RAILROAD FACILITIES / FLAGGER SERVICES

(a) Railroad flagger and protective services and devices will be required and furnished when Railroad determines, in Railroad's sole discretion, that such services and devices are necessary for safety purposes, including but not limited to the following events:

- (i) when Work is located over, under or within twenty-five (25) feet from the center line of the nearest track;
- (ii) when cranes or similar equipment are positioned outside of 25-foot horizontally from track center line but could foul the track in the event of tip-over or other catastrophic occurrence;
- (iii) when any excavation is performed below the bottom of tie elevation, if, in Railroad's sole opinion track or other Railroad facilities may be subject to movement or settlement.
- (iv) when Work in any way interferes, or is likely to interfere, with the safe operation of trains at timetable speeds.
- (v) when persons, material, equipment, blasting or other hazardous activities in the vicinity present any actual or potential threat to Railroad's personnel, track, communications, signal, electrical, or other facilities.

Special permission must be obtained from Railroad before moving heavy or cumbersome objects or equipment which might result in damage, injury or making the track impassable.

(b) Contractor must give Railroad's Roadmaster (telephone _____) a minimum of thirty (30) working days' advance notice when flagging services will be required so that the Roadmaster can make appropriate arrangements (*i.e.*, bulletin the flagger's position). If flagging services are scheduled in advance by Contractor and the parties hereto subsequently determine that such services are no longer necessary, Contractor must give the Roadmaster five (5) working days' advance notice so that appropriate arrangements can be made to abolish the position pursuant to union requirements.

(c) Flagging services will be performed solely by qualified Railroad flaggers. The costs for flaggers shall include, but not be limited to, the following: pay for at least an eight (8) hour basic day with time and one-half or double time for overtime, rest days and holidays (as applicable); vacation allowance; paid holidays (as applicable); Railroad and unemployment insurance; public liability and property damage insurance; health and welfare benefits; transportation; meals; lodging and supervision. Negotiations for Railroad labor or collective bargaining agreements and rate changes authorized by appropriate Federal authorities may increase flagging rates. The flagging rate in effect at the time of performance by Contractor will be used to calculate the costs of flagging pursuant to this Section 6(c).

(i) A flagging crew generally consists of one employee. However, additional personnel may be required to protect the Premises and operations, if deemed necessary by Railroad's representative.

(ii) The cost of flagger services provided by Railroad, when deemed necessary by Railroad's representative, will be borne by [Industry / Contractor].

SECTION 7. INDEPENDENT CONTRACTOR

Contractor is considered an independent contractor under this Agreement and neither Contractor nor any of its employees, subcontractors, agents or servants are considered employees of Railroad in any respect. Contractor has the exclusive right and duty to control the work of its employees. All persons employed by Contractor or any of its subcontractors under this Agreement are the sole employees of Contractor or its subcontractors. Contractor will be given general directions and instructions regarding the Work; however, direct supervision of Contractor's employees will be Contractor's responsibility and obligation.

SECTION 8. TRAIN DELAYS

Work performed by Contractor must not cause any interference with the constant, continuous and uninterrupted use of the tracks, property and facilities of Railroad, its lessees, licensees or others, unless specifically permitted under this Agreement, or specifically authorized in writing in advance by Railroad's representative. Additionally, Contractor must not, at any time, impair the safety of Railroad operations or the operations of Railroad's lessees, licensees or other Railroad invitees. Delays to freight or passenger trains affect Railroad's ability to fully utilize its equipment and to meet customer service and contract obligations. Contractor will be responsible to Railroad, including its subsidiaries, affiliated companies, partners, successors and assigns, for all economic losses resulting from unscheduled delays to freight or passenger trains in accordance with the following:

- (i) Contractor will be billed for the economic losses arising from loss of use of equipment and train service employees, contractual incentive pay and bonuses and contractual penalties resulting from train delays, whether caused by Contractor, its subcontractors or by Railroad performing Work.
- (ii) The parties acknowledge that passenger, U.S. mail trains and certain other grain, intermodal, coal and freight trains operate under incentive/penalty contracts with Railroad. Under such arrangements, if Railroad does not meet its contract service commitments, Railroad may (i) suffer loss of performance or incentive pay, or (ii) be subject to a penalty payment. Contractor is responsible for any train performance and incentive penalties or other contractual economic losses actually incurred by Railroad which are attributable to a train delay caused by Contractor or its subcontractors.
- (iii) The contractual relationship between Railroad and its passenger customers is proprietary and confidential. In the event of a train delay covered by this Agreement, Railroad will share information relevant to any train delay to the maximum extent consistent with Railroad confidentiality obligations.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date below each party's signature; to be effective, however, as of the Effective Date above.

RAILROAD:

BNSF Railway Company, a Delaware corporation

By: _____
 Name: _____
 Title: _____
 Date: _____

CONTRACTOR:

By: _____
 Name: _____
 Title: _____
 Date: _____



AGENDA STAFF REPORT

MEETING DATE: 12/20/2016	AGENDA SECTION: A
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SUBJECT:

Administration: Sale of 9.81 Acres to Helena Chemical Company

RECOMMENDATION:

Staff recommends that the Successor Agency to the Community Redevelopment Agency of the City of Hanford (SA), by motion: (i) approve the attached Purchase and Sale Agreement and Escrow Instructions (PSA) with Helena Chemical Company (Helena) for Helena's purchase of 9.81 acres of RDA property located in the Kings Industrial Park; and (ii) authorize the City Manager to sign the PSA

BACKGROUND:

Helena submitted an offer to the SA for the final remaining RDA parcel located within the Kings Industrial Park. The location of the subject property is identified on the attached plat map. The attached PSA was prepared based upon negotiations between Helena and the SA's staff.

The following is a summary of the key deal points of the PSA:

- Acres: 9.81 acres of unimproved land.
- Purchase Price: \$392,400.00
- Initial Deposit: \$500.00 upon signature of the PSA.
- Close of Escrow: Closing to occur on or before the 100th day following the parties' signature of the PSA.

The subject property was appraised in 2013 during the SA's preparation of its Long-Range Property Plan (LRPMP). The LRPMP is a document that the SA was required to prepare as part of the State-mandated RDA dissolution process. The LRPMP outlines the SA's plan to sell the

RDA's real property. The LRPMP reflects that the 9.81 acre property's value in 2013 was \$345,000.00. A copy of the LRPMP is attached.

The property was reappraised in October 2016. The new appraisal, a copy of which is attached, identifies the property's value as \$392,400.00 (see pg. 21 of the October 2016 appraisal).

The SA has not received any other offers on the subject property and is not currently in discussions with any other party that may be interested in purchasing the 9.81 acres.

The RDA borrowed money from the Kings Economic Development Corporation (KEDC) to purchase land, including the 9.81 acres that Helena seeks to purchase. The debt is evidenced in a Shared Appreciation Security Promissory Note (KEDC Note), which is secured by a Deed of Trust recorded against the property (KEDC Deed of Trust).

Helena will want to acquire the subject property free and clear of the KEDC Deed of Trust. KEDC will reconvey the KEDC Deed of Trust (thereby removing it from the subject property's chain of title) in exchange for the balance owed under the KEDC Note. Payment will occur directly out of escrow at closing, which is consistent with standard industry practice for any lender holding a security interest in real property. Copies of the KEDC Note and KEDC Deed of Trust are attached.

KEDC will receive a total of \$151,437.40 under the KEDC Note, which consists of \$30,361.95 in unpaid principal for the 9.81 acre property plus \$103,053.85 for shared appreciation plus \$18,021.60 in unpaid principal attributable to the land in the Industrial Park that was utilized for public infrastructure improvements.

Per the KEDC Note, upon the sale of the last portion of the RDA's property that secured the KEDC Note, KEDC is entitled to a principal payment of \$3,095.00 per acre for those portions of the RDA's property that secured the KEDC Note and which "were used for the construction of streets, storm drainage basins and other public improvements. . . ." The land used for public infrastructure includes a 2.53+/- acre storm drainage basin parcel and 3.29+/- acres used for streets and other public improvements. The \$18,021.60 referenced above represents the total principal payable to KEDC that is attributable to the land in the Industrial Park that was used for public infrastructure.

The LRPMP indicates that KEDC would assist with marketing the 9.81 acre parcel, and, in exchange, the KEDC is entitled to four percent (4%) of the sales price at the close of escrow. This amount will be paid to KEDC out of escrow at closing.

FISCAL IMPACT:

Per the legislation that dissolved all RDAs in California, the portion of the sales proceeds not used by the Successor Agency to pay the RDA's enforceable obligations will be paid to Kings County for distribution to the taxing agencies.

ATTACHMENTS:

Parcel Map re018-242-067 (9.81 acres)

2015.12.15 Purchase and Sale Agreement re RDA

Long-Range Property Management Plan and Exhibit (submitted to DOF on 10-4-13)

2016.10.07 Appraisal Industrial Land at 11th and Energy Hanford

12-28-1999 Shared Appreciation Secured Promissory Note (\$300,533)

12-28-1999 Shared Appreciation Deed of Trust

THIS MAP IS FOR ASSESSMENT PURPOSES ONLY. IT IS NOT TO BE CONSTRUED AS PORTRAYING LEGAL INTERESTS OR DIVISIONS OF LAND FOR PURPOSES OF ZONING OR SUBDIVISION LAW. MARCH 2016

Provided by:

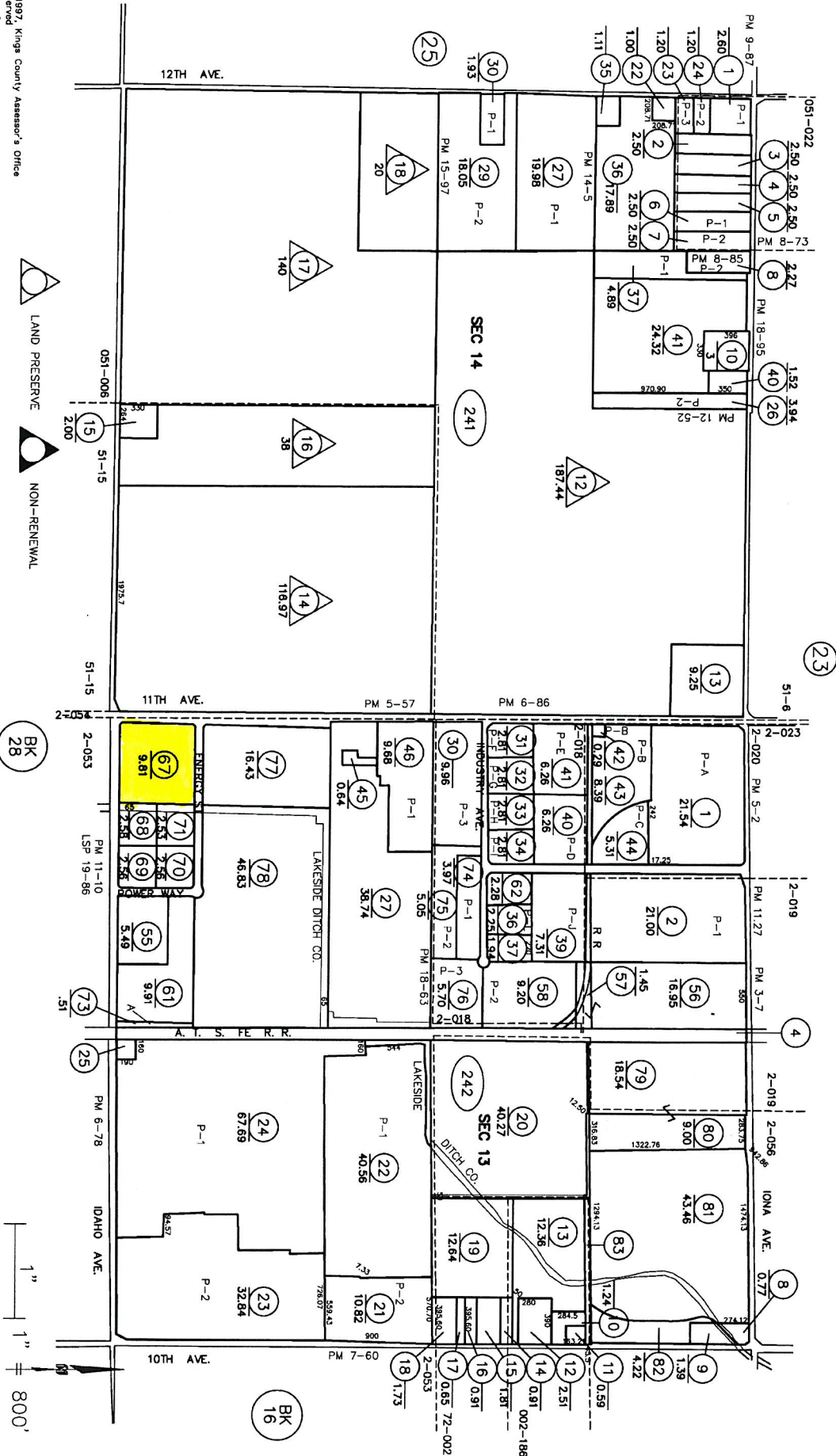


Attachment: Parcel : 89(LT) (acre 18.6) 190-242-810 re Map

KINGS COUNTY ASSESSOR'S MAP

SEC'S. 13 & 14-19-21

18-24



PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS

This PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS (“**Agreement**”) is made and entered into this ____ day of _____, 2016 (“**Effective Date**”), by and between the Successor Agency to the Community Redevelopment Agency of the City of Hanford and its Successor Oversight Board (“**RDA**”) (“**Seller**”), and HELENA CHEMICAL COMPANY, a Delaware corporation (“**Buyer**”). Seller and Buyer are sometimes collectively referred to herein as the “**Parties**” and singularly as a “**Party**.” This Agreement is made with reference to the following facts:

RECITALS

A. The RDA owns approximately 9.81 acres situated within the Kings Industrial Park (“**RDA Parcel**”), all as more particularly described in the attached Exhibit “A”, which is incorporated herein by reference (RDA Parcel shall be referred to as the “**Real Property**”).

B. As a separate but related transaction, Buyer is purchasing property owned by the City of Hanford with the closing of that transaction to occur simultaneous with, and contingent upon, the closing of the escrow for the purchase and sale set forth in this agreement.

C. Seller wishes to sell and Buyer wishes to purchase the Real Property from Seller, in accordance with the provisions of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties hereby agree as follows:

1. **Purchase and Sale.** Subject to all of the terms, conditions and provisions of this Agreement and for the consideration set forth herein, Seller agrees to sell to Buyer and Buyer agrees to buy at the Closing, as defined in this Agreement, the Real Property. The sale and purchase of the Real Property shall be consummated by means of an escrow (“**Escrow**”) opened at the offices of FIRST AMERICAN TITLE COMPANY (“**Escrow Holder**”) located at 7625 N. Palm Ave., Fresno, California. This Agreement shall constitute the instructions for the Escrow upon acceptance by Escrow Holder. The Parties shall also execute such additional escrow instructions as may be required by the Escrow Holder, but the same shall be consistent with this Agreement and not modify the terms hereof unless specifically approved by the Parties, such approval to be given or withheld in their sole discretion.

2. **Purchase Price.** The purchase price for the Real Property shall be Three Hundred Ninety-Two Thousand Four Hundred Dollars (\$392,400.00) (“**Purchase Price**”). The Purchase Price shall be paid in full on the Closing Date, as defined below in Section 23 of this Agreement.

3. **Payment of Purchase Price.** The Purchase Price shall be paid as follows:

(a) Upon execution of this Agreement hereof by both Parties, Buyer shall deposit Five Hundred Dollars (\$500.00) (“**Deposit**”) with Escrow Holder.

(b) At least one (1) day before the Closing, Buyer shall deposit the balance of the Purchase Price with Escrow Holder, in cash, by wire transfer or other immediately available funds.

4. **Liquidated Damages.**

LIQUIDATED DAMAGES UPON BUYER'S DEFAULT. IF THE ESCROW FAILS TO CLOSE BY THE SCHEDULED CLOSING DATE SET FORTH IN SECTION 23 OF THIS AGREEMENT AS A RESULT OF BUYER'S DEFAULT IN THE PERFORMANCE OF ITS OBLIGATIONS UNDER THIS AGREEMENT, THE DEPOSIT AND INTEREST ACCRUED THEREON SHALL BE RETAINED BY SELLER AS LIQUIDATED DAMAGES AND AS SELLER'S EXCLUSIVE REMEDY AGAINST BUYER, AT LAW OR IN EQUITY OR OTHERWISE. RETENTION OF SUCH FUNDS BY SELLER AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT INSTEAD, IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO SECTIONS 1671, 1676 AND 1677 OF THE CALIFORNIA CIVIL CODE. BECAUSE OF THE SPECIAL NATURE OF THE NEGOTIATIONS THAT PRECEDED ACCEPTANCE BY SELLER OF BUYER'S OFFER TO ACQUIRE THE REAL PROPERTY, THE PARTIES ACKNOWLEDGE THAT THE ACTUAL DAMAGE THAT WOULD RESULT TO SELLER AS A RESULT OF SUCH FAILURE WOULD BE EXTREMELY DIFFICULT TO ESTABLISH. IN ADDITION, BUYER DESIRES TO LIMIT ITS POTENTIAL LIABILITY TO SELLER IN THE EVENT THAT THIS TRANSACTION SHALL FAIL TO CLOSE. BY SEPARATELY INITIALING BELOW, THE PARTIES HEREBY ACKNOWLEDGE THEIR AGREEMENT CONCERNING LIQUIDATED DAMAGES:

Buyer Initials

Seller Initials

5. **Possession.** Seller shall deliver possession of the Real Property to Buyer at the Closing.

6. **Condition of Title to Real Property.** Seller shall convey fee title to the Real Property to Buyer, subject only to those encumbrances, contracts, agreements, rights, easements, rights of way, and mineral leases, rights and reservations as set forth in a preliminary report of title to the Real Property to be prepared by Escrow Holder ("**Title Report**") promptly after the opening of the Escrow. Upon receipt of the Title Report, and each document shown as an exception or encumbrance in the Title Report, Buyer shall have thirty (30) days within which to notify Seller and Escrow Holder in writing of any exceptions to title shown therein that Buyer disapproves ("**Objectionable Exceptions**") plus any endorsements to title Buyer requires for the subject title policy. If Buyer notifies Seller and Escrow Holder of one or more Objectionable Exceptions, Seller shall have thirty (30) days from receipt of such written notice to (i) remove the Objectionable Exception(s), or (ii) refuse to remove the Objectionable Exception(s), in which case Buyer may elect to waive its objection(s) and consummate this transaction, or terminate this Agreement and receive a refund of the Deposit and accrued interest, whereupon neither Party shall have any further

obligation to sell or purchase the Real Property. Buyer's failure to provide Seller and Escrow Holder with written notice of Objectionable Exceptions within said thirty (30) day period shall constitute Buyer's approval of the Title Report and all exceptions shown therein (collectively "**Permitted Exceptions**"). After Buyer's approval of the Title Report, Seller shall not allow, cause, or permit any additional exceptions to the condition of title to occur without Buyer's approval, other than ongoing real property taxes and assessments already of record.

7. **Title Insurance.** At the Closing, and as a condition to Buyer's obligation to purchase and Seller's obligation to sell the Real Property, Escrow Holder shall commit to issue its CLTA Owner's Policy of Title Insurance and Buyer's requested endorsements (provided, however, Buyer may elect to obtain ALTA extended coverage if Buyer so notifies Escrow Holder prior to the Closing and such election does not delay the close of Escrow) showing title to the Real Property vested in Buyer, subject only to the Permitted Exceptions as determined in accordance with Section 6 of this Agreement (the "**Title Policy**"). The premium for the Title Policy shall be paid as set forth in Section 22 of this Agreement, provided that if Buyer elects to obtain an extended coverage ALTA Owner's Title Policy, it shall pay the difference in premium and other costs for ALTA versus CLTA coverage.

8. **Feasibility Period.**

(a) During the period commencing on the Effective Date, and terminating at 5:00 p.m. on the day before the Closing Date ("**Feasibility Period**"), Buyer shall undertake, at Buyer's expense, including (but not limited to): (i) an inspection of the Real Property; (ii) a review of the physical condition of the Real Property, including (but not limited to), inspection and examination of soils, environmental factors, Hazardous Substances, if any, and archeological information relating to the Real Property; and (iii) a review and investigation of the effect of any zoning, maps, permits, reports, engineering data, regulations, ordinances and law affecting the Real Property. Seller shall reasonably cooperate with Buyer and Buyer's agents in providing documents and access to the Real Property relevant to Buyer's inspection.

(b) If Buyer, in its sole and absolute discretion, and for any reason, approves all, or disapproves the results of any aspect of Buyer's inspection and review, Buyer shall give, prior to 5:00 p.m. on the last day of the Feasibility Period, either (i) its notice of approval, or (ii) its notice of disapproval and termination of this Agreement. If the transaction is disapproved or deemed disapproved, all parties hereto shall be relieved of all further obligations or liabilities hereunder except as is otherwise specifically provided in this subparagraph 8(b) and in subparagraph 8(c) immediately following. If Buyer fails to notify Seller properly and timely of Buyer's approval of this transaction as provided in this subparagraph 8(b), Buyer shall be deemed to be dissatisfied with the results of the inspection and shall be deemed to have disapproved and terminated this Agreement pursuant to this subparagraph 8(b). If Escrow terminates pursuant to this subparagraph 8(b), Buyer will provide to Seller at no charge, upon cancellation of Escrow, all reports and material regarding the Real Property that Buyer generates or are generated on Buyer's behalf.

(c) Buyer shall, prior to Closing, indemnify, defend and hold Seller and Seller's officials, officers, employees, representatives and agents and the Real Property harmless from and against any and all loss, cost, damage, expense, claim or liability, including personal injury, loss

of life and/or property damage incurred by: (i) Buyer or Buyer's officials, officers, employees, representatives and agents as a result of the condition of the Real Property; or (ii) by any person or entity as a result of the acts or omissions of Buyer or its representatives, employees, contractors, or agents in performing any inspection and/or testing activity on or about the Real Property (provided however, the indemnity of this subsection (c)(ii) shall not apply to any pre-existing environmental condition unless the willful, intentional, or negligent act of Buyer makes the pre-existing condition worse). Buyer shall promptly pay all costs, fees and expenses incurred as a result of or associated with such inspection work done or caused to be done on the Real Property as permitted by this Section 8. Buyer shall keep the Real Property free from any and all mechanics or similar liens or charges resulting from such inspection work.

(d) Buyer, during the Feasibility Period and at its own expense, shall maintain: (1) public liability insurance with liability amounts not less than One Million Dollars (\$1,000,000.00) for the injury or death of one person and One Million Dollars (\$1,000,000.00) for the injury and death of more than one person in any one incident; and (2) property damage insurance in the amount of One Million Dollars (\$1,000,000.00). All such insurance shall be carried with competent and reliable insurance companies, reasonably satisfactory to Seller. Buyer's insurance coverage shall be primary with respect to any coverage that may be maintained by Seller. Buyer shall cause its insurers to waive all rights of subrogation against Seller and its elected and appointed officers, officials, employees, agents, and volunteers and each of them. On the Effective Date, Buyer shall furnish to Seller a certificate or certificates of insurance and endorsements from said companies confirming the requirements set forth herein and stating that said insurance is in full force and effect, that the premiums have been paid thereon, and that each insurance company will give Seller at least thirty (30) days prior written notice of any termination, cancellation or modification of the terms of said insurance. Seller and its elected and appointed officers, officials, employees, agents, and volunteers, and each of them, shall be named as additional insureds on the above mentioned policies.

9. Condition of Property. Except for representations made in writing by the Seller prior to the Closing Date:

(a) Buyer expressly acknowledges that Buyer is buying the Real Property in an "AS IS AND WHERE AS" condition, and that it has not relied on any warranties, promises, understandings or representations, express or implied, of Seller or any employee, agent or representative of Seller, or any document relating to the Real Property, except as are specifically set forth in this Agreement. Buyer acknowledges that any and all feasibility or market reports, environmental assessments, engineering studies and other information of any type that Buyer has received or may receive from Seller or its agents are furnished on the express condition that Buyer shall make an independent verification of the accuracy of any and all such information, all such information being furnished without any warranty whatsoever.

(b) Buyer acknowledges and agrees that neither Seller nor any employee, agent or representative of Seller has made any representation or warranty to Buyer concerning the Real Property, including, without limitation, the suitability of the Real Property for Buyer's intended use or its compliance with any statutes, ordinances, rules or regulations. Buyer shall perform and rely solely upon its own independent investigation concerning the Real Property and the Real Property's compliance with any applicable law. Buyer acknowledges that it is acquiring the Real

Property subject to all existing laws, ordinances, rules and regulations, and that neither Seller nor any of Seller's representatives, agents or employees have made any warranties, representations or statements regarding any laws, ordinances, rules and regulations of any governmental or quasi-governmental body, entity, district or agency having authority with respect to the use, condition or occupancy of the Real Property.

(c) Buyer shall perform and rely solely upon its own investigation concerning Buyer's intended use of the Real Property, the Real Property's fitness therefore, and the permissibility of such intended use under applicable statutes, ordinances, rules and regulations.

(d) Except as expressly set forth in this Agreement, from and after the Closing, Buyer will indemnify, defend, and will hold Seller harmless and hereby waives, releases, remises, acquits and forever discharges Seller, its elected and appointed officials, officers, employees, and agents, and their respective heirs, successors, personal representatives and assigns, of and from any and all suits, causes of action, legal, equitable or administrative proceedings, claims, demands, actual damages, punitive damages, losses, costs, liabilities, interest, attorneys fees and expenses of whatever kind and nature, in law or in equity, known or unknown, arising out of or in any way connected with, directly or indirectly, or based upon or arising out of the condition, status, quality, nature or environmental state of the Real Property; provided however, such duty to indemnify, defend, and hold Seller harmless shall not apply with respect to Seller's gross negligence or intentional misconduct. It is the intention of this Agreement that, except for Seller's gross negligence and intentional misconduct and except as otherwise expressly set forth herein, any and all responsibilities and obligations of Seller to Buyer, and any and all rights or claims of Buyer, its successors and assigns and affiliated entities, with respect to, or as against Seller arising by virtue of, the physical or environmental condition of the Real Property are by this release provision declared to be, from and after Closing, null and void and of no present or future effect as to such parties. With respect to the matters released by Buyer pursuant to this Section 9, Buyer waives the benefits of Section 1542 of the Civil Code of the State of California, which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

10. Existing Surveys and Reports. Within ten (10) days after Seller's execution of this Agreement, Seller shall furnish Buyer with copies of all existing surveys, soil reports, engineering studies, environmental audits or reports, site plans, and other information in Seller's possession pertaining to the Real Property.

11. Covenants, Warranties and Representations of Seller. Seller hereby makes the following covenants, representations and warranties:

(a) Except as otherwise disclosed herein, Seller's execution of this Agreement and performance of its obligations hereunder will not violate any agreement, option, covenant, condition, obligation or undertaking of Seller.

(b) Seller is not a "foreign person" as defined in Section 1445(f) of the Internal Revenue Code of 1986, as amended. At the Closing, Seller shall provide Buyer Affidavits of Non-

Foreign Status made under penalty of perjury, if required by Escrow Holder.

(c) Except as otherwise disclosed herein, there are no liens on title or actions, suits, or proceedings of any kind or nature whatsoever, legal or equitable, pending or to the best of Seller's knowledge, threatened against Seller, or the Real Property, and relating to or arising out of the ownership, management, or operation of the Real Property, in any court or before or by any federal, state, county or municipal department, commission, board, bureau, agency, or other governmental instrumentality.

(d) Seller has not entered into any leasehold agreements with third parties to this Agreement that would convey a tenancy interest of any kind in the Real Property.

(e) Seller will not market the Real Property for sale or disposition to any other party while this Agreement is in effect.

(f) To Seller's current actual knowledge, the Real Property currently is in compliance in all respects with the rules, regulations, ordinances and laws of all governmental authorities having jurisdiction over the Real Property.

(g) Seller shall notify Buyer immediately if Seller becomes aware of any new information or material change concerning the Real Property that affects the representations and warranties of Seller under this Agreement.

(h) At Closing, Seller shall record a release of all easement, access or other similar rights in and to the Real Property that are controlled by Seller.

(i) The Real Property was owned by the Community Redevelopment Agency of the City of Hanford ("RDA"). Seller, as Successor Agency to the RDA, acquired control over the Real Property as a result of the RDA's dissolution pursuant to AB 1X 26. Per AB 1484, which served as clean-up legislation to AB 1X 26, Seller's disposal of the RDA's assets, including the Real Property, is subject to review and approval of the Oversight Board to the RDA's Successor Agency ("OB"), with the OB's approval subject to review and possible veto by the State Department of Finance.

(j) Seller represents that Buyer's proposed land use of the Real Property is a permitted use in the HI zone district and that the City of Hanford's current land use designation for the Real Property is HI.

12. Covenants, Warranties and Representations of Buyer. Buyer hereby makes the following covenants, representations and warranties:

(a) Buyer has the authority to enter into this Agreement, purchase the Real Property, and to otherwise perform as set forth herein. The person executing this Agreement on behalf of Buyer has the full legal authority and is duly authorized to sign this Agreement on behalf of Buyer and to bind Buyer to all of the terms and conditions of this Agreement.

(b) Buyer's execution of this Agreement and performance of its obligations

hereunder will not violate any agreement, option, covenant, condition, obligation or undertaking of Buyer.

(c) There are no actions, suits, or proceedings of any kind or nature whatsoever, legal or equitable, pending or, to the best of Buyer's knowledge, threatened against Buyer, in any court or before or by any federal, state, county or municipal department, commission, board, bureau, agency, or other governmental instrumentality seeking to challenge Buyer's ability to purchase the Real Property.

13. [Reserved]

14. Survival of Warranties. The satisfaction, truth, accuracy and completeness of each of the representations, warranties and covenants of Buyer and Seller contained in this Agreement, as of the date hereof and as of the Closing, shall constitute a condition precedent to the obligations of Seller and Buyer, respectively, hereunder. All representations, warranties, covenants, obligations, responsibilities and agreements set forth herein shall survive the Closing, and Seller and Buyer each agree to indemnify, defend and hold the other harmless from any claim, demand, liability, loss or cost (including without limitation, reasonable attorneys' fees and costs) which the other may sustain arising out of any breach of and provision of this Section 14.

15. Brokerage Commissions. Buyer and Seller each represents and warrants to the other that it has not engaged the services of any real estate broker, salesperson, agent or finder, nor done any other act nor made any statement, promise or undertaking which would result in the imposition of liability for the payment of any real estate brokerage commission, finder's fee or otherwise in connection with the transaction described in this Agreement. In the event that any person or entity perfects a claim for a brokerage commission, finder's fee or otherwise, based upon any agreement, statement or act, the Party through whom such person or entity makes such claim shall be responsible therefor and shall defend, indemnify and hold the other Party and the Real Property harmless from and against such claim and all loss, costs and expense associated therewith, including attorneys' fees.

16. Conditions Precedent to Seller's Obligations to Perform. Seller's obligation to perform as set forth herein is hereby expressly conditioned on satisfaction of each and every one of the following conditions precedent:

(a) Buyer shall have timely performed each of the acts to be performed by it hereunder.

(b) Each of Buyer's representations and warranties set forth herein shall be true at the Closing as if affirmatively made at that time.

(c) Buyer shall not have timely exercised any right set forth in this Agreement to cancel the Escrow or terminate this Agreement.

(d) Approval of this Agreement by the Oversight Board and no veto of such approval by the State Department of Finance.

17. **Conditions Precedent to Buyer's Obligations to Perform.** Buyer's obligation to perform as set forth herein is hereby expressly conditioned on satisfaction of each and every one of the following conditions precedent:

(a) Seller shall have timely performed each of the acts to be performed by it hereunder.

(b) Each of Seller's representations and warranties set forth herein shall be true at the Closing as if affirmatively made at that time.

(c) Seller shall not have timely exercised any right set forth in this Agreement to cancel the Escrow or terminate this Agreement.

(d) Escrow Holder is committed to issue the Title Policy as set forth above in Section 7.

(e) Seller has satisfied all legal requirements for the sale of the Real Property in order to grant clear title to Buyer, subject to those conditions and Permitted Exceptions approved by Buyer.

(f) The abandonment and closure of Energy Street by Seller pursuant to Buyer's Application for Street Abandonment Number 2015-01 filed April 23, 2015.

(g) Entry into an Industrial Track and Operations Agreement, satisfactory to Buyer, between Buyer, BNSF Railroad, Lakeside Irrigation Water District, and Tessengerlo Kerley, Inc.

(h) Buyer shall have obtained the approval of its Board of Directors for the execution and delivery of this Agreement, and consummation of the transactions contemplated hereby.

(i) Buyer shall have obtained execution of the BNSF Agreement(s) by all parties thereto, and in form and content acceptable to Buyer.

(j) The escrow for purchase of that real property being purchased by the Buyer from the City of Hanford shall close simultaneous with the within Escrow.

18. **Establishment of Escrow.** Upon execution of this Agreement by the Parties, a duplicate original of this Agreement shall be deposited with Escrow Holder. The general provisions of Escrow Holder's escrow instructions shall not impose any additional obligations or liabilities on the parties. If any of the general provisions conflict with the provisions of this Agreement, the provisions of this Agreement shall control.

19. **Deposits into Escrow.** The Parties shall make the following deposits into Escrow at or prior to the Closing:

(a) Seller shall deposit an executed and acknowledged original grant deed

conveying good and marketable title to the Real Property, subject to all Permitted Exceptions.

(b) Buyer shall deposit all funds when and as required hereby (including without limitation the Purchase Price, all amounts necessary to pay Buyer's share of the closing costs), and such other amounts as Buyer has agreed to pay under this Agreement, or as required by Escrow Holder, and a preliminary change of ownership report for Kings County.

(c) Both Parties shall execute and deliver such additional documents as Escrow Holder reasonably may deem necessary in order to effectuate the transaction set forth in this Agreement and to close the Escrow.

20. Prorations. Escrow Holder shall prorate the following items, as of the Closing, using a 365 day year: all real and personal property taxes and all other charges or assessments relating to the Real Property using the latest tax bills. Buyer shall pay any supplemental taxes assessed pursuant to Chapter 3.5 (Section 75) of the California Revenue and Taxation Code resulting from the sale of the Real Property to Buyer. Escrow Holder is not responsible for utility or insurance costs and premiums, all of which shall be prorated outside the Escrow by the Parties.

21. Title Insurance. At the Closing, Escrow Holder shall issue, effective as of that date, the Title Policy described in Section 6 of this Agreement.

22. Costs and Expenses. Closing costs shall be borne by the Parties as follows:

(a) The Title Policy premium shall be paid by Seller, except that any increase in the Title Policy premium associated with Buyer's acquisition of an ALTA policy or endorsements requested by Buyer shall be paid by Buyer; provided, however, that any endorsements which are requested by Buyer as an accommodation and at the request of Seller shall be paid by Seller;

(b) Documentary transfer taxes and costs of preparing and recording the Grant Deeds shall be paid by Buyer; and

(c) All Escrow fees shall be shared equally between Buyer and Seller.

All other costs of closing the Escrow, including, without limitation, filing fees, other recording fees and otherwise, shall be shared by the Parties equally. Each Party shall bear its own legal fees and costs. Buyer shall deposit additional funds into Escrow in an amount equal to its share of the closing costs as determined by Escrow Holder. Escrow Holder is hereby authorized to withhold Seller's share of the closing costs from funds otherwise distributable to Seller.

23. Closing Date. Unless otherwise extended by the Parties in writing or as specified herein, the closing of Escrow for the Real Property shall occur as soon as possible on or before the one hundredth (100th) day following the Effective Date, subject to the prior satisfaction (or waiver) of the conditions precedent to the Closing identified in Sections 16 and 17 of this Agreement ("**Closing**"). The date on which Closing occurs is referred to herein as "**the Closing Date.**" If the Escrow is not in a condition to close by the Closing Date, Escrow Holder, except as otherwise provided herein, shall cancel the Escrow upon receipt of written notice from either Party of such

cancellation; provided, however, that if Escrow is not in a condition to close by the Closing Date due to the failure of only one Party to perform, and such failure to perform constitutes a default under this Agreement, and the other Party has fully performed all of the obligations required of it in order to close the Escrow, only the performing Party shall be entitled to provide Escrow Holder with written notice of cancellation. In the absence of any written notice of cancellation, Escrow Holder shall proceed to close the Escrow as soon as possible.

24. Procedure for Closing. Escrow Holder shall close the Escrow by doing the following:

- (a) Pay from funds deposited by Buyer all claims, demands and liens necessary to place title to the Real Property in the condition set forth in Section 6 of this Agreement;
- (b) Pay Seller's share of the closing costs from funds otherwise distributable to Seller;
- (c) Pay from funds deposited by Buyer (other than the Purchase Price), Buyer's share of closing costs;
- (d) Prorate real and personal property taxes and all other charges or assessments as set forth in Section 20 of this Agreement;
- (e) Record Seller's Grant Deed in the Official Records of Kings County and direct the County Recorder to affix the transfer tax after recording, return the recorded Grant Deed to Buyer with a conformed copy to Seller, and file Buyer's preliminary change of ownership report in Kings County, as appropriate; and
- (f) Unless otherwise instructed by Seller, unilaterally deliver the remaining funds held in Escrow, less payments authorized hereunder to Seller by Escrow Holder's check.

25. Failure to Close. If Escrow shall fail to close as a result of Buyer's breach of any of its obligations hereunder, then, in accordance with the provisions of Section 4 hereinabove, upon demand of Seller, Escrow Holder shall terminate the Escrow, immediately deliver the Deposit, accrued interest on the Deposit, and all documents that Seller previously deposited into Escrow (collectively "**Seller's Documents**") to Seller, deliver Buyer's preliminary change of ownership report to Buyer, and charge Buyer for any cancellation charges. If the Escrow shall fail to close as a result of Seller's breach of any of its obligations hereunder, or upon Buyer's election to terminate in accordance with the provisions of this Agreement, then upon demand of Buyer, Escrow Holder shall terminate the Escrow, immediately cause to be delivered the Deposit and accrued interest to Buyer, deliver Seller's Documents to Seller, deliver Buyer's preliminary change of ownership report to Buyer, and charge Seller for any cancellation charges. If the Escrow fails to close through no fault of either Buyer or Seller, upon the demand of either Party, Escrow Holder shall return Buyer's preliminary change of ownership report to Buyer, return Seller's Documents to Seller, return the entire Deposit and accrued interest to Buyer, and cancel the Escrow, with all cancellation charges to be borne equally by Buyer and Seller.

26. Attorneys' Fees. Subject to Section 4 of this Agreement, in the event of any action

between Buyer and Seller seeking enforcement of any of the terms and conditions of this Agreement, or in connection with the Real Property, the prevailing Party in such action shall be awarded, in addition to damages, injunctive or other relief, its reasonable costs and expenses, including, but not limited to, taxable costs and reasonable attorneys' fees. Seller and Buyer agree that any such action shall be venued in Kings County, California or in the Federal District Court in Fresno, California.

27. Indemnification of Escrow Holder. Escrow Holder shall be indemnified and held harmless by Buyer and Seller against any and all costs, damages, attorneys' fees, expenses and liabilities which it incurs or sustains in connection with the Escrow, except for such items as may be caused by Escrow Holder's misconduct or negligence.

28. Notice. Except as otherwise expressly provided herein, any notice, consent, authorization or other communication to be given hereunder shall be in writing and shall be deemed duly given and received when delivered personally, when transmitted by facsimile or e-mail if receipt is acknowledged by the addressee, one business day after being deposited for next-day delivery with a nationally recognized overnight delivery service, or five (5) business days after being mailed by first class mail, charges and postage prepaid, properly addressed to the party to receive such notice at the last address furnished for such purpose by the party to whom notice is directed and addressed as follows:

To Buyer:	HELENA CHEMICAL COMPANY David Hawkins 225 Schilling Blvd., Ste. 300 Collierville, TN 38017 FAX: (901) 537-8677
To Buyer's Legal Counsel:	Jan L. Kahn, Esq. Kahn, Soares & Conway, LLP 219 North Douty Street Hanford, CA 93230 FAX: (559) 584-3348
To Seller:	Darrel Pyle SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HANFORD 119 North Douty Street Hanford, CA 93230 FAX: (559) 585-2595
To Seller's Legal Counsel:	Robert M. Dowd and Ty N. Mizote Griswold LaSalle Cobb Dowd & Gin LLP 111 East 7 th Street Hanford, CA 93230 FAX: (559) 582-3106

29. Sole and Only Agreement. This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the matters set forth herein and contains all of the covenants and agreements between the parties regarding said matters. Except as is otherwise provided herein, each party to this Agreement acknowledges that no representations, inducements, promises or agreements, orally or in writing, have been made by any party or anyone acting on behalf of any party which are not embodied in this Agreement and no other agreement, statement or promise shall be valid or binding.

30. Successors and Assigns.

(a) Buyer may assign its rights hereunder to an Affiliate of Buyer as long as such successor-in-interest confirms in writing that it shall be bound by the terms of this Agreement and Buyer guarantees in writing the Affiliate's performance hereunder.

(b) The term "**Affiliate**" means any person or entity directly or indirectly Controlling, Controlled by or under common Control with the person or entity to which such term applies. "**Control**," as applied to any person or entity, means the possession, directly or indirectly, of the power to direct or cause the direction of the management, policies and decision-making of such person or entity, whether through the ownership of voting interests or by contract or otherwise, including, without limitation, the possession of direct or indirect equity or beneficial interests in at least ten percent (10%) of any entity, or voting control of any entity.

(c) The covenants and agreements contained in this Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto. Subject, however, to Buyer's rights described in this Section 30, Buyer may not, without the Seller's consent, which consent shall not be unreasonably withheld, assign any duties or responsibilities to a third party as long as Buyer owns the Real Property; however, all duties and obligations of Buyer will run with the land and Buyer shall guarantee in writing the successors' and assigns' performance hereunder.

31. Further Action. The Parties agree to perform all further acts, and to execute, acknowledge, and deliver any documents that may be reasonably necessary, appropriate or desirable to carry out the purposes of this Agreement.

32. Waiver. A waiver of any breach of this Agreement by any Party shall not constitute a continuing waiver or a waiver of any subsequent breach of the same or any other provision of this Agreement.

33. Choice of Laws. This Agreement shall be governed by the laws of the State of California and any question arising hereunder shall be construed or determined according to such law.

34. Headings. Headings at the beginning of each numbered Section of this Agreement are solely for the convenience of the Parties and are not a part of this Agreement.

35. Survival. All of the provisions of this Agreement shall survive the Closing and shall remain binding upon the Parties.

36. Time. Time is of the essence, it being understood that each date set forth herein, particularly the Closing, and the obligations of the Parties to be satisfied by such dates have been the subject of specific negotiations by the Parties.

37. Counterparts. This Agreement may be signed by the Parties in different counterparts and the signature pages combined to create a document binding on all Parties.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first hereinabove written.

“SELLER”

Successor Agency to the Community
Redevelopment Agency of the City of Hanford

Dated: _____, 2016

By: _____
DARREL PYLE
City Manager

“BUYER”

HELENA CHEMCIAL COMPANY
a Delaware corporation

Dated: _____, 2016

By: _____

[name]
[title]

Dated: _____, 2016

By: _____

[name]
[title]

EXHIBIT A
LEGAL DESCRIPTION

PARCEL 9

That portion of the Southwest quarter of Section 13, Township 19 South, Range 21 East, Mount Diablo Base and Meridian, in the City of Hanford, County of Kings, State of California, described as follows;

Commencing at the Southwest corner of said Southwest quarter of Section 13;

Thence, North 01°28'20" East, along the West line of said Southwest quarter, 71.77 feet;

Thence, at right angles, South 88°31'40" East, 50.00 feet, to a point on the East right of way line of 11th Avenue and the TRUE POINT OF BEGINNING;

Thence, North 01°28'20" East, along said East right of way line, 572.14 feet, to the beginning of a tangent curve, concave Southeasterly, having a radius of 30.00 feet;

Thence, Northeasterly, along said 30.00 foot radius curve, through a central angle of 88°44'35", an arc distance of 46.47 feet;

Thence, South 89°47'05" East, parallel with the South line of said Southwest quarter, 647.16 feet;

Thence, South 01°28'20" West, parallel with the West line of said Southwest quarter, 632.15 feet, to a point on the North right of way line of Idaho Avenue;

Thence, South 89°47'05" East, along said North right of way line, 645.84 feet, to the beginning of a tangent curve, concave Northeasterly, having a radius of 30.00 feet;

Thence, Northwesterly, along said 30.00 foot radius curve, through a central angle of 91°15'25", an arc distance of 47.78 feet, to the TRUE POINT OF BEGINNING;

Parcel 9 contains 9.81 acres

**SUCCESSOR AGENCY TO THE COMMUNITY
REDEVELOPMENT AGENCY OF THE CITY OF HANFORD**

LONG-RANGE PROPERTY MANAGEMENT PLAN



September 19, 2013

Prepared by:

Griswold, LaSalle, Cobb, Dowd & Gin, L.L.P.
111 E. Seventh St.
Hanford, CA 93230
Phone: (559) 584-6656

for

The Successor Agency to the Community Redevelopment Agency of the City of Hanford

Historical Background

At the time of its dissolution, the Community Redevelopment Agency of the City of Hanford (RDA) held real estate assets. The RDA's remaining real estate holdings, which are reflected on the attached spreadsheet, were acquired through a May 2000 purchase from Pirelli Tire Company (Pirelli) and a December 2009 purchase from Edward M. Hill (Hill). The land acquired from Pirelli and Hill was undeveloped. Approximately 17.99 acres of the land acquired from Pirelli remain unsold, and all 110 acres of the land purchased from Hill remain unsold. The remaining real estate is identified on the spreadsheet and map attached hereto as Exhibits "A" and "B," respectively, which are incorporated herein by reference.

The RDA improved the land acquired from Pirelli by constructing infrastructure improvements, including roads, curbs, and gutters.

The land purchased from Hill remains unimproved and is subject to a farm lease that expires on December 31, 2014.

The remaining saleable land was appraised by Simon Company, Inc. (Simon). Copies of the appraisal reports are attached to this Long-Range Property Management Plan as Exhibit "C" and are incorporated herein by reference.

Liquidation Plan

The City of Hanford, as Successor Agency (SA) to the RDA, will sell the RDA's remaining saleable real estate.

Pitman Family Farms (Pitman) has submitted a \$2,750,000.00 offer for the 110 acres of land that the RDA purchased from Hill (APNs 018-242-007, 013, and 020), which is equal to the appraised value reflected in the Simon Appraisal Report for that property. The SA will prepare a Purchase & Sale Agreement for review and approval by the Oversight Board prior to execution by the SA. Should the Pitman transaction fail to close, the SA will market the property.

APN 018-242-073 consists of 0.51 acres and is a narrow rectangular strip that is 35 feet in width. The property was originally designed to provide access between Idaho Avenue and the southeastern corner of the property currently owned by Tessengerlo Kerley, Inc. (TKI). This property is adjacent to and located east of the former GWF electrical peaker plant facility, which is currently owned by Star West. Burlington Northern Santa Fe Railroad's mainline is located directly east of this property. The SA contacted TKI and Star West to determine whether either would be interested in purchasing the 0.51 acre property. Star West failed to respond, and TKI has offered \$3,500.00. The SA will prepare a Purchase & Sale Agreement for sale of the property to TKI; the document will be submitted to the Oversight Board for review and approval prior to execution by the SA. Should the TKI transaction fail to close, the SA will market the

property; however, it may prove extremely difficult to locate a party willing to purchase the property due to its significant limitations associated with its small size and narrow configuration.

APN 018-242-069, a 2.56 acre parcel, has been offered to a party that seeks to purchase the property on which Cobalt Safes' facility is located (APN 018-242-070). The SA will prepare a Purchase & Sale Agreement for the OB's review and approval if the party desires to move forward with the purchase of 018-242-069. If the party is not interested in acquiring the former-RDA property, the land will be marketed.

APN 018-242-068, a 2.58 acre parcel, has been offered to a party. In addition, 2.5 acres of APN 018-242-067, a 9.81 acre parcel, have been offered to the same party since it seeks a total of approximately 5 acres. The SA will prepare a Purchase & Sale Agreement for the OB's review and approval prior to execution by the SA. If the party elects not to proceed, the property will be marketed.

The portion of APN 018-242-067 not purchased by the party referenced in the immediately preceding paragraph will be marketed for sale.

The SA will utilize the Kings Economic Development Corporation (KEDC) to market the property which is not currently subject to offers or negotiations and for properties that are currently subject to negotiations which ultimately do not result in sale. KEDC is familiar with the land formerly owned by the RDA since KEDC assisted the RDA in marketing land within the Kings Industrial Park. In exchange for its services, KEDC will, at the close of each escrow, be paid compensation equal to four percent (4%) of the sales price of each property sold as a result of KEDC's efforts. The SA will present a draft Marketing Agreement, through which KEDC will provide services and receive compensation, to the OB for review and approval. The SA will seek to hire a real estate agent to market any real property remaining unsold and which is not subject to negotiations as of December 31, 2014. The realtor's Listing Agreement will be submitted to the OB for review and approval prior to execution by the SA.

APN 018-242-071, a 2.53 acre parcel, consists of a public storm drain basin for runoff from roads within the Kings Industrial Park. Ownership of this parcel will be transferred to the City of Hanford per Health & Safety Code Section 34181 since the parcel is used for a governmental purpose.

EXHIBIT “A”

LONG-RANGE PROPERTY MANAGEMENT PLAN

Exhibit "A"

18.A.c

		Kings County APN						
		018-242-067	018-242-068	018-242-069	018-242-071	018-242-072	018-242-073	018-242-007, 013, and 020
H&S Sec. 34191.5(c)(1)(A)	Date of Acquisition	5/5/2000	5/5/2000	5/5/2000	5/5/2000	5/5/2000	5/5/2000	12/16/2009
	Value at Acquisition	\$ 105,975.81	\$ 27,871.31	\$ 27,655.26	\$ 27,331.17	\$ 7,560.00	\$ 5,509.45	\$ 1,650,000.00
	Estimated Current Value	\$ 345,000.00	\$ 75,000.00	\$ 75,000.00	\$ -	Sold for \$25,200 ³	\$ 3,500.00 ⁴	\$ 2,750,000.00
H&S Sec. 34191.5(c)(1)(B)	Purpose of Acquisition	Build Infrastructure and Sell to Industrial Developer	Build Infrastructure and Sell to Industrial Developer	Build Infrastructure and Sell to Industrial Developer	Government purpose storm drain basin	Build Infrastructure and Sell to Industrial Developer	Build Infrastructure and Sell to Industrial Developer	Build Infrastructure and Sell to Industrial Developer
H&S Sec. 34191.5(c)(1)(C)	Lot Size ¹	9.81 ac.	2.58 ac.	2.56 ac.	2.53 ac.	0.84 ac.	0.51 ac.	110 ac.
	Current Zoning	Heavy Industrial (HI)	Heavy Industrial (HI)	Heavy Industrial (HI)	Heavy Industrial (HI)	Heavy Industrial (HI)	Heavy Industrial (HI)	Heavy Industrial (HI)
H&S Sec. 34191.5(c)(1)(D)	Estimated Current Value	\$ 345,000.00	\$ 75,000.00	\$ 75,000.00	\$ -	Sold for \$25,200	\$ 3,500.00 ⁴	\$ 2,750,000.00
	Appraisal Information Available	Yes, appraisal obtained 8/27/13.	Yes, appraisal obtained 8/8/13.	Yes, appraisal obtained 8/8/13.	N/A	No	Yes, appraisal obtained 8/27/13	Yes, appraisal obtained 8/8/13.
H&S Sec. 34191.5(c)(1)(E)	Estimated Revenue Generated	None	None	None	None	N/A	None	\$16,000/yr. from agricultural lease ²
	Contractual Requirements for Disposition of Funds	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Attachment: Long-Range Property Management Plan and Exhibit (submitted to DOF on 10-4-13) (1768 :

LONG-RANGE PROPERTY MANAGEMENT PLAN

Exhibit "A"

18.A.c

		Kings County APN						
		018-242-067	018-242-068	018-242-069	018-242-071	018-242-072	018-242-073	018-242-007, 013, and 020
H&S Sec. 34191.5(c)(1)(F)	History of Environmental Contamination	None	None	None	None	None	None	Preexisting Phase I environmental report was received from prior owner during the RDA's negotiations to purchase the property. The report disclosed the existence of a 55 gallon drum and soil staining and distressed vegetation near the drum. The RDA asked the prior owner to remove the drum and stained soil prior to the RDA's acquisition of the property..
	Environmental Studies	Phase I and II reports prepared when property purchased	Phase I and II reports prepared when property purchased	Phase I and II reports prepared when property purchased	Phase I and II reports prepared when property purchased	Phase I and II reports prepared when property purchased	Phase I and II reports prepared when property purchased	
H&S Sec. 34191.5(c)(1)(G)	Potential for Transit-Oriented Development	None	None	None	None	None	None	None
H&S Sec. 34191.5(c)(1)(H)	History of Previous Development Proposals and Activity	No proposals; RDA constructed infrastructure improvements.	No proposals; RDA constructed infrastructure improvements.	No proposals; RDA constructed infrastructure improvements.	Government purpose storm drain basin	No proposals; RDA constructed infrastructure improvements.	No proposals; RDA constructed infrastructure improvements.	No proposals; property remains unimproved.

Attachment: Long-Range Property Management Plan and Exhibit (submitted to DOF on 10-4-13) (1768 :

LONG-RANGE PROPERTY MANAGEMENT PLAN

Exhibit "A"

18.A.c

		Kings County APN						
		018-242-067	018-242-068	018-242-069	018-242-071	018-242-072	018-242-073	018-242-007, 013, and 020
H&S Sec. 34191.5 (c)(2)	Address Use/Disposition of Remaining Properties	2.5 ac. of the 9.81 property has been offered to the party interested in 018-242-068, with the remainder of the parcel to be marketed.	SA negotiating with interested party.	Property is being offered to an interested party.	Property is used for governmental purposes, to wit: a storm drainage basin for street runoff. The Parcel will be transferred to the City of Hanford per Health & Safety Code Section 34181.	Sold	\$3,500 offer pending.	\$2,750,000 offer pending

Footnotes

¹ APNs 017-242-067, 068, 069, 071, and 072 and 073 were purchased as part of a larger 97.1 ac. property. The purchase price for the 97.1 ac. property was \$9,000/ac.

² Agricultural lease term for APNs 018-242-007, 013, and 020 commenced on January 1, 2013 and expires on December 31, 2014.

³ APN 018-242-072 was sold on 7/31/13 on terms approved by the Successor Agency and Oversight Board.

⁴ This property consists of 0.51 acres that is 35 feet in width. The parcel was originally designed to provide access between Idaho Ave. and the southeast corner of the property currently owned by Tessengerlo Kerley, Inc. (TKI). The adjacent property directly to the west is owned by Star West, the company that purchased the electrical peaker plant originally constructed by GWF. The BNSF Railroad mainline is located directly east of the subject property. TKI and Star West were contacted regarding their potential interest in purchasing the 0.51 acre property. TKI has offered \$3,500.00 and Star West failed to respond to the Successor Agency regarding Star West's interest in the property. The appraisal prepared by Simon Company identifies an estimated value of \$15,000.00 based upon the value of surrounding properties that are zoned Heavy Industrial; however, the property's small size and narrow configuration prevent it from being used as a independent, stand-alone Heavy Industrial property, which severely limits the marketability of the parcel.

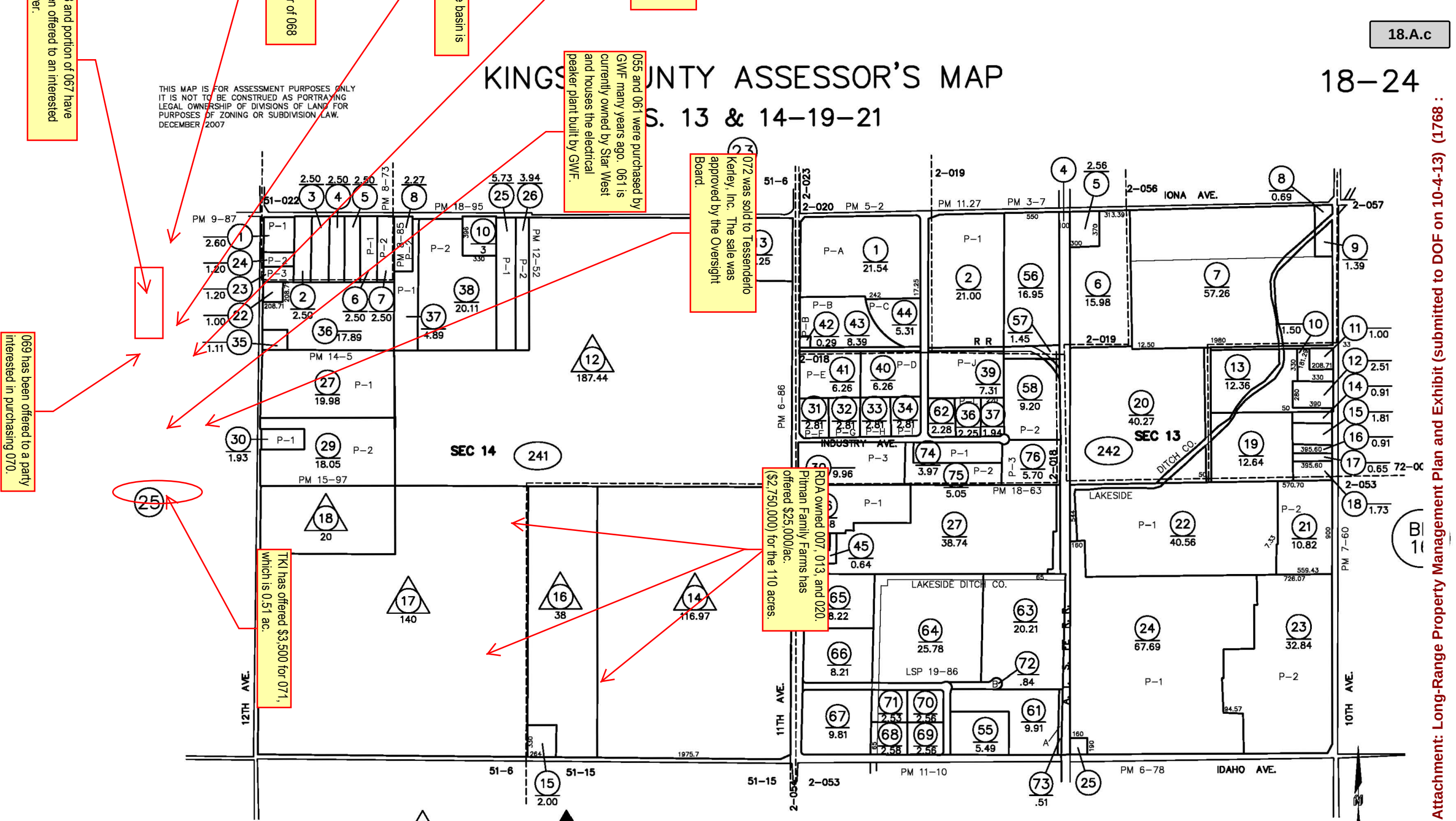
Attachment: Long-Range Property Management Plan and Exhibit (submitted to DOF on 10-4-13) (1768 :

EXHIBIT “B”

KINGS COUNTY ASSESSOR'S MAP

S. 13 & 14-19-21

THIS MAP IS FOR ASSESSMENT PURPOSES ONLY. IT IS NOT TO BE CONSTRUED AS PORTRAYING LEGAL OWNERSHIP OF DIVISIONS OF LAND FOR PURPOSES OF ZONING OR SUBDIVISION LAW. DECEMBER 2007



Attachment: Long-Range Property Management Plan and Exhibit (submitted to DOF on 10-4-13) (1768 :

EXHIBIT “C”

APPRAISAL REPORT

109.89 ACRES OF INDUSTRIAL LAND, HANFORD, CA



AS OF AUGUST 8, 2013

PREPARED FOR:

GRISWOLD LASALLE COBB DOWD & GIN, LLP
111 EAST SEVENTH STREET
HANFORD, CA 93230

SIMON COMPANY, INC.
1306 NORTH IRWIN STREET
HANFORD, CA 93230

Serving the Central Valley for 20 years – 1992-2012

PHONE: (559) 582-9112
FAX: (559) 582-9114
WWW.SIMONCO.NET

APPRAISAL REPORT	
Client:	Griswold, Lasalle, Cobb, Dowd & Gin, LLP 111 East Seventh Street Hanford, Ca 93230
Date of Report:	August 9, 2013
Subject Property:	109.89 acres of industrial land, Hanford, CA
Intended User:	Griswold, Lasalle, Cobb, Dowd & Gin, LLP & the City of Hanford
Intended Use:	To develop a market value for possible sale of the properties
Objective of the Assignment:	To develop an opinion of "Market Value." The definition of <i>market value</i> was taken from regulations published by federal regulatory agencies pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989. This same definition is also cited in Advisory Opinion 22 of the current version of the Uniform Standards of Professional Appraisal Practice (USPAP).
Effective Date of Value Opinion:	August 8, 2013 (date of inspection)
Interest Valued:	Fee simple
Conditions of the Assignment:	None
Extraordinary Conditions:	None
Hypothetical Conditions:	None
Report Option:	This is a Summary Appraisal Report in accordance with Standards 2-2 (b) of the Uniform Standards of Professional Appraisal Practice.
Opinion of Value:	\$2,750,000

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SCOPE OF WORK

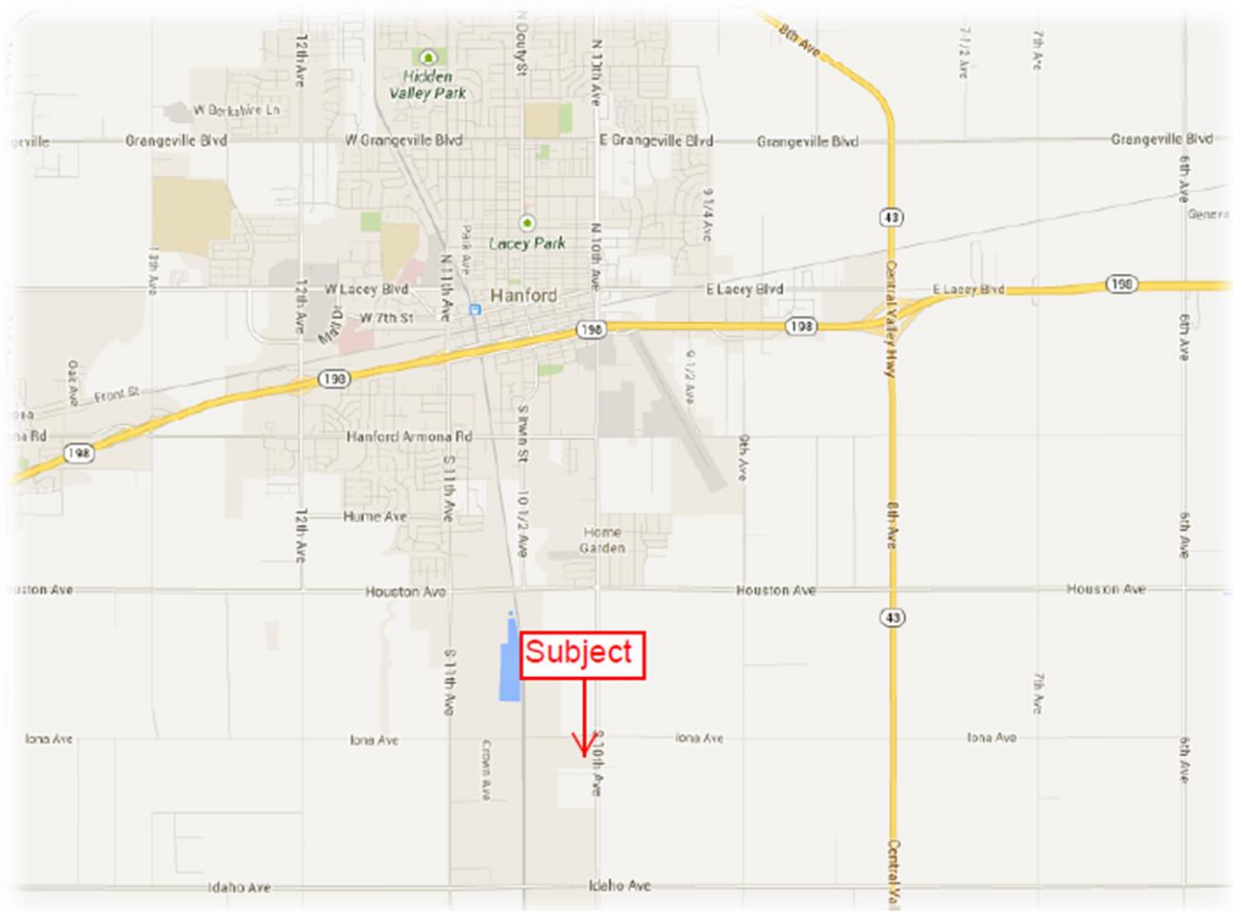
- The subject sites were viewed by the appraiser.
- Gathered, analyzed and utilized comparable sales and listings; all sales were confirmed with reliable parties involved in the transactions.
- The sales comparison approach was utilized to value all parcels.
- Jacob I. Hower participated in the preparation of this report in the areas of research, field inspection and analysis.

MARKET ANALYSIS

CITY OF HANFORD



Located in the northeast portion of the county, the City of Hanford is the county seat for Kings County. The city is generally bounded by State Route 43 to the east, Flint Avenue to the north, 13th Avenue to the west and Houston Avenue to the south.



The City of Hanford has experienced a steady growth rate over the last five years and is expected to continue growing at rate near the statewide average. The five year growth trend represents a 1.80% per year increase. This is near the State of California Average of 1.90% over the same timeframe. Overall projections suggest 2%-3% yearly increases in population over the next 10 years, which will increase demand for housing.

5 Year Population Trend

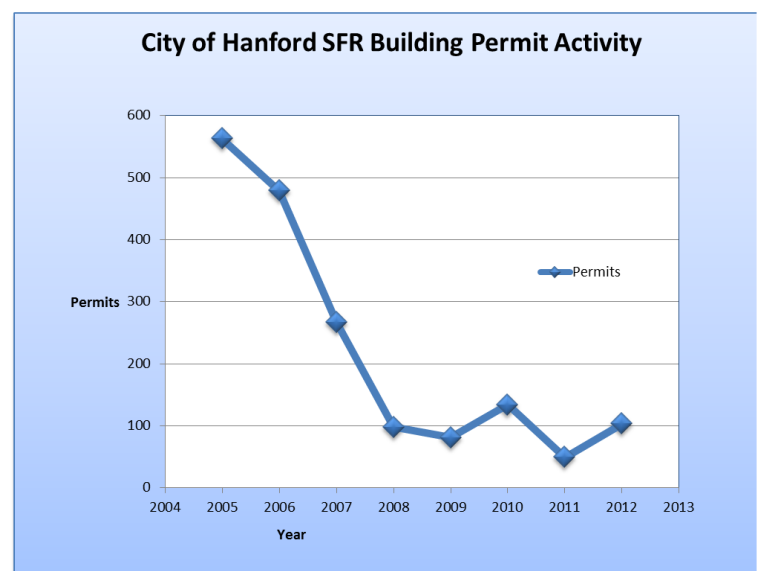
2006	48,744
2007	50,459
2008	51,965
2009	52,687
2010	53,967
2013 Projection	56,552
2020 Projection	70,177
5-Year Annual Growth Rate	10.21%

The State of California prisons in Corcoran, Coalinga and Avenal have had a strong impact on the population trends in Hanford. Hanford has attracted a large percentage of this workforce. Most of the workforce is commuters who choose to live outside the prison cities. All three are within one hour of Hanford. The same can be said for the Lemoore Naval Air Station, which is 15 miles west. Hanford attracts a number of the civilian employees and the active duty personnel.

Another large employment draw locally is the Pleasant Valley State Prison in Coalinga, which opened in 2005. The mental health and treatment hospital was slated to include 1.2 million square feet with a total of 1,500 beds.

This facility was further expanded in 2006 with the expansion slated to add 2,000 jobs. The facility has a significant presence in terms employment.

According to the Kings County Multiple Listing Service, the average sale price for a three-bedroom single-family residence in the City of Hanford for 2012 was \$155,249. For the first two quarters of 2013 the residential housing market has continued its climb to an average sales price of \$162,239. In contrast the 2011 average home sales price was \$154,125. A slight gain in sales price and minimal construction should continue to support stabilized values with moderate gains over the next decade. While there is still activity in regards to construction of single family residences, activity has slowed drastically in the last five years. The number of annual permits has been hovering between 50 and 125 per year since 2008.



There are many apartment options available from subsidized rent levels to the luxury segment. A significant decline in building permits for multi-family properties has also been seen. Only 52 Units have been added to the Hanford market in the last four years. Fuller Apartments has a planned 136 unit apartment complex approved by the city of Hanford to be built near the Lowe's on Lacey Boulevard; however construction has been stifled by economic conditions.

The median income for Hanford is \$48,655. By contrast, the average for Kings County is \$48,515, both of which are below the State of California average of \$64,878 annually. The average unemployment rate for the City of Hanford as of February 2013 was 13.7%, which has been on a relatively steady increase since 2009 but appears to be leveled out.

There are 18 manufacturing plants in the Hanford community area. Leading group classes of products are petroleum, flour, mill products, synthetic yard, fertilizers, micronutrients, and canned tomato products. The Kings Industrial Park is located on the south side of Hanford and includes the majority of Hanford's industrial base including Del Monte Foods (Contadina tomato processing), Exopack (paper manufacturing), Wal-Mart (photo-lab), Cargil (livestock feed), Calcot (cotton storage), and Marquez Brothers (cheese processing).

The Hanford area is served by the Burlington Northern and Santa Fe Railroad, the Southern Pacific Railroad, and Amtrak. Amtrak San Joaquin serves the San Joaquin Valley from Bakersfield to Sacramento with connections to the Los Angeles region and the Bay Area. Hanford has a small airport for light private aircraft. In October 2001, the city of Hanford received a grant from the FAA for \$820,000 to facilitate an expansion of the airport. The runway was extended 1,200 feet, making it 5,000 feet. Commercial airline service is available in the city of Visalia, approximately 30 miles east of Hanford, and in the city of Fresno, approximately 45 miles northeast of Hanford. The Orange Belt bus lines provide bus service to Hanford. State Highways 198 and 43 serve the city of Hanford. Over 30 motor freight carriers service Hanford with overnight deliveries to most points in California.

Community facilities include two general hospitals, ten elementary schools, three middle schools, three high schools, one continuation school, three parochial schools, one adult school, two junior colleges within 25 miles, and California State University of Fresno only 30 miles to the north. Sierra Pacific High School was recently opened and enrollment began in fall of 2010. A satellite facility for College of the Sequoias and a vocational training center was also recently completed in 2010.

Culturally there are approximately 20 churches, one public library, two newspapers, six TV channels received direct and one cable TV system, nine banks, four credit unions, one savings and loan, six parks, three athletic complexes, and a Carnegie Museum. Other recreational facilities include the Kings Country Fairgrounds including Kings Speedway, one private 18-hole country club, two 18-hole municipal golf courses in neighboring Lemoore; and boating, fishing and hunting along the Kings River.

There is a newer, \$112 million medical center at the corner of Mall Drive and West 7th Street. The project began in 2007 due to the region's growing demand for health care services. The facility includes 202,000 square feet, three-stories, and 142-beds. Services from Adventist

Health's Hanford Community Medical Center and Central Valley General Hospital in town have transferred to the new site. The 142 inpatient beds will include 120 medical/surgical beds and 22 intensive care unit beds, while the Emergency Department will hold 26 treatment stations. In addition, 32,000 square feet in additional expansion area will be shelled in on the second and third floors to house a total of 60 future additional beds when needed. An adjacent outpatient imaging center is also planned. In terms of staffing, hospital hired about 16 new physicians in 2007 and 18 for 2008. About one third of those typically work in Hanford, with the remainder being spread out in the regional area at other facilities. The hospital intends to hire about 10 new physicians per year as it continues to expand. Nursing staff should be increased by about 10%.

One of the reasons Hanford is attracting a number of workers from neighboring communities is the quality of life and availability of shopping and services. The Hanford Mall opened in April 1993 and features major retailers such as JC Penney, and Forever 21. A Sears store and auto center opened in 1999. A Ross Dress For Less store in the mall in 2000. The mall includes an additional 166,000 square feet of in-line space including an eight-screen theater. The mall was recently dealt a blow when long time tenant Mervyn's and Gottschalks closed. The Gottschalk's store was recently re-leased to Forever 21 and Kohl's is currently occupying the former Mervyn's space.

Major discount retailers are also present including Wal-Mart and Orchard Supply Hardware, two Rite Aid Stores and a Walgreens store. Home Depot is located at the northeast corner of 12th Avenue and Lacey Boulevard. The 96,000 square foot store employs 150 to 200 people. Target has a store in the Mall area along with Michael's, Famous Footwear, Old Navy, PetsMart Cold Stone Creamery, and Jamba Juice can also be found at this location. Wal-Mart recently opened a new super center just south of the Target site. A Lowe's store opened in November 2008 northwest of Target on Lacey Boulevard. An auto mall was completed on 37 acres at the northwest quadrant of 12th Avenue and State Highway 198. A Toyota and Hyundai dealership were the first to open. Costco is also planning a new location near the intersection of Highway 43 and Lacey Boulevard in eastern Hanford.

The majority of office space in Hanford is owned and occupied by owner-users. The strong owner-user influence promotes elevated pricing when good quality properties become available. Brokers report multiple offers to be common once a property becomes available; only a handful of quality office properties become available each year. There is some office vacancy present in the downtown area but the majority of the vacancies are in older commercial buildings that feature retail users on the ground levels and office users on the upper levels.

Nearly all of the new office development has moved to the Lacey Boulevard corridor west of 11th Avenue. The downtown district has seen several new developments recently. The vacant Sears building was purchased and completely renovated for office uses. It is anchored by FAST credit union with Kings County also having an office there. A brand new office building was completed for the Social Security Administration near city hall. One of the centerpieces of downtown, the former Hanford Furniture building, was purchased by the law firm of Griswold, LaSalle, Cobb, Dowd and Gin. It was renovated as their new office space. As a whole the Hanford office market is strong with vacancy typically seen in older run down properties.

The long-term outlook for Hanford is positive. It has a diversified economy based on agriculture, manufacturing, and large public sector employers. It has become the health care provider for the region. Over the short term, Hanford and the majority of Kings County is experiencing the after-effects of the housing collapse and job market crisis. Fortunately, home prices have leveled out and are showing strong gains supported by limited supply. The commercial sector remains slow but stable. Critical to continued recovery will be improvements in unemployment. The effects of this should be experienced into 2014.

KINGS INDUSTRIAL PARK SUB-MARKET

The subject property is located in the southeast quadrant of Iona Avenue and 10th Avenue in the southern portion of Hanford. Eleventh Avenue is roughly three quarters of a mile to the west while the Burlington Northern and Santa Fe Railroad line borders the western portion of the subject site. This location is part of the Kings Industrial Park. The park primarily lies south of Houston Avenue, north of Jackson Avenue, east of 11th Avenue and west of 10th Avenue.

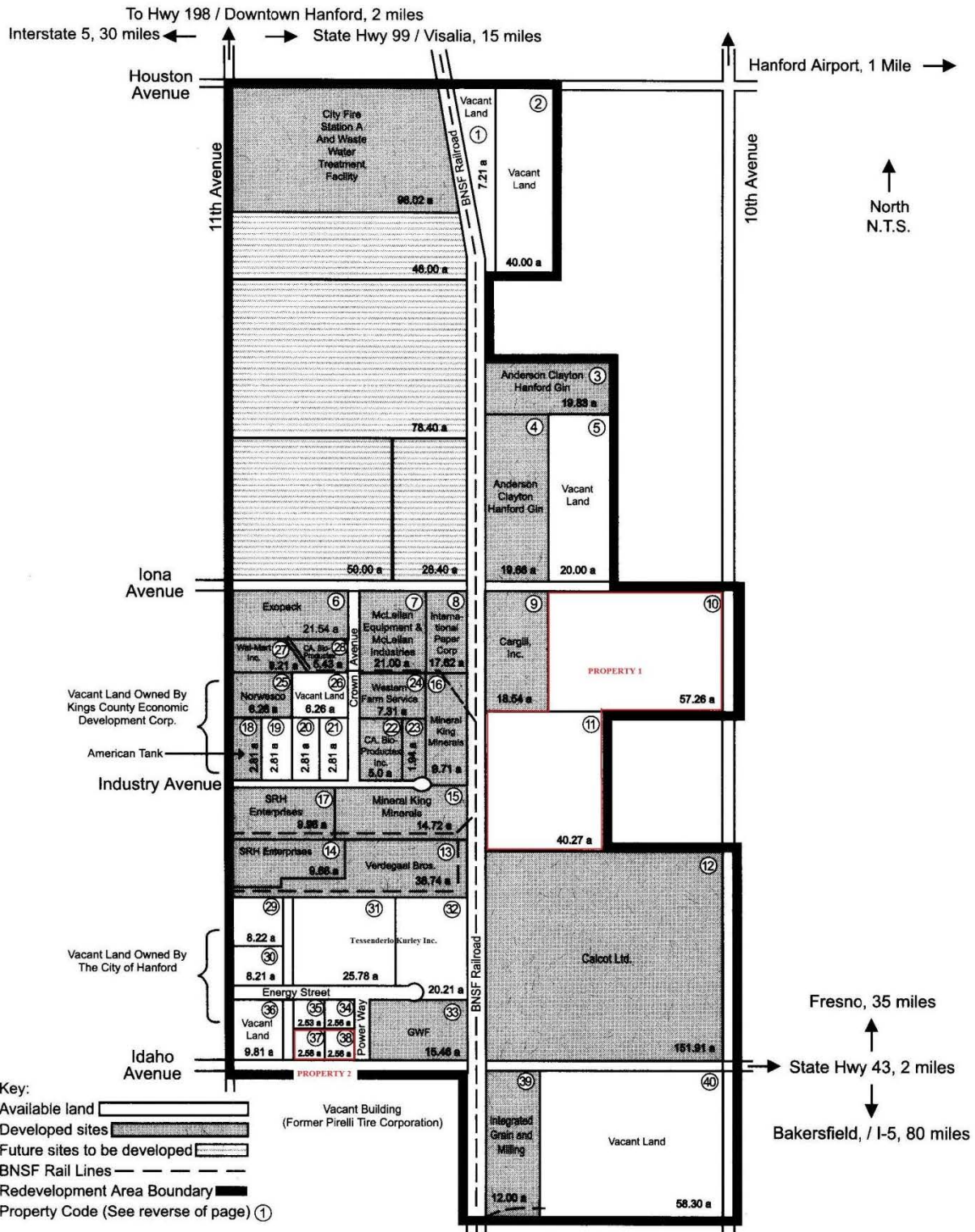
Both 10th and 11th Avenues are primary north-south arterials through Hanford. They carry moderate to heavy traffic volume. Houston and Jackson Avenues are two-lane, east-west rural roadways that carry light to moderate traffic volume. Highway access is adequate. State Highway 43 is two and one-half miles to the east and accessible by Houston, Iona, Idaho and Jackson Avenues. State Highway 198 is two and one-half miles to the north. It provides linkage to major truck routes such as State Highway 99 (20 miles east) and Interstate 5 (30 miles west). Highway 198 is accessible via both 10th and 11th Avenues.

The Kings Industrial Park houses some 1,100 acres and the majority of Hanford's industrial base is located within this sector. Exopack, Cargill, Norwesco, Verdeegal Brothers, Wal-Mart and Calcot all have locations within the park. The former Pirelli Tire Plant was purchased by an investor and is offered for lease. Fry's Electronics has been leasing a building for roughly three years and only recently announced that the site would start being utilized as a large warehouse and storage area. One of the most recent developments is a land purchase by Tessenderlo-Kerley Inc., an Arizona based engineering and mining firm. The site has been laser leveled.

In a broader sense, much of the surrounding area to the east, south and west of the industrial park is used primarily for agricultural purposes. Typical crops include alfalfa, corn, cotton, sugar beets, tomatoes and wheat. Dairies are also prevalent. Permanent plantings such as almonds, pistachios and walnuts are also common, but not prominent.

In terms of competing industrial districts, the City of Lemoore ten minutes west has a small industrial district with land available. Lemoore has four large users including two Leprino Foods plants, SK Foods, Agraz USA, and GV Burrows Inc. The City of Visalia some 20 minutes to the east represents the most significant competition. It is ideally located at the intersection of State Highway 99 and State Highway 198. Rail access is also present via Union Pacific with branch lines connecting to other communities including Hanford and Lemoore.

Kings Industrial Park - Hanford



*Map provided by the City of Hanford

Visalia in particular has positioned itself as a major warehousing hub on the west coast. Over one million square feet of space has been built over the last five years. The primary builders of the new space in Visalia have been the Allen Group and Diversified Development. Several large manufacturing and processing concerns are also positioned in Visalia including International Paper, California Dairies, and Kawneer/Amax.

Tulare also has an active industrial district. Notable users include U.S. Cold Storage, Hagen Daz, Southern California Edison, Land O' Lakes, and the Cheese Protein International. However, the majority of Tulare's recent industrial development has been smaller owner-users.

Market conditions within the Kings Industrial Park have been middling over the past five years. In comparison to competing parks along Interstate 5 or Highway 99, the subject is second rate. Discounted land values, tax incentives and rail spur have attracted some recent business to the area; however, the distance from the two north-south arterial roadways through central California (Highway 99 and Interstate 5) is adverse. In addition, the park is located well south of Highway 198 which is also unfavorable when compared to locations on the Highway.

In summary, the subject is located in an industrial district of average character but below average location. The growth pattern in the industrial park has been fairly static over the past five years and a significant amount of vacant land remains. Slow growth for the Kings Industrial Sector is anticipated over the long-term. Competition from Visalia and Tulare is significant in terms of attracting new users. This trend is not likely to change in the near term.

SITE DESCRIPTION

Property History:	The Kings Industrial Park was originally created in 1973 by redevelopment. The original project included 180 acres but was later expanded in 1983 to include an additional 920 acres for a total of 1,100 acres. Roughly 260 acres remain vacant. Fee title is vested as <i>The City of Hanford</i>, according to Kings County public records. The subject site includes three parcels. An organic poultry farmer has taken an interest in the subject site, inclusive of all three parcels and aims to utilize the BNSF Rail as a means of transporting chicken feed. The property has been softly marketed for sale through the City of Hanford for several years. Pricing has not been consistent and is negotiable. The site has not sold within a three year period preceding this report.
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Site:	APN	018-242-007	018-242-013	018-242-020
	Size	57.26	12.36	40.27
	Zoning	HI	HI	HI
	Iona Frontage	1,715'	0'	0'
	10 th Ave. Frontage	858'	50'	0'
	Rail Frontage	No	No	Yes
	Rail Spur	No	No	No
	Off-sites	No	No	No
	Plantings	Corn	Open	Open
	Well	None Noted	None Noted	None Noted
Access:	Parcel ending in 007 has access from 10 th Avenue and Iona Avenue. Parcel ending in 013 has access via 50' (estimated) wide drive along 10 th Avenue. Parcel ending in 020 does not have direct frontage or access from a surface street. It is landlocked as a stand-alone parcel; however, it does front the BNSF Rail.			

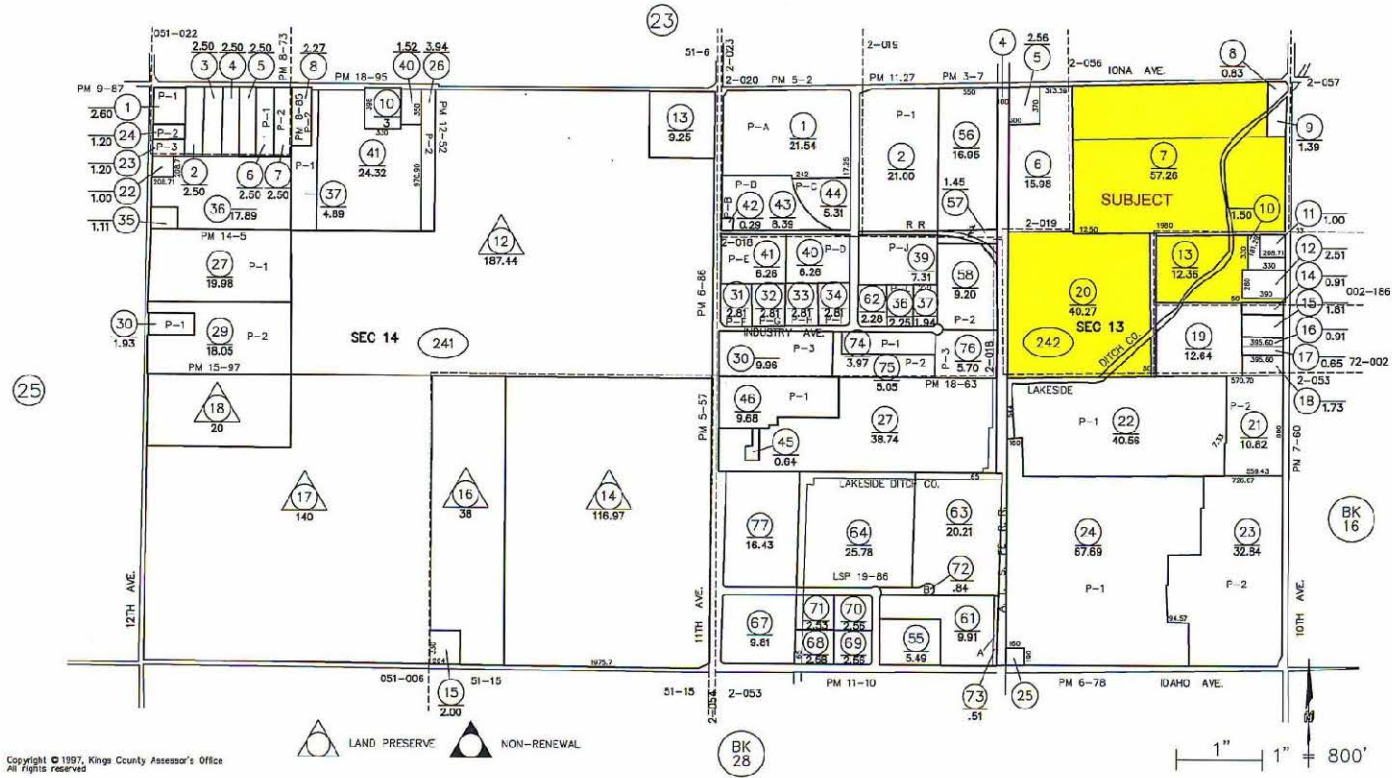


Kings, CA, 2013-2014 - Sheet 1 of 1

THIS MAP IS FOR ASSESSMENT PURPOSES ONLY.
IT IS NOT TO BE CONSTRUED AS PORTRAYING
LEGAL OWNERSHIP OF DIVISIONS OF LAND FOR
PURPOSES OF ZONING OR SUBDIVISION LAW.
MAY 2012

KINGS COUNTY ASSESSOR'S MAP SEC'S. 13 & 14-19-21

18-24



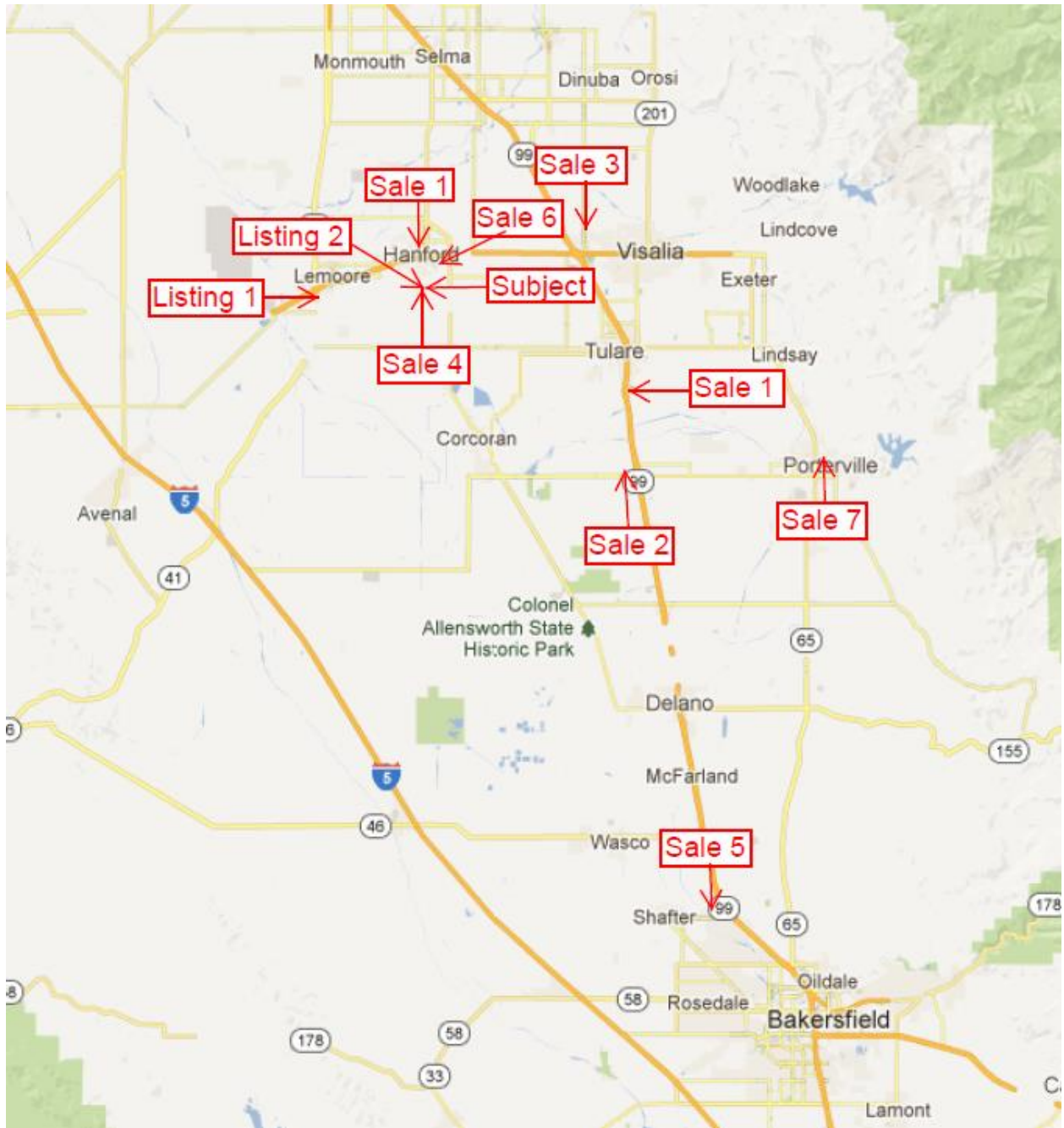
VALUATION

HIGHEST & BEST USE

The zoning allows for a wide range of heavy industrial uses. The site is located within a heavy industrial park and a zoning change is unlikely. The site is of adequate size for heavy industrial development and has potential access to the BNSF Rail. Consequently, the highest and best use is for heavy industrial development.

LAND VALUATION

LAND SALES									
No.	Location / APN	Sale Date	Sale Price	Price/SF	Price/Acre	Size (ac)	Zoning	Utilities	Off-Sites
1	Avenue 200 and Highway 99 Tulare, CA Multiple	Feb-11 Buyer: RB Brothers Seller: Crabtree	\$3,720,000	\$0.91	\$39,829	93.40	M-1	Yes	No
2	433 North Westling Road Tipton, CA 228-180-011	Jun-11 Buyer: Garza/Lopez Seller: Alsup	\$300,000	\$1.07	\$46,584	6.44	M-1	No	No
3	SEC of Plaza Dr. & Riggins Ave. Visalia, CA 077-360-028; 030	Mar-12 Buyer: Exeter 12152, LLC & Coldy Bay, LLC Seller: Chicago Title Company, Trustee on behalf of Bank of America	\$2,270,000	\$0.93	\$40,471	56.09	I-H	Yes	Yes
4	N. of Idaho east of 11th Ave. Hanford, CA 018-242-064	Jun-12 Buyer: Tesserderlo Kurley Inc. Seller: Community Redevelopment Agency	\$1,380,000	\$0.69	\$30,007	45.99	H-1	Yes	Yes
5	300 Carsen Way Shafter, CA 091-171-32	Jun-12 Buyer: Antonio Seller: Citizen's Business Bank	\$690,000	\$1.50	\$65,465	10.54	M-1	Yes	Yes
6	NS of Hanf. Arm. Rd. E of 9th Ave. Hanford, CA 016-060-012	Jul-12 Buyer: Tri West Investments Seller: Rhoden et al	\$2,000,000	\$0.57	\$25,000	80.00	AG-20 GP-UR	No	No
7	SEC of Main St. & Linda Vista Porterville, CA 243-180-008	Mar-2013 Buyer: Immodo California 1 LLC Seller: Tevet	\$505,660	\$0.53	\$23,174	21.82	M-1	Yes	No
Listings									
1	Lemoore Industrial Park Lemoore, CA Numerous	Listing Buyer: Listing Seller: Listing	Varies	\$1.00	\$43,560	1-100 Acres	M-1, M-2	Yes	Yes
2	Kings Industrial Park Hanford, CA Numerous	Listing Buyer: Listing Seller: Listing	Varies	\$0.69-\$1.15	\$30,000-\$50,000	1-100 Acres	HI	Yes	Yes



Our observations of market conditions indicate that adjustments may be required for interest transferred, conditions of sale, market conditions, location, size, zoning, utilities, and off-site improvements. We have rated each sale in the following qualitative adjustment grid.

Sale No. – Price/Acre	Rating – Factors
Sale 1 - \$39,829	Sl. Superior – Better located along Highway 99
Sale 2 - \$46,584	Superior–smaller size, location at Hwy 99
Sale 3 - \$40,471	Similar – Has off-sites, sale was under duress
Sale 4 - \$30,007	Sl. Superior – Most comparable sale, no ditch, has off-sites
Sale 5 - \$65,465	Superior – Has off-sites, smaller parcel, location at Hwy 99
Sale 6 - \$25,000	Similar – Not in city limits, motivated buyer
Sale 7 - \$23,174	Similar – Slightly inferior location, no ditch
Listing 1 - \$43,560	Similar – Heavy industrial park listing in Lemoore
Listing 2 - \$30,000 - \$50,000	Similar – Heavy industrial park listing in Hanford

The Kings Industrial Park has several lots listed for sale by the City of Hanford. The properties are offered at a discount with hopes bolster the industrial park and increase employment opportunities. In addition the city offers tax incentives for businesses to re-locate to the area. While these incentives are valuable to securing new businesses to the industrial park, land is sold at a discount and affects surrounding property values.

Sale 4 is the most similar to the subject property. It is located within the Kings Industrial Park and has off-sites. Sale 6 is located within Kings County but within the City of Hanford sphere of influence. The site is zoned for agriculture but planned urban reserve. The adjacent industrial user purchased the site for future expansion and paid the full asking price. Sale 7 is the most recent sale and includes two separate transactions of adjacent properties. The average sales price amounts to \$23,174 per acre and the buyer is installing solar panels.

The subject site lacks off-sites, is larger than all of the comparable sales and is bisected by a ditch. The ditch creates access issues and limits the utility of the subject site. As a whole, the three parcel assemblage is valued at the low end of the range due to these conditions. Sales 4, 6 and 7 are the most similarly ranked. The value conclusion is bracketed by these sales. All factors considered a value of \$25,000 per acre is reasonable for the three parcel assemblage. The value is calculated as follows:

109.89 Acres X \$25,000/ Acre =	\$2,747,250
Rounded =	\$2,750,000

EXPOSURE TIME

We have considered the assumptions and conclusions reached in the valuation section of this report. A review was made of the actual exposure times from the comparable sales data. We examined exposure times contained in investor surveys and interviewed commercial real estate brokers. The age and condition/marketability of the subject was considered. All factors considered an exposure time of six months or less is reasonable for the subject at the appraised value.

ADDENDA

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- I have made a personal inspection of the property that is the subject of this report.
- Jacob I. Hower provided significant real property appraisal assistance to the person signing this certification in the areas of research, inspection, and analysis. He has made a personal inspection of the subject property.
- I have not performed any services as an appraiser or any other capacity, regarding the property that is the subject of the appraisal assignment within the three-year period immediately preceding acceptance of this assignment.
- the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I (Timothy J. Simon) have completed the continuing education program of the Appraisal Institute.

Timothy J. Simon, MAI
 Certified General Real Estate Appraiser
 California License AG010007 (Expires 5/7/2015)

BASIC ASSUMPTIONS & LIMITING CONDITIONS

1. No survey was made of the property, and the dimensions are those taken from the maps in the Office of the County Assessor of the County of Kings. This appraisal is not an engineering, legal or architectural study. It is not an examination or survey of any kind. Expertise in these areas is not implied and should not be inferred by the reader.
2. No separation of land and building values may be used for any other purpose than that delineated elsewhere in this report.
3. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the author, particularly as to the valuation conclusion, the identity of the appraiser or firm with which it is connected, or any reference to the Appraisal Institute, or to the MAI or SRA designations.
4. No right to expert testimony is included with this report, and the fee for this appraisal does not include payment for pre-trial conferences or taking of depositions.
5. No responsibility is assumed for matters legal in nature.
6. No survey or soil tests of the land have been made by the appraiser.
7. This report and all information contained herein was prepared for the sole and exclusive benefit of the client, as specified herein, and is intended for his use only. No one except the client specified herein may rely on this report for any purpose. Any person or entity who obtained or reads this report, or a copy thereof, other than the client specified herein, expressly assumes all risk of damages to himself or third persons arising out of reliance thereon or use thereof and waives the right to bring any action based on the appraisal, directly or indirectly, and the appraiser shall have no liability to any such person or entity.
8. Possession of this report or any copy thereof does not carry with it the right of publication, nor may the same be used for any purpose by anyone except the appraiser's employer, without the previous written consent of the appraiser, and in any event, only in its entirety.
9. The information and data reported in this appraisal have been obtained from sources that are deemed to be reliable. They are believed to be correct, but cannot be guaranteed by the appraiser. This condition applies generally throughout the appraisal report and specifically to square footage calculations and descriptions of comparable properties.
10. This appraisal report sets forth all of the limiting conditions (imposed by the terms of the assignment or by the appraiser) affecting the analyses, opinions, and conclusions contained in this report.
11. During the course of this appraisal, the appraisers did **not** detect or attempt to discover any environmental hazard on, under, above, or within the subject real estate. No overt evidence of

any environmental hazard is apparent to the untrained eye. It is beyond the expertise of the appraiser to detect or determine the chemical nature of any substance or gas. No effort was made to dismantle or probe any part of the property to discover enclosed, encased, or concealed hazards. The presence of any hazardous condition usually diminishes market value. The value opinion formed in this report assumes there is no environmental hazard affecting the subject real estate. No responsibility is assumed by the appraisers or Simon Company, Inc. for any hazard or for any expertise required to discover any environmentally hazardous condition. Our client is urged to retain an expert in this field, if desired.

12. The appraiser is not qualified to determine whether the subject building improvements are in compliance with the American with Disabilities Act (ADA) of 1992. Noncompliance with this act could have a negative effect upon the value of the property. An expert in this field should be retained for consultation, if desired.
13. All leading professional appraisal organizations, the U.S. Congress, all state legislatures, and numerous legal jurisdictions recognize the Uniform Standards of Professional Appraisal Practice (USPAP), promulgated by the Appraisal Foundation. Revised annually to keep it contemporary, these standards set forth ethical practices and proper procedures for a competent appraisal. This appraisal fully complies with all relevant portions of the USPAP version in effect on the date this report was prepared. It also complies with the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA), a federal law.
14. The person signing this report is licensed to appraise real property in the state the subject is located. I affirm I have the experience, knowledge, and education to value this type property. I have previously appraised similar real estate.
15. No liability is assumed, expressed, or implied by Simon Company, Inc., or the appraiser for unauthorized use of this report. Only those persons, parties, entities, companies, corporations, partnerships, associations, or groups that are clearly, specifically, and explicitly identified as an intended user on Page 1 may rely on, and use this report. There are no implied, suggested, inferred, consequential, or indirect intended users of this report. Unauthorized users should not use, or rely on any portion of this document. Unauthorized users do so at their own risk and peril.

EXHIBITS



North view on 10th Avenue



East view across property



North view of rail road



West view of canal

QUALIFICATIONS OF TIMOTHY J. SIMON, MAI

STATE OF CALIFORNIA CERTIFICATION

State of California Office of Real Estate Appraisers - Certified General Real Estate Appraiser. Certificate # AG010007, Expiration May 7, 2015.

PROFESSIONAL AFFILIATIONS

MAI - The Appraisal Institute. Member # 10,157 (October 1993)
1999 President - Central California Chapter
State of California Licensed Real Estate Broker # 01264078

EDUCATION

California State University, Fresno

Bachelor of Science, Industrial Technology - Construction, 1981

The Appraisal Institute (1986-Present)

1A1, Real Estate Appraisal Principles
1A2, Basic Valuation Procedures
1BA, Capitalization Theory and Techniques A
1BB, Capitalization Theory and Techniques B
2-1 Case Studies in Real Estate
2-2, Report Writing and Valuation Analysis
SPP-A, B and C, Standards of Professional Practice

International Right of Way Association

Course 403 Easement Valuation
Course 214 Skills of Expert Testimony
Numerous Appraisal Seminars and Workshops

INSTRUCTOR

Instructor of appraisal classes at College of the Sequoias, a community college located in Visalia, CA. (1994)

PARTIAL LIST OF PROPERTY TYPES APPRAISED

Office Buildings	Industrial Properties	Shopping Centers
Apartment Buildings	Residential Subdivisions	Agricultural Properties
Eminent Domain/Right of Way	Special Purpose Properties	

APPRAISAL EXPERIENCE

American Appraisal Associates Walnut Creek, CA 1981-86

Building cost analyst and real estate appraiser. Clients included numerous corporations, business firms, lending institutions and government agencies.

Wells Fargo Bank Real Estate Industries Group Walnut Creek, CA 1986-88

Staff real estate appraiser. Clientele were medium to large developers for construction lending and permanent financing of existing and proposed construction.

Real Property Analysts Fresno, CA 1988-92

Independent fee appraiser. Proposed and existing income real property. Right of way appraisals for Government agencies.

Simon Company Hanford, CA 1992-Present

Independent fee appraiser, self-employed.

COURT EXPERIENCE

Qualified as an expert witness in Kings and Tulare County Superior Court

PARTIAL LIST OF CLIENTS SERVED**Lending Institutions:**

Wells Fargo Bank
 Bank of America
 Sanwa Bank California
 Bank of the West
 The California Stockmen's Bank
 Imperial Thrift & Loan
 Westamerica Bank
 Clovis Community Bank
 Bank of the Sierra
 United Security Bank
 Comercia Bank
 Stockton Savings Bank
 Sacramento State Bank
 Goleta National Bank
 Kaweah National Bank
 Heritage Bank of Commerce
 California Federal Bank
 Zion First National Bank
 Federal Land Bank
 Temucula Valley Bank
 Kings River Bank
 Bank of Visalia

Corporations:

McDonald's Corporation
 Chevron USA
 Principal Financial
 Adventist Health Systems

Law Firms:

Kahn, Soares & Conway – Hanford, CA
 Griswold, LaSalle, Cobb, Dowd & Gin – Hanford, CA
 Maroot, Hardcastle & Hatherley – Hanford & Visalia, CA
 Lazano Smith – Fresno, CA
 Horesewill Mederos & Dorman – Tulare, CA

Governmental Agencies:

Kings County
 Tulare County
 City of Hanford
 City of Corcoran
 City of Lindsay
 City of Porterville
 City of Huron
 Visalia Redevelopment Agency
 Hanford Elementary School District
 Pioneer School District
 Riverdale Unified School District
 Central Unified School District
 Island Union School District
 College of the Sequoias
 West Hills College
 Lemoore Unified School District
 Sierra Kings District Hospital
 Hanford Community Medical Center
 California Dept. Of Transportation
 Southern California Edison Co.
 Southern California Gas Co.
 Kings County Water District
 Tulare Lake Drainage District
 Resolution Trust Company

Accounting Firms:

Brown, Neuman & Semas/Hanford, CA
 Gilman, Harris and Travoli/Visalia, CA
 M Green and Company/Hanford, Visalia
 and Tulare, CA

APPRAISAL REPORT

9.81 ACRE INDUSTRIAL LOT, HANFORD CA



AS OF AUGUST 27, 2013

PREPARED FOR:

GRISWOLD LASALLE COBB DOWD & GIN, LLP
111 EAST SEVENTH STREET
HANFORD, CA 93230

SIMON COMPANY, INC.
1306 NORTH IRWIN STREET
HANFORD, CA 93230

Serving the Central Valley for 20 years – 1992-2012

PHONE: (559) 582-9112
FAX: (559) 582-9114
WWW.SIMONCO.NET

APPRAISAL REPORT	
Client:	Griswold, Lasalle, Cobb, Dowd & Gin, LLP 111 East Seventh Street Hanford, CA 93230
Date of Report:	August 30, 2013
Subject Property:	9.81 Acre Industrial Lot, Hanford CA
Intended User:	Griswold, Lasalle, Cobb, Dowd & Gin, LLP & the City of Hanford
Intended Use:	To develop a market value for possible sale of the property
Objective of the Assignment:	To develop an opinion of "Market Value." The definition of <i>market value</i> was taken from regulations published by federal regulatory agencies pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989. This same definition is also cited in Advisory Opinion 22 of the current version of the Uniform Standards of Professional Appraisal Practice (USPAP).
Effective Date of Value Opinion:	August 27, 2013 (date of inspection)
Interest Valued:	Fee simple
Conditions of the Assignment:	None
Extraordinary Conditions:	None
Hypothetical Conditions:	None
Report Option:	This is a Summary Appraisal Report in accordance with Standards 2-2 (b) of the Uniform Standards of Professional Appraisal Practice.
Opinion of Value:	\$345,000

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SCOPE OF WORK

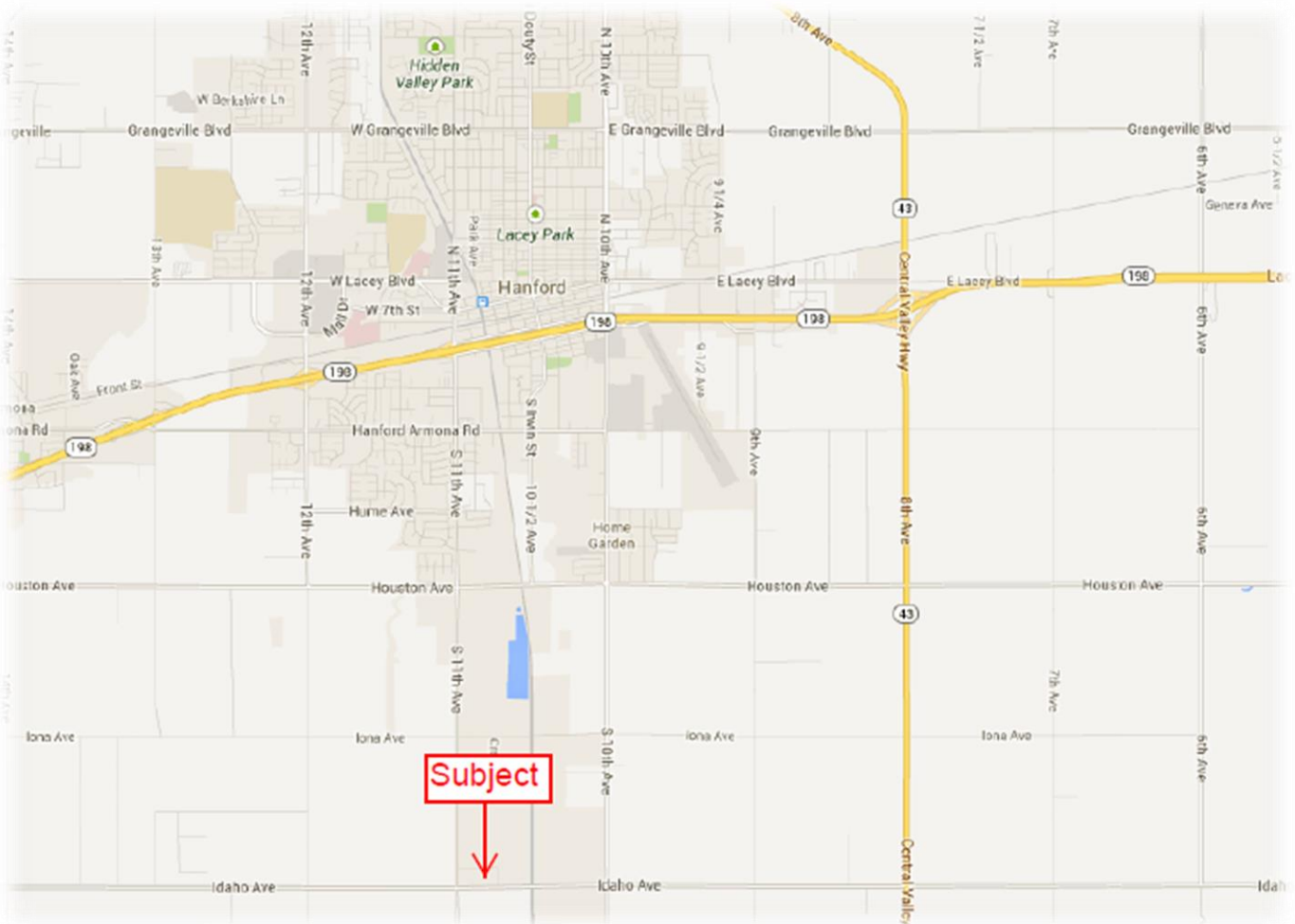
- The subject site was viewed by the appraiser.
- Gathered, analyzed and utilized comparable sales and listings; all sales were confirmed with reliable parties involved in the transactions.
- The sales comparison approach was utilized to value the subject.
- Jacob I. Hower participated in the preparation of this report in the areas of research, field inspection and analysis.

MARKET ANALYSIS

CITY OF HANFORD



Located in the northeast portion of the county, the City of Hanford is the county seat for Kings County. The city is generally bounded by State Route 43 to the east, Flint Avenue to the north, 13th Avenue to the west and Houston Avenue to the south.



The City of Hanford has experienced a steady growth rate over the last five years and is expected to continue growing at rate near the statewide average. The five year growth trend represents a 1.80% per year increase. This is near the State of California Average of 1.90% over the same timeframe. Overall projections suggest 2%-3% yearly increases in population over the next 10 years, which will increase demand for housing.

5 Year Population Trend

2006	48,744
2007	50,459
2008	51,965
2009	52,687
2010	53,967
2013 Projection	56,552
2020 Projection	70,177
5-Year Annual Growth Rate	10.21%

The State of California prisons in Corcoran, Coalinga and Avenal have had a strong impact on the population trends in Hanford. Hanford has attracted a large percentage of this workforce. Most of the workforce is commuters who choose to live outside the prison cities. All three are within one hour of Hanford. The same can be said for the Lemoore Naval Air Station, which is 15 miles west. Hanford attracts a number of the civilian employees and the active duty personnel.

Another large employment draw locally is the Pleasant Valley State Prison in Coalinga, which opened in 2005. The mental health and treatment hospital was slated to include 1.2 million square feet with a total of 1,500 beds.

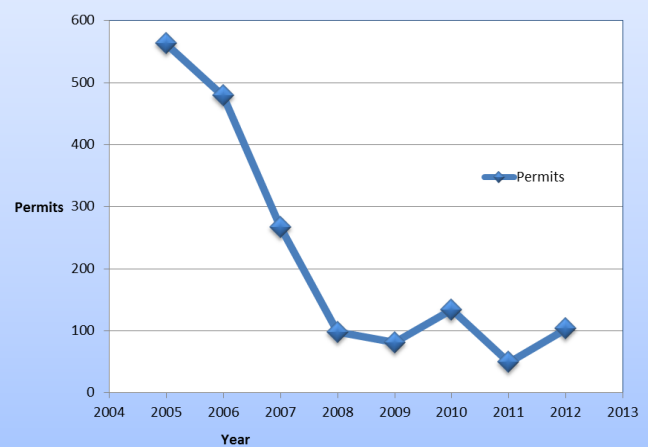
This facility was further expanded in 2006 with the expansion slated to add 2,000 jobs. The facility has a significant presence in terms employment.

According to the Kings County Multiple Listing Service, the average sale price for a three-bedroom single-family residence in the City of Hanford for 2012 was \$155,249. For the first two quarters of 2013 the residential housing market has continued its climb to an average sales price of \$162,239. In contrast the 2011 average home sales price was \$154,125. A slight gain in sales price and minimal construction should continue to support stabilized values with moderate gains over the next decade. While there is still activity in regards to construction of single family residences, activity has slowed drastically in the last five years. The number of annual permits has been hovering between 50 and 125 per year since 2008.

There are many apartment options available from subsidized rent levels to the luxury segment. A significant decline in building permits for multi-family properties has also been seen. Only 52 Units have been added to the Hanford market in the last four years. Fuller Apartments has a planned 136 unit apartment complex approved by the city of Hanford to be built near the Lowe's on Lacey Boulevard; however construction has been stifled by economic conditions.

The median income for Hanford is \$48,655. By contrast, the average for Kings County is \$48,515, both of which are below the State of California average of \$64,878 annually.

City of Hanford SFR Building Permit Activity



The average unemployment rate for the City of Hanford as of February 2013 was 13.7%, which has been on a relatively steady increase since 2009 but appears to be leveled out.

There are 18 manufacturing plants in the Hanford community area. Leading group classes of products are petroleum, flour, mill products, synthetic yard, fertilizers, micronutrients, and canned tomato products. The Kings Industrial Park is located on the south side of Hanford and includes the majority of Hanford's industrial base including Del Monte Foods (Contadina tomato processing), Exopack (paper manufacturing), Wal-Mart (photo-lab), Cargil (livestock feed), Calcot (cotton storage), and Marquez Brothers (cheese processing).

The Hanford area is served by the Burlington Northern and Santa Fe Railroad, the Southern Pacific Railroad, and Amtrak. Amtrak San Joaquin serves the San Joaquin Valley from Bakersfield to Sacramento with connections to the Los Angeles region and the Bay Area. Hanford has a small airport for light private aircraft. In October 2001, the city of Hanford received a grant from the FAA for \$820,000 to facilitate an expansion of the airport. The runway was extended 1,200 feet, making it 5,000 feet. Commercial airline service is available in the city of Visalia, approximately 30 miles east of Hanford, and in the city of Fresno, approximately 45 miles northeast of Hanford. The Orange Belt bus lines provide bus service to Hanford. State Highways 198 and 43 serve the city of Hanford. Over 30 motor freight carriers service Hanford with overnight deliveries to most points in California.

Community facilities include two general hospitals, ten elementary schools, three middle schools, three high schools, one continuation school, three parochial schools, one adult school, two junior colleges within 25 miles, and California State University of Fresno only 30 miles to the north. Sierra Pacific High School was recently opened and enrollment began in fall of 2010. A satellite facility for College of the Sequoias and a vocational training center was also recently completed in 2010.

Culturally there are approximately 20 churches, one public library, two newspapers, six TV channels received direct and one cable TV system, nine banks, four credit unions, one savings and loan, six parks, three athletic complexes, and a Carnegie Museum. Other recreational facilities include the Kings Country Fairgrounds including Kings Speedway, one private 18-hole country club, two 18-hole municipal golf courses in neighboring Lemoore; and boating, fishing and hunting along the Kings River.

There is a newer, \$112 million medical center at the corner of Mall Drive and West 7th Street. The project began in 2007 due to the region's growing demand for health care services. The facility includes 202,000 square feet, three-stories, and 142-beds. Services from Adventist Health's Hanford Community Medical Center and Central Valley General Hospital in town have transferred to the new site. The 142 inpatient beds will include 120 medical/surgical beds and 22 intensive care unit beds, while the Emergency Department will hold 26 treatment stations. In addition, 32,000 square feet in additional expansion area will be shelled in on the second and third floors to house a total of 60 future additional beds when needed. An adjacent outpatient imaging center is also planned. In terms of staffing, hospital hired about 16 new physicians in 2007 and 18 for 2008. About one third of those typically work in Hanford, with the remainder

being spread out in the regional area at other facilities. The hospital intends to hire about 10 new physicians per year as it continues to expand. Nursing staff should be increased by about 10%.

One of the reasons Hanford is attracting a number of workers from neighboring communities is the quality of life and availability of shopping and services. The Hanford Mall opened in April 1993 and features major retailers such as JC Penney, and Forever 21. A Sears store and auto center opened in 1999. A Ross Dress For Less store in the mall in 2000. The mall includes an additional 166,000 square feet of in-line space including an eight-screen theater. The mall was recently dealt a blow when long time tenant Mervyn's and Gottschalks closed. The Gottschalk's store was recently re-leased to Forever 21 and Kohl's is currently occupying the former Mervyn's space.

Major discount retailers are also present including Wal-Mart and Orchard Supply Hardware, two Rite Aid Stores and a Walgreens store. Home Depot is located at the northeast corner of 12th Avenue and Lacey Boulevard. The 96,000 square foot store employs 150 to 200 people. Target has a store in the Mall area along with Michael's, Famous Footwear, Old Navy, PetsMart Cold Stone Creamery, and Jamba Juice can also be found at this location. Wal-Mart recently opened a new super center just south of the Target site. A Lowe's store opened in November 2008 northwest of Target on Lacey Boulevard. An auto mall was completed on 37 acres at the northwest quadrant of 12th Avenue and State Highway 198. A Toyota and Hyundai dealership were the first to open. Costco is also planning a new location near the intersection of Highway 43 and Lacey Boulevard in eastern Hanford.

The majority of office space in Hanford is owned and occupied by owner-users. The strong owner-user influence promotes elevated pricing when good quality properties become available. Brokers report multiple offers to be common once a property becomes available; only a handful of quality office properties become available each year. There is some office vacancy present in the downtown area but the majority of the vacancies are in older commercial buildings that feature retail users on the ground levels and office users on the upper levels.

Nearly all of the new office development has moved to the Lacey Boulevard corridor west of 11th Avenue. The downtown district has seen several new developments recently. The vacant Sears building was purchased and completely renovated for office uses. It is anchored by FAST credit union with Kings County also having an office there. A brand new office building was completed for the Social Security Administration near city hall. One of the centerpieces of downtown, the former Hanford Furniture building, was purchased by the law firm of Griswold, LaSalle, Cobb, Dowd and Gin. It was renovated as their new office space. As a whole the Hanford office market is strong with vacancy typically seen in older run down properties.

The long-term outlook for Hanford is positive. It has a diversified economy based on agriculture, manufacturing, and large public sector employers. It has become the health care provider for the region. Over the short term, Hanford and the majority of Kings County is experiencing the after-effects of the housing collapse and job market crisis. Fortunately, home prices have leveled out and are showing strong gains supported by limited supply. The commercial sector remains slow but stable. Critical to continued recovery will be improvements in unemployment. The effects of this should be experienced into 2014.

KINGS INDUSTRIAL PARK SUB-MARKET

The subject property is located in the southern portion of the City of Hanford. More specifically, the subject is situated on the northern line of Idaho Avenue east of 11th Avenue. This location is near the southern line of the city limits. Houston Avenue and State Route 198 are Hanford's main east-west arterials through this sector. Both intersect with Highway 43 roughly two miles to the east. State Route 198 and Houston Avenue provide linkage to Highway 99 roughly 13 miles east and Highway 41 roughly 10 miles west. Major north-south arterials include 10th and 11th Avenues, which provide access to the central portion of the City of Hanford and State Route 198.

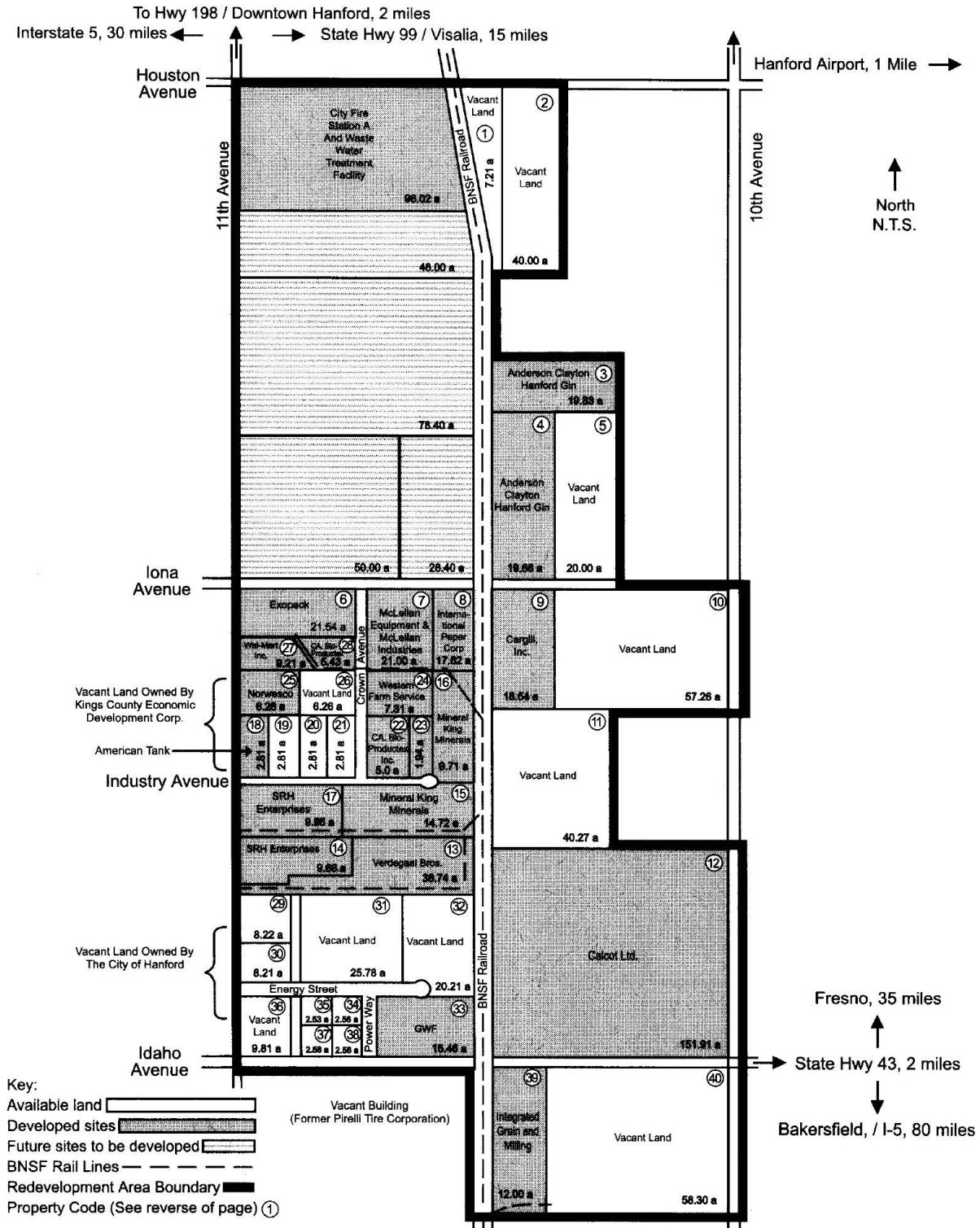
Idaho Avenue is a rural roadway with lighter traffic. It mainly services industrial and agricultural users. Flanking the subject to the west is another vacant parcel zoned for similar uses. To the north are numerous industrial and Ag related businesses. South of Idaho is a large multitenant distribution warehouse, and to the east is a power plant.

The Kings Industrial Park houses some 1,100 acres and the majority of Hanford's industrial base is located within this sector. Exopack, Cargill, Norwesco, Verdeegal Brothers, Wal-Mart and Calcot all have locations within the park. The former Pirelli Tire Plant was purchased by an investor and is offered for lease. Fry's Electronics has been leasing a building for roughly three years and only recently announced that the site would start being utilized as a large warehouse and storage area. One of the most recent developments is a land purchase by Tessengerlo-Kerley Inc., an Arizona based engineering and mining firm. The site has been laser leveled.

In a broader sense, much of the surrounding area to the east, south and west of the industrial park is used primarily for agricultural purposes. Typical crops include alfalfa, corn, cotton, sugar beets, tomatoes and wheat. Dairies are also prevalent. Permanent plantings such as almonds, pistachios and walnuts are also common, but not prominent.

In terms of competing industrial districts, the City of Lemoore ten minutes west has a small industrial district with land available. Lemoore has four large users including two Leprino Foods plants, SK Foods, Agraz USA, and GV Burrows Inc. The City of Visalia some 20 minutes to the east represents the most significant competition. It is ideally located at the intersection of State Highway 99 and State Highway 198. Rail access is also present via Union Pacific with branch lines connecting to other communities including Hanford and Lemoore.

Kings Industrial Park - Hanford



*Map provided by the City of Hanford

Visalia, in particular, has positioned itself as a major warehousing hub on the west coast. Over one million square feet of space has been built over the last five years. The primary builders of the new space in Visalia have been the Allen Group and Diversified Development. Several large manufacturing and processing concerns are also positioned in Visalia including International Paper, California Dairies, and Kawneer/Amax.

Tulare also has an active industrial district. Notable users include U.S. Cold Storage, Hagen Daz, Southern California Edison, Land O' Lakes, and the Cheese Protein International. However, the majority of Tulare's recent industrial development has been smaller owner-users.

Market conditions within the Kings Industrial Park have been middling over the past five years. In comparison to competing parks along Interstate 5 or Highway 99, the subject is second rate. Discounted land values, tax incentives and rail spur have attracted some recent business to the area; however, the distance from the two north-south arterial roadways through central California (Highway 99 and Interstate 5) is adverse. In addition, the park is located well south of Highway 198 which is also unfavorable when compared to locations on the Highway.

In summary, the subject is located in an industrial district of average character but below average location. The growth pattern in the industrial park has been fairly static over the past five years and a significant amount of vacant land remains. Slow growth for the Kings Industrial Sector is anticipated over the long-term. Competition from Visalia and Tulare is significant in terms of attracting new users. This trend is not likely to change in the near term.

SITE DESCRIPTION

Property History:	The Kings Industrial Park was originally created in 1973 by redevelopment. The original project included 180 acres but was later expanded in 1983 to include an additional 920 acres for a total of 1,100 acres. Roughly 260 acres remain vacant. Fee title is vested as <i>The City of Hanford</i>, according to Kings County public records. There are no public records indicating a sale of the property in the prior three years. The site not currently in escrow but is listed for sale, at a price of about \$30,000-\$35,000 per acre. This property is in a redevelopment area and has numerous city supported incentives for buyers.																								
Site:	<table><tr><td>APN</td><td>018-242-067</td></tr><tr><td>Size</td><td>9.81</td></tr><tr><td>Zoning</td><td>HI</td></tr><tr><td>11th Ave. Frontage</td><td>654’ est.</td></tr><tr><td>Idaho Ave. Frontage</td><td>654’ est.</td></tr><tr><td>Energy Ave. Frontage</td><td>654’ est.</td></tr><tr><td>Rail Frontage</td><td>No</td></tr><tr><td>Off-sites</td><td>Yes</td></tr><tr><td>Plantings</td><td>None</td></tr><tr><td>Terrain</td><td>Near street grade; level topography</td></tr><tr><td>Well</td><td>None Noted</td></tr></table>			APN	018-242-067	Size	9.81	Zoning	HI	11 th Ave. Frontage	654’ est.	Idaho Ave. Frontage	654’ est.	Energy Ave. Frontage	654’ est.	Rail Frontage	No	Off-sites	Yes	Plantings	None	Terrain	Near street grade; level topography	Well	None Noted
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Well	None Noted																								
Access:	The parcel has frontage on Energy Avenue, 11th Avenue and Idaho Avenue. All streets are two-lane asphalt paved roadways. The site is maintained by the city and improved with concrete curb and gutter. The Lakeside Ditch runs along the eastern line of the parcel in a north-south direction. Water and sewer are provided by the City of Hanford.																								

Kings, CA, 2013-2014 - 018-242-075-000, 10565 INDUSTRIAL AVE, HANFORD, CA 93230-9534, Sheet: 1 of 1

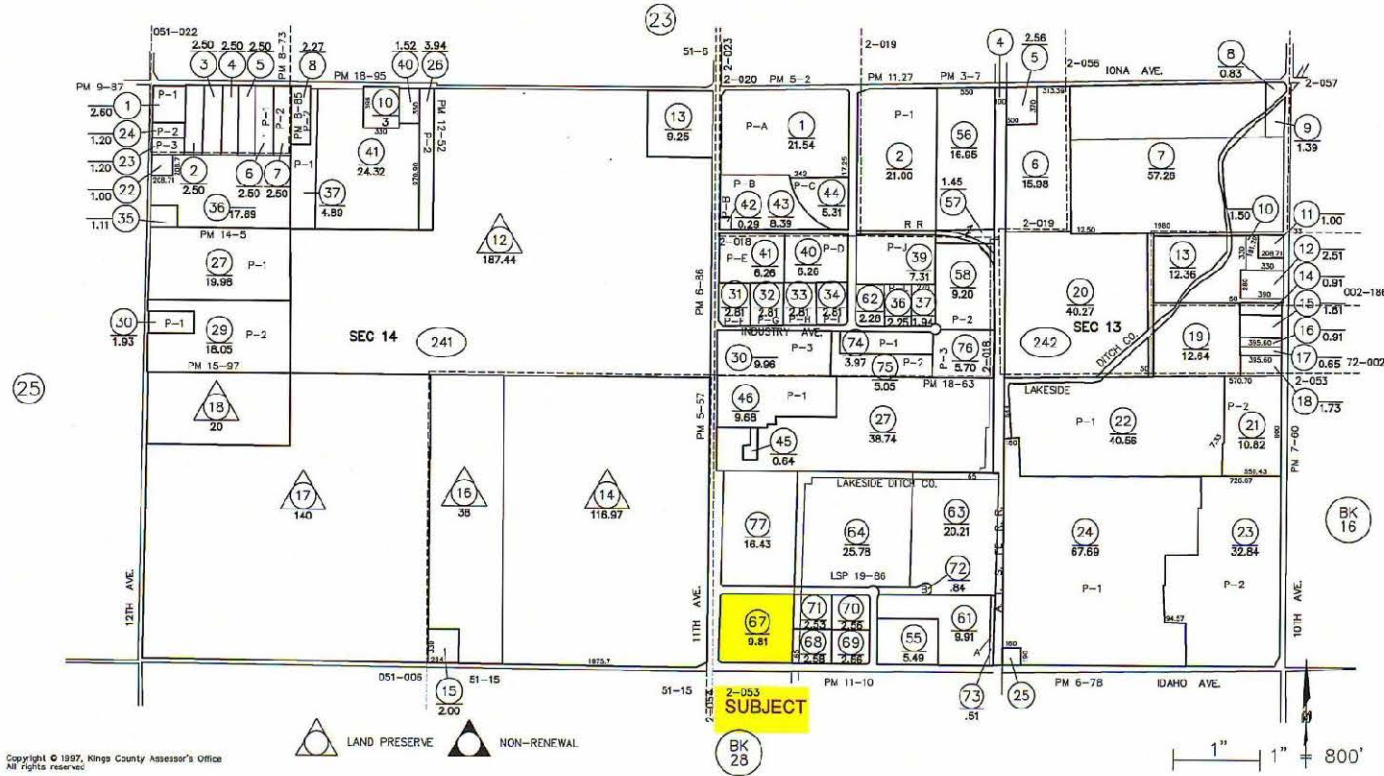
PARCEL MAP

THIS MAP IS FOR ASSESSMENT PURPOSES ONLY.
IT IS NOT TO BE CONSTRUED AS PORTRAYING
LEGAL OWNERSHIP OF DIVISIONS OF LAND FOR
PURPOSES OF ZONING OR SUBDIVISION LAW,
MAY 2012

KINGS COUNTY ASSESSOR'S MAP

SEC'S. 13 & 14-19-21

18-24



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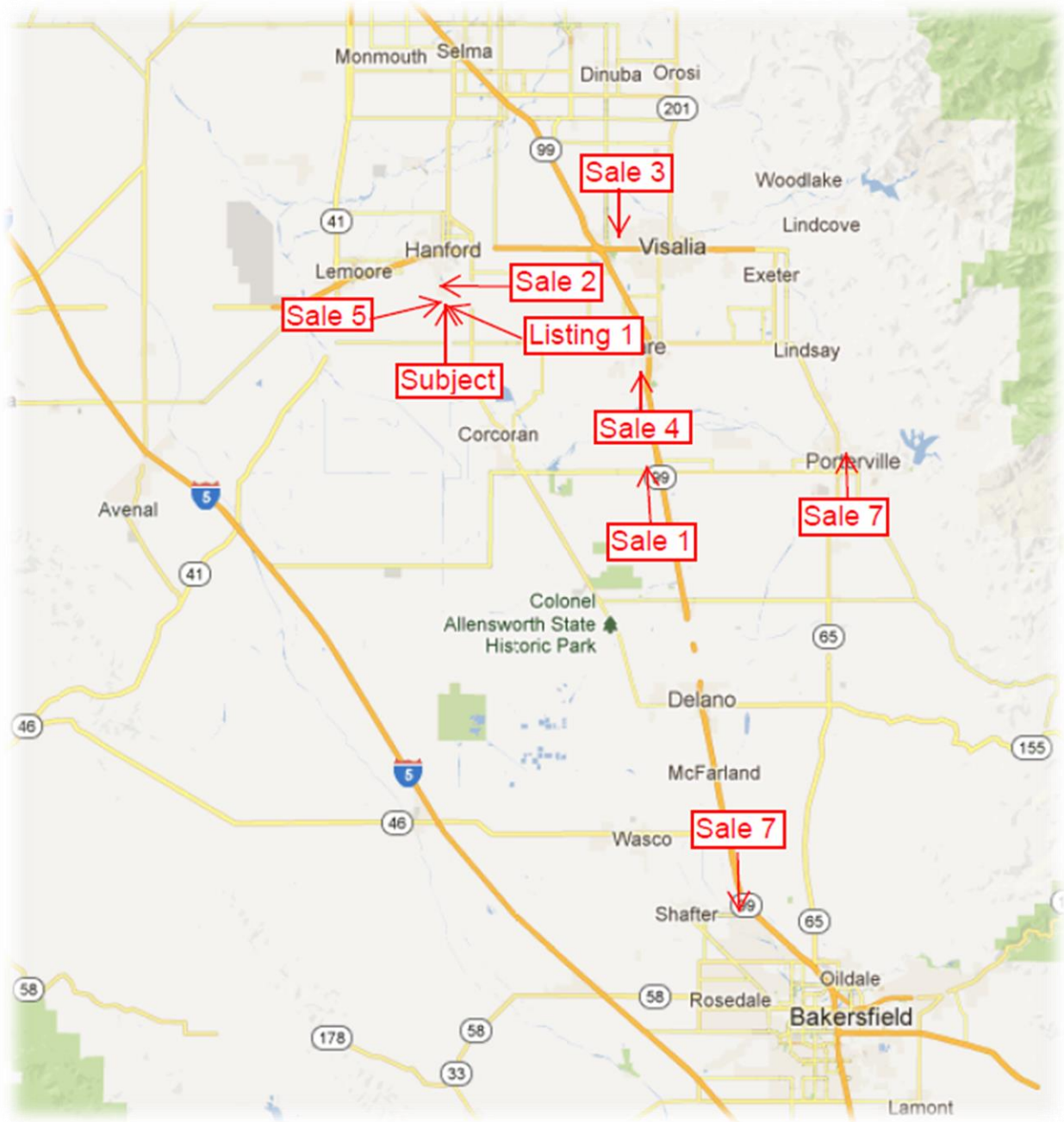
VALUATION

HIGHEST & BEST USE

The zoning allows for a wide range of heavy industrial uses. The site is located within a heavy industrial park and a zoning change is unlikely. The site is of adequate size for heavy industrial development. Consequently, the highest and best use is for heavy industrial development.

LAND VALUATION

LAND SALES									
No.	Location / APN	Sale Date	Sale Price	Price/SF	Price/Acre	Size (ac)	Zoning	Utilities	Off-Sites
1	433 North Westling Road Tipton, CA 228-180-011	Jun-2011 Buyer: Seller:	\$300,000 Garza/Lopez Akup	\$1.07	\$46,584	6.44	M-1	No	No
2	NS of Industry Ave. E of 11th Ave. Hanford, CA 018-242-032	Jul-2011 Buyer: Seller:	\$80,000 Norwesco Community Redevelopment Agency	\$0.65	\$28,470	2.81	H-I	Yes	Yes
3	SS of Goshen Ave. W of Kelsey St. Visalia, CA 081-110-037	Apr-2012 Buyer: Seller:	\$400,000 Richard & Jamison Bean MDA Real Estate Qualified Fund LLC	\$2.07	\$90,090	4.44	I-L	Yes	Yes
4	SWC of Industrial Ave. & Blackstone St. Tulare, CA 191-330-008; 012	June-2012 Buyer: Seller:	\$300,000 Jack & Jeanette Kimm Deno Vaccher	\$2.26	\$98,619	3.04	M-2	Yes	Yes
5	N. of Idaho east of 11th Ave. Hanford, CA 018-242-064	June-2012 Buyer: Seller:	\$1,380,000 Tessenderlo Kurley Inc. Community Redevelopment Agency	\$0.69	\$30,007	45.99	H-I	Yes	Yes
6	300 Carsten Way Shafter, CA 091-171-32	Jun-2012 Buyer: Seller:	\$690,000 Antonio Citizen's Business Bank	\$1.50	\$65,465	10.54	M-1	Yes	Yes
7	SEC of Main St. & Linda Vista Porterville, CA 243-180-008	Mar-2013 Buyer: Seller:	\$505,660 Immodo California 1 LLC Tevet	\$0.53	\$23,174	21.82	M-1	Yes	No
Listing 1	Subject Property Hanford, CA 018-242-068; 069	Active Buyer: Seller:	\$76,800 ---- Kings EDC	\$0.69	\$30,000	2.56	H-I	Yes	Yes



Attachment: Long-Range Property Management Plan and Exhibit (submitted to DOF on 10-4-13) (1768 : Successor Agency)

Our observations of market conditions indicate that adjustments may be required for interest transferred, conditions of sale, market conditions, location, size, zoning, utilities, and off-site improvements. We have rated each sale in the following qualitative adjustment grid.

Sale No. – Price/Acre	Rating – Factors
Sale 1 - \$46,584	Similar – Has off-sites, better located along Hwy 99
Sale 2 - \$28,470	Similar – Similar location, smaller parcel
Sale 3 - \$90,090	Superior– Better location
Sale 4 - \$98,619	Superior– Better location
Sale 5 - \$30,007	Similar – Larger than the subject site
Sale 6 - \$65,456	Superior – Better location along Hwy 99
Sale 7 - \$23,174	Sl. Inferior – Larger but similar location
Listing 1 - \$30,000	Similar – This is the subject parcel

The Kings Industrial Park has several lots listed for sale by the City of Hanford. The properties are offered at a discount with hopes bolster the industrial park and increase employment opportunities. In addition the city offers tax incentives for businesses to re-locate to the area. While these incentives are valuable to securing new businesses to the industrial park, land is sold at a discount and affects surrounding property values.

Sales 1, 2, 5 and 6 are the most comparable sales in terms of size and location. These sales range between \$28,000 and \$65,000 per acre. Sales 2 and 5 are both located within the Kings industrial park. The subject is superior to both of these sales due to its corner orientation with frontage and access from three roadways. Sale 1 did not have any off-sites but did have a good location near Highway 99, making it a superior site. Sale 6 is similar in size but has off-sites and is located near Highway 99. With these factors in mind it would seem reasonable for the subject to be worth slightly more than Sales 2 and 5. The marketing history and asking price of \$30,000 to \$35,000 per acre is also considered. Despite the extended marketing history the lot should command an estimated \$35,000 per acre based on the site characteristics. The value is calculated as follows:

$$9.81 \text{ Acres} \times \$35,000/\text{Acre} = \$343,350 \quad \text{\$345,000 (rounded)}$$

EXPOSURE TIME

We have considered the assumptions and conclusions reached in the valuation section of this report. A review was made of the actual exposure times from the comparable sales data. We examined exposure times contained in investor surveys and interviewed commercial real estate brokers. The age and condition/marketability of the subject was considered. All factors considered an exposure time of six months or less is reasonable for the subject at the appraised value.

ADDENDA

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- I have made a personal inspection of the property that is the subject of this report.
- Jacob I. Hower provided significant real property appraisal assistance to the person signing this certification in the areas of research, inspection, and analysis. He has made a personal inspection of the subject property.
- I have not performed any services as an appraiser or any other capacity, regarding the property that is the subject of the appraisal assignment within the three-year period immediately preceding acceptance of this assignment.
- the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I (Timothy J. Simon) have completed the continuing education program of the Appraisal Institute.



Timothy J. Simon, MAI
 Certified General Real Estate Appraiser
 California License AG010007 (Expires 5/7/2015)

BASIC ASSUMPTIONS & LIMITING CONDITIONS

1. No survey was made of the property, and the dimensions are those taken from the maps in the Office of the County Assessor of the County of Kings. This appraisal is not an engineering, legal or architectural study. It is not an examination or survey of any kind. Expertise in these areas is not implied and should not be inferred by the reader.
2. No separation of land and building values may be used for any other purpose than that delineated elsewhere in this report.
3. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the author, particularly as to the valuation conclusion, the identity of the appraiser or firm with which it is connected, or any reference to the Appraisal Institute, or to the MAI or SRA designations.
4. No right to expert testimony is included with this report, and the fee for this appraisal does not include payment for pre-trial conferences or taking of depositions.
5. No responsibility is assumed for matters legal in nature.
6. No survey or soil tests of the land have been made by the appraiser.
7. This report and all information contained herein was prepared for the sole and exclusive benefit of the client, as specified herein, and is intended for his use only. No one except the client specified herein may rely on this report for any purpose. Any person or entity who obtained or reads this report, or a copy thereof, other than the client specified herein, expressly assumes all risk of damages to himself or third persons arising out of reliance thereon or use thereof and waives the right to bring any action based on the appraisal, directly or indirectly, and the appraiser shall have no liability to any such person or entity.
8. Possession of this report or any copy thereof does not carry with it the right of publication, nor may the same be used for any purpose by anyone except the appraiser's employer, without the previous written consent of the appraiser, and in any event, only in its entirety.
9. The information and data reported in this appraisal have been obtained from sources that are deemed to be reliable. They are believed to be correct, but cannot be guaranteed by the appraiser. This condition applies generally throughout the appraisal report and specifically to square footage calculations and descriptions of comparable properties.
10. This appraisal report sets forth all of the limiting conditions (imposed by the terms of the assignment or by the appraiser) affecting the analyses, opinions, and conclusions contained in this report.
11. During the course of this appraisal, the appraisers did **not** detect or attempt to discover any environmental hazard on, under, above, or within the subject real estate. No overt evidence of any environmental hazard is apparent to the untrained eye. It is beyond the expertise of the

appraiser to detect or determine the chemical nature of any substance or gas. No effort was made to dismantle or probe any part of the property to discover enclosed, encased, or concealed hazards. The presence of any hazardous condition usually diminishes market value. The value opinion formed in this report assumes there is no environmental hazard affecting the subject real estate. No responsibility is assumed by the appraisers or Simon Company, Inc. for any hazard or for any expertise required to discover any environmentally hazardous condition. Our client is urged to retain an expert in this field, if desired.

12. The appraiser is not qualified to determine whether the subject building improvements are in compliance with the American with Disabilities Act (ADA) of 1992. Noncompliance with this act could have a negative effect upon the value of the property. An expert in this field should be retained for consultation, if desired.
13. All leading professional appraisal organizations, the U.S. Congress, all state legislatures, and numerous legal jurisdictions recognize the Uniform Standards of Professional Appraisal Practice (USPAP), promulgated by the Appraisal Foundation. Revised annually to keep it contemporary, these standards set forth ethical practices and proper procedures for a competent appraisal. This appraisal fully complies with all relevant portions of the USPAP version in effect on the date this report was prepared. It also complies with the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA), a federal law.
14. The person signing this report is licensed to appraise real property in the state the subject is located. I affirm I have the experience, knowledge, and education to value this type property. I have previously appraised similar real estate.
15. No liability is assumed, expressed, or implied by Simon Company, Inc., or the appraiser for unauthorized use of this report. Only those persons, parties, entities, companies, corporations, partnerships, associations, or groups that are clearly, specifically, and explicitly identified as an intended user on Page 1 may rely on, and use this report. There are no implied, suggested, inferred, consequential, or indirect intended users of this report. Unauthorized users should not use, or rely on any portion of this document. Unauthorized users do so at their own risk and peril.

EXHIBITS



View from Idaho Avenue



North view on 11th Avenue

QUALIFICATIONS OF TIMOTHY J. SIMON, MAI

STATE OF CALIFORNIA CERTIFICATION

State of California Office of Real Estate Appraisers - Certified General Real Estate Appraiser. Certificate # AG010007, Expiration May 7, 2015.

PROFESSIONAL AFFILIATIONS

MAI - The Appraisal Institute. Member # 10,157 (October 1993)
1999 President - Central California Chapter
State of California Licensed Real Estate Broker # 01264078

EDUCATION

California State University, Fresno
Bachelor of Science, Industrial Technology - Construction, 1981
The Appraisal Institute (1986-Present)
1A1, Real Estate Appraisal Principles
1A2, Basic Valuation Procedures
1BA, Capitalization Theory and Techniques A
1BB, Capitalization Theory and Techniques B
2-1 Case Studies in Real Estate
2-2, Report Writing and Valuation Analysis
SPP-A, B and C, Standards of Professional Practice
International Right of Way Association
Course 403 Easement Valuation
Course 214 Skills of Expert Testimony
Numerous Appraisal Seminars and Workshops

INSTRUCTOR

Instructor of appraisal classes at College of the Sequoias, a community college located in Visalia, CA. (1994)

PARTIAL LIST OF PROPERTY TYPES APPRAISED

Office Buildings	Industrial Properties	Shopping Centers
Apartment Buildings	Residential Subdivisions	Agricultural Properties
Eminent Domain/Right of Way	Special Purpose Properties	

APPRAISAL EXPERIENCE

American Appraisal Associates Walnut Creek, CA 1981-86
Building cost analyst and real estate appraiser. Clients included numerous corporations, business firms, lending institutions and government agencies.
Wells Fargo Bank Real Estate Industries Group Walnut Creek, CA 1986-88
Staff real estate appraiser. Clientele were medium to large developers for construction lending and permanent financing of existing and proposed construction.
Real Property Analysts Fresno, CA 1988-92
Independent fee appraiser. Proposed and existing income real property. Right of way appraisals for Government agencies.
Simon Company Hanford, CA 1992-Present
Independent fee appraiser, self-employed.

COURT EXPERIENCE

Qualified as an expert witness in Kings and Tulare County Superior Court

PARTIAL LIST OF CLIENTS SERVED**Lending Institutions:**

Wells Fargo Bank
 Bank of America
 Sanwa Bank California
 Bank of the West
 The California Stockmen's Bank
 Imperial Thrift & Loan
 Westamerica Bank
 Clovis Community Bank
 Bank of the Sierra
 United Security Bank
 Comercia Bank
 Stockton Savings Bank
 Sacramento State Bank
 Goleta National Bank
 Kaweah National Bank
 Heritage Bank of Commerce
 California Federal Bank
 Zion First National Bank
 Federal Land Bank
 Temucula Valley Bank
 Kings River Bank
 Bank of Visalia

Corporations:

McDonald's Corporation
 Chevron USA
 Principal Financial
 Adventist Health Systems

Law Firms:

Kahn, Soares & Conway – Hanford, CA
 Griswold, LaSalle, Cobb, Dowd & Gin – Hanford, CA
 Maroot, Hardcastle & Hatherley – Hanford & Visalia, CA
 Lazano Smith – Fresno, CA
 Horesewill Mederos & Dorman – Tulare, CA

Governmental Agencies:

Kings County
 Tulare County
 City of Hanford
 City of Corcoran
 City of Lindsay
 City of Porterville
 City of Huron
 Visalia Redevelopment Agency
 Hanford Elementary School District
 Pioneer School District
 Riverdale Unified School District
 Central Unified School District
 Island Union School District
 College of the Sequoias
 West Hills College
 Lemoore Unified School District
 Sierra Kings District Hospital
 Hanford Community Medical Center
 California Dept. Of Transportation
 Southern California Edison Co.
 Southern California Gas Co.
 Kings County Water District
 Tulare Lake Drainage District
 Resolution Trust Company

Accounting Firms:

Brown, Neuman & Semas/Hanford, CA
 Gilman, Harris and Travoli/Visalia, CA
 M Green and Company/Hanford, Visalia
 and Tulare, CA

APPRAISAL REPORT

2.56 & 2.58 ACRE INDUSTRIAL LOTS, HANFORD CA



AS OF AUGUST 8, 2013

PREPARED FOR:

GRISWOLD LASALLE COBB DOWD & GIN, LLP
111 EAST SEVENTH STREET
HANFORD, CA 93230

SIMON COMPANY, INC.
1306 NORTH IRWIN STREET
HANFORD, CA 93230

Serving the Central Valley for 20 years – 1992-2012

PHONE: (559) 582-9112
FAX: (559) 582-9114
WWW.SIMONCO.NET

APPRAISAL REPORT	
Client:	Griswold, Lasalle, Cobb, Dowd & Gin, LLP 111 East Seventh Street Hanford, CA 93230
Date of Report:	August 9, 2013
Subject Property:	2.56 & 2.58 Acre Industrial Lots, Hanford CA
Intended User:	Griswold, Lasalle, Cobb, Dowd & Gin, LLP & the City of Hanford
Intended Use:	To develop a market value for possible sale of the properties
Objective of the Assignment:	To develop an opinion of "Market Value." The definition of <i>market value</i> was taken from regulations published by federal regulatory agencies pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989. This same definition is also cited in Advisory Opinion 22 of the current version of the Uniform Standards of Professional Appraisal Practice (USPAP).
Effective Date of Value Opinion:	August 8, 2013 (date of inspection)
Interest Valued:	Fee simple
Conditions of the Assignment:	None
Extraordinary Conditions:	None
Hypothetical Conditions:	None
Report Option:	This is a Summary Appraisal Report in accordance with Standards 2-2 (b) of the Uniform Standards of Professional Appraisal Practice.
Opinion of Value:	\$150,000 (\$75,000 per lot)

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SCOPE OF WORK

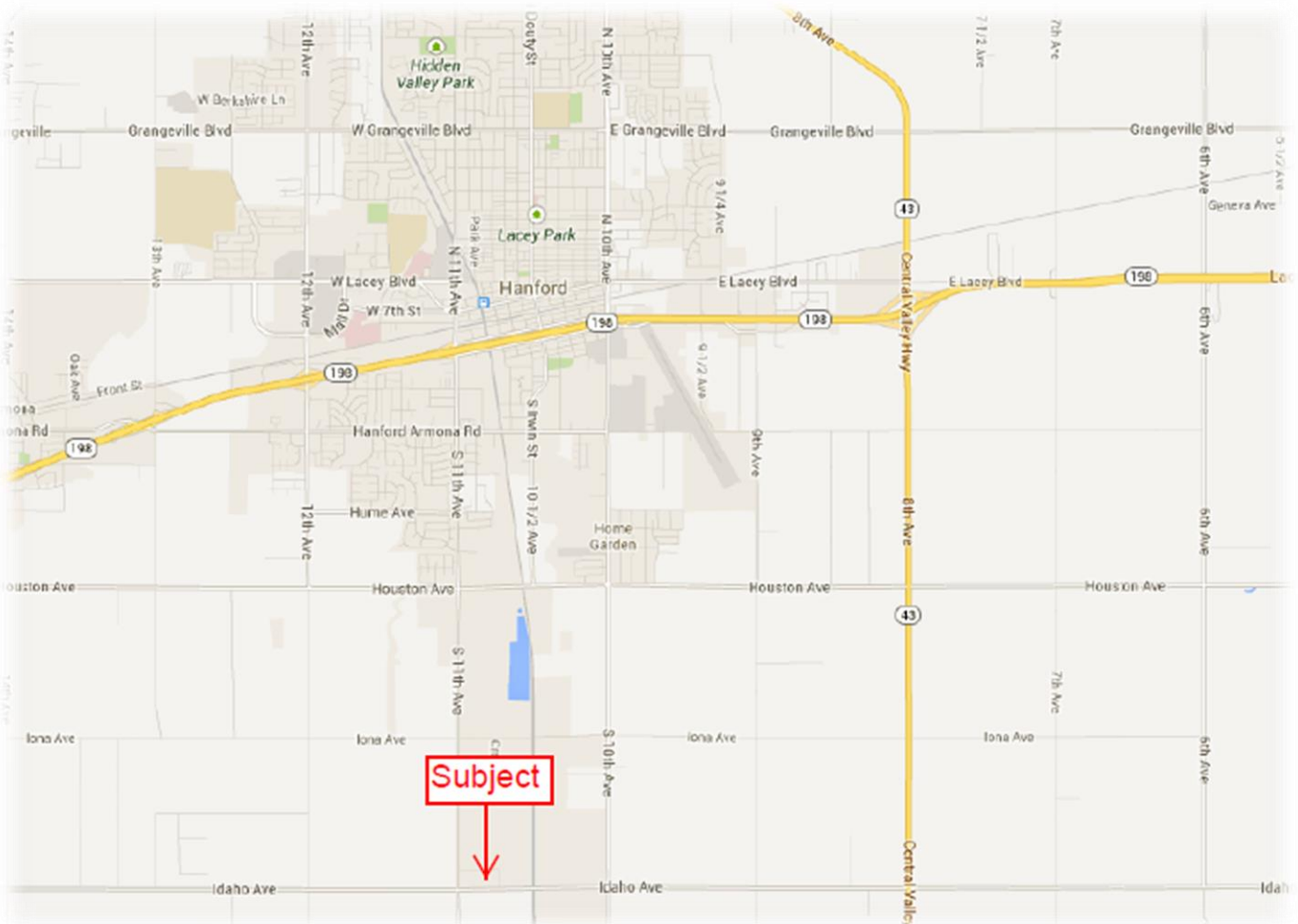
- The subject sites were viewed by the appraiser.
- Gathered, analyzed and utilized comparable sales and listings; all sales were confirmed with reliable parties involved in the transactions.
- The sales comparison approach was utilized to value all parcels.
- Jacob I. Hower participated in the preparation of this report in the areas of research, field inspection and analysis.

MARKET ANALYSIS

CITY OF HANFORD



Located in the northeast portion of the county, the City of Hanford is the county seat for Kings County. The city is generally bounded by State Route 43 to the east, Flint Avenue to the north, 13th Avenue to the west and Houston Avenue to the south.



The City of Hanford has experienced a steady growth rate over the last five years and is expected to continue growing at rate near the statewide average. The five year growth trend represents a 1.80% per year increase. This is near the State of California Average of 1.90% over the same timeframe. Overall projections suggest 2%-3% yearly increases in population over the next 10 years, which will increase demand for housing.

5 Year Population Trend

2006	48,744
2007	50,459
2008	51,965
2009	52,687
2010	53,967
2013 Projection	56,552
2020 Projection	70,177
5-Year Annual Growth Rate	10.21%

The State of California prisons in Corcoran, Coalinga and Avenal have had a strong impact on the population trends in Hanford. Hanford has attracted a large percentage of this workforce. Most of the workforce is commuters who choose to live outside the prison cities. All three are within one hour of Hanford. The same can be said for the Lemoore Naval Air Station, which is 15 miles west. Hanford attracts a number of the civilian employees and the active duty personnel.

Another large employment draw locally is the Pleasant Valley State Prison in Coalinga, which opened in 2005. The mental health and treatment hospital was slated to include 1.2 million square feet with a total of 1,500 beds.

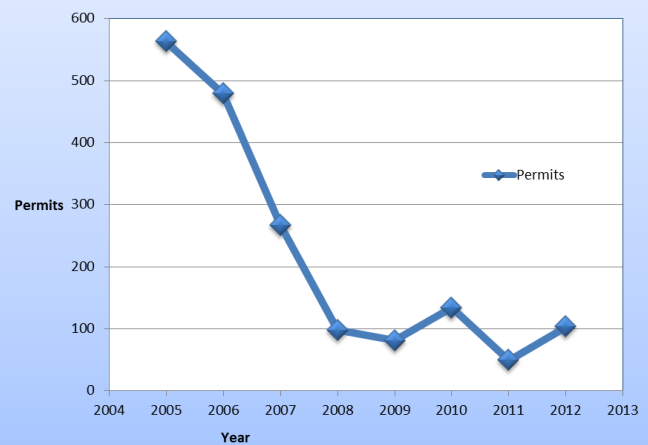
This facility was further expanded in 2006 with the expansion slated to add 2,000 jobs. The facility has a significant presence in terms employment.

According to the Kings County Multiple Listing Service, the average sale price for a three-bedroom single-family residence in the City of Hanford for 2012 was \$155,249. For the first two quarters of 2013 the residential housing market has continued its climb to an average sales price of \$162,239. In contrast the 2011 average home sales price was \$154,125. A slight gain in sales price and minimal construction should continue to support stabilized values with moderate gains over the next decade. While there is still activity in regards to construction of single family residences, activity has slowed drastically in the last five years. The number of annual permits has been hovering between 50 and 125 per year since 2008.

There are many apartment options available from subsidized rent levels to the luxury segment. A significant decline in building permits for multi-family properties has also been seen. Only 52 Units have been added to the Hanford market in the last four years. Fuller Apartments has a planned 136 unit apartment complex approved by the city of Hanford to be built near the Lowe's on Lacey Boulevard; however construction has been stifled by economic conditions.

The median income for Hanford is \$48,655. By contrast, the average for Kings County is \$48,515, both of which are below the State of California average of \$64,878 annually.

City of Hanford SFR Building Permit Activity



The average unemployment rate for the City of Hanford as of February 2013 was 13.7%, which has been on a relatively steady increase since 2009 but appears to be leveled out.

There are 18 manufacturing plants in the Hanford community area. Leading group classes of products are petroleum, flour, mill products, synthetic yard, fertilizers, micronutrients, and canned tomato products. The Kings Industrial Park is located on the south side of Hanford and includes the majority of Hanford's industrial base including Del Monte Foods (Contadina tomato processing), Exopack (paper manufacturing), Wal-Mart (photo-lab), Cargil (livestock feed), Calcot (cotton storage), and Marquez Brothers (cheese processing).

The Hanford area is served by the Burlington Northern and Santa Fe Railroad, the Southern Pacific Railroad, and Amtrak. Amtrak San Joaquin serves the San Joaquin Valley from Bakersfield to Sacramento with connections to the Los Angeles region and the Bay Area. Hanford has a small airport for light private aircraft. In October 2001, the city of Hanford received a grant from the FAA for \$820,000 to facilitate an expansion of the airport. The runway was extended 1,200 feet, making it 5,000 feet. Commercial airline service is available in the city of Visalia, approximately 30 miles east of Hanford, and in the city of Fresno, approximately 45 miles northeast of Hanford. The Orange Belt bus lines provide bus service to Hanford. State Highways 198 and 43 serve the city of Hanford. Over 30 motor freight carriers service Hanford with overnight deliveries to most points in California.

Community facilities include two general hospitals, ten elementary schools, three middle schools, three high schools, one continuation school, three parochial schools, one adult school, two junior colleges within 25 miles, and California State University of Fresno only 30 miles to the north. Sierra Pacific High School was recently opened and enrollment began in fall of 2010. A satellite facility for College of the Sequoias and a vocational training center was also recently completed in 2010.

Culturally there are approximately 20 churches, one public library, two newspapers, six TV channels received direct and one cable TV system, nine banks, four credit unions, one savings and loan, six parks, three athletic complexes, and a Carnegie Museum. Other recreational facilities include the Kings Country Fairgrounds including Kings Speedway, one private 18-hole country club, two 18-hole municipal golf courses in neighboring Lemoore; and boating, fishing and hunting along the Kings River.

There is a newer, \$112 million medical center at the corner of Mall Drive and West 7th Street. The project began in 2007 due to the region's growing demand for health care services. The facility includes 202,000 square feet, three-stories, and 142-beds. Services from Adventist Health's Hanford Community Medical Center and Central Valley General Hospital in town have transferred to the new site. The 142 inpatient beds will include 120 medical/surgical beds and 22 intensive care unit beds, while the Emergency Department will hold 26 treatment stations. In addition, 32,000 square feet in additional expansion area will be shelled in on the second and third floors to house a total of 60 future additional beds when needed. An adjacent outpatient imaging center is also planned. In terms of staffing, hospital hired about 16 new physicians in 2007 and 18 for 2008. About one third of those typically work in Hanford, with the remainder

being spread out in the regional area at other facilities. The hospital intends to hire about 10 new physicians per year as it continues to expand. Nursing staff should be increased by about 10%.

One of the reasons Hanford is attracting a number of workers from neighboring communities is the quality of life and availability of shopping and services. The Hanford Mall opened in April 1993 and features major retailers such as JC Penney, and Forever 21. A Sears store and auto center opened in 1999. A Ross Dress For Less store in the mall in 2000. The mall includes an additional 166,000 square feet of in-line space including an eight-screen theater. The mall was recently dealt a blow when long time tenant Mervyn's and Gottschalks closed. The Gottschalk's store was recently re-leased to Forever 21 and Kohl's is currently occupying the former Mervyn's space.

Major discount retailers are also present including Wal-Mart and Orchard Supply Hardware, two Rite Aid Stores and a Walgreens store. Home Depot is located at the northeast corner of 12th Avenue and Lacey Boulevard. The 96,000 square foot store employs 150 to 200 people. Target has a store in the Mall area along with Michael's, Famous Footwear, Old Navy, PetsMart Cold Stone Creamery, and Jamba Juice can also be found at this location. Wal-Mart recently opened a new super center just south of the Target site. A Lowe's store opened in November 2008 northwest of Target on Lacey Boulevard. An auto mall was completed on 37 acres at the northwest quadrant of 12th Avenue and State Highway 198. A Toyota and Hyundai dealership were the first to open. Costco is also planning a new location near the intersection of Highway 43 and Lacey Boulevard in eastern Hanford.

The majority of office space in Hanford is owned and occupied by owner-users. The strong owner-user influence promotes elevated pricing when good quality properties become available. Brokers report multiple offers to be common once a property becomes available; only a handful of quality office properties become available each year. There is some office vacancy present in the downtown area but the majority of the vacancies are in older commercial buildings that feature retail users on the ground levels and office users on the upper levels.

Nearly all of the new office development has moved to the Lacey Boulevard corridor west of 11th Avenue. The downtown district has seen several new developments recently. The vacant Sears building was purchased and completely renovated for office uses. It is anchored by FAST credit union with Kings County also having an office there. A brand new office building was completed for the Social Security Administration near city hall. One of the centerpieces of downtown, the former Hanford Furniture building, was purchased by the law firm of Griswold, LaSalle, Cobb, Dowd and Gin. It was renovated as their new office space. As a whole the Hanford office market is strong with vacancy typically seen in older run down properties.

The long-term outlook for Hanford is positive. It has a diversified economy based on agriculture, manufacturing, and large public sector employers. It has become the health care provider for the region. Over the short term, Hanford and the majority of Kings County is experiencing the after-effects of the housing collapse and job market crisis. Fortunately, home prices have leveled out and are showing strong gains supported by limited supply. The commercial sector remains slow but stable. Critical to continued recovery will be improvements in unemployment. The effects of this should be experienced into 2014.

KINGS INDUSTRIAL PARK SUB-MARKET

The subject property is located in the southern portion of the City of Hanford. More specifically, the subject is situated on the northern line of Idaho Avenue east of 11th Avenue. This location is near the southern line of the city limits. Houston Avenue and State Route 198 are Hanford's main east-west arterials through this sector. Both intersect with Highway 43 roughly two miles to the east. State Route 198 and Houston Avenue provide linkage to Highway 99 roughly 13 miles east and Highway 41 roughly 10 miles west. Major north-south arterials include 10th and 11th Avenues, which provide access to the central portion of the City of Hanford and State Route 198.

Idaho Avenue is a rural roadway with lighter traffic. It mainly services industrial and agricultural users. Flanking the subject to the west is another vacant parcel zoned for similar uses. To the north are numerous industrial and Ag related businesses. South of Idaho is a large multitenant distribution warehouse, and to the east is a power plant.

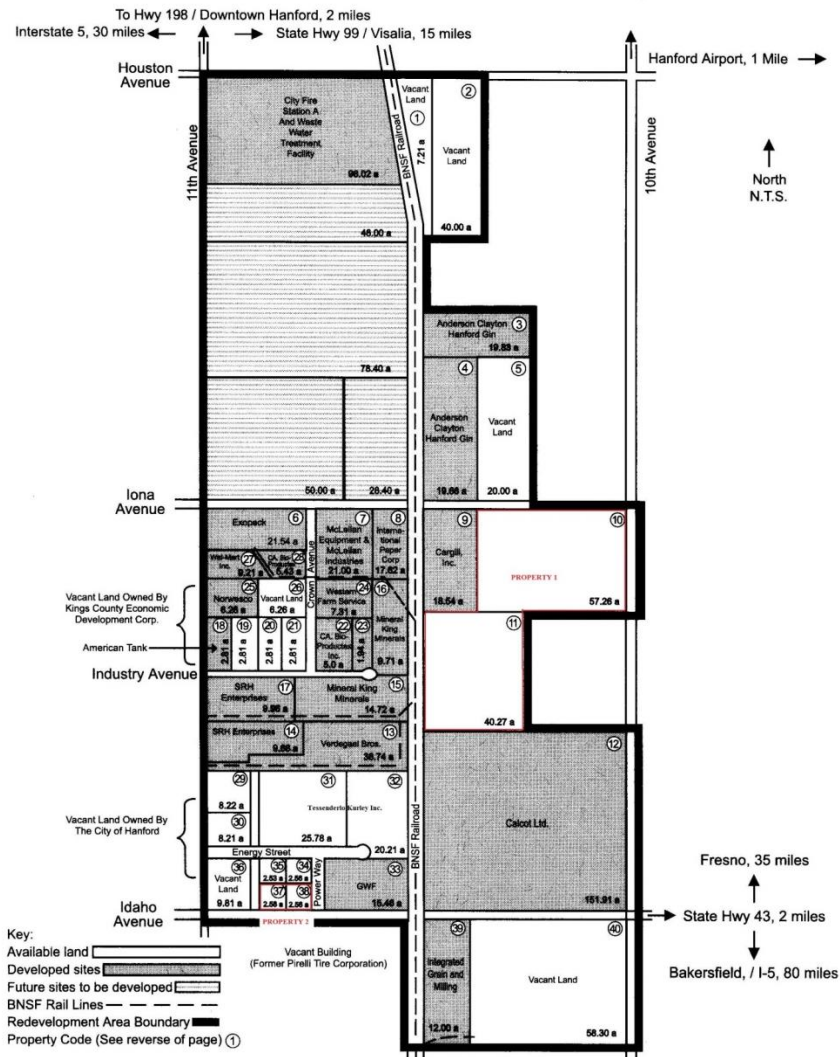


The Kings Industrial Park houses some 1,100 acres and the majority of Hanford's industrial base is located within this sector. Exopack, Cargill, Norwesco, Verdegaal Brothers, Wal-Mart and Calcot all have locations within the park. The former Pirelli Tire Plant was purchased by an investor and is offered for lease. Fry's Electronics has been leasing a building for roughly three years and only recently announced that the site would start being utilized as a large warehouse and storage area. One of the most recent developments is a land purchase by Tessengerlo-Kerley Inc., an Arizona based engineering and mining firm. The site has been laser leveled.

In a broader sense, much of the surrounding area to the east, south and west of the industrial park is used primarily for agricultural purposes. Typical crops include alfalfa, corn, cotton, sugar beets, tomatoes and wheat. Dairies are also prevalent. Permanent plantings such as almonds, pistachios and walnuts are also common, but not prominent.

In terms of competing industrial districts, the City of Lemoore ten minutes west has a small industrial district with land available. Lemoore has four large users including two Leprino Foods plants, SK Foods, Agraz USA, and GV Burrows Inc. The City of Visalia some 20 minutes to the east represents the most significant competition. It is ideally located at the intersection of State Highway 99 and State Highway 198. Rail access is also present via Union Pacific with branch lines connecting to other communities including Hanford and Lemoore.

Kings Industrial Park - Hanford



*Map provided by the City of Hanford

Visalia, in particular, has positioned itself as a major warehousing hub on the west coast. Over one million square feet of space has been built over the last five years. The primary builders of the new space in Visalia have been the Allen Group and Diversified Development. Several large manufacturing and processing concerns are also positioned in Visalia including International Paper, California Dairies, and Kawneer/Amax.

Tulare also has an active industrial district. Notable users include U.S. Cold Storage, Hagen Daz, Southern California Edison, Land O' Lakes, and the Cheese Protein International. However, the majority of Tulare's recent industrial development has been smaller owner-users.

Market conditions within the Kings Industrial Park have been middling over the past five years. In comparison to competing parks along Interstate 5 or Highway 99, the subject is second rate. Discounted land values, tax incentives and rail spur have attracted some recent business to the area; however, the distance from the two north-south arterial roadways through central California (Highway 99 and Interstate 5) is adverse. In addition, the park is located well south of Highway 198 which is also unfavorable when compared to locations on the Highway.

In summary, the subject is located in an industrial district of average character but below average location. The growth pattern in the industrial park has been fairly static over the past five years and a significant amount of vacant land remains. Slow growth for the Kings Industrial Sector is anticipated over the long-term. Competition from Visalia and Tulare is significant in terms of attracting new users. This trend is not likely to change in the near term.

SITE DESCRIPTION

Property History:	The Kings Industrial Park was originally created in 1973 by redevelopment. The original project included 180 acres but was later expanded in 1983 to include an additional 920 acres for a total of 1,100 acres. Roughly 260 acres remain vacant. Fee title is vested as <i>The City of Hanford</i>, according to Kings County public records. There are no public records indicating a sale of either subject property in the prior three years. The properties are not currently in escrow but are listed for sale, at a price of about \$30,000 per acre. This property is in a redevelopment area and has numerous city supported incentives for buyers.		
Site:	APN	018-242-068	018-242-069
	Size	2.58	2.56
	Zoning	HI	HI
	Idaho Frontage	345' est.	345' est.
	Power St. Frontage	0'	320' est.
	Rail Frontage	No	No

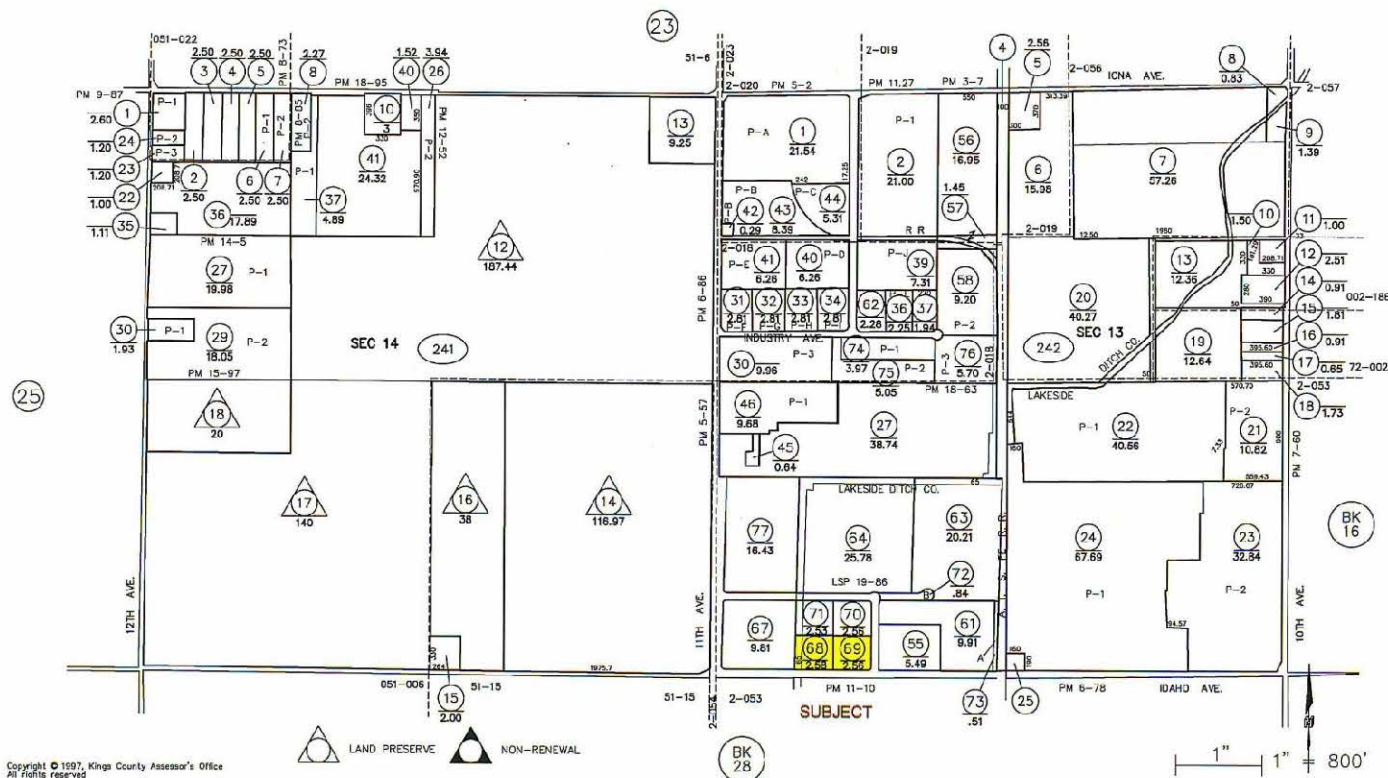
	Off-sites	Yes	Yes	
	Plantings	None	None	
	Well	None Noted	None Noted	
Access:	The parcels have frontage on Idaho Avenue, and Power Street. Both are two-lane asphalt paved roadways that are city maintained. The Lakeside Ditch runs along the western line of parcel 018-242-068 in a north-south direction. There is a gravity gate on the same parcel at the southwest corner. Water and sewer are provided by the City of Hanford. Both frontages are improved with concrete curb and gutter.			

Kings, CA, 2013-2014 - , Sheet 1 of 1

THIS MAP IS FOR ASSESSMENT PURPOSES ONLY
IT IS NOT TO BE CONSIDERED AS PORTICATING
LEGAL OWNERSHIP OF DIVISIONS OF LAND FOR
PURPOSES OF ZONING OR SUBDIVISION LAW.
MAY 2012

KINGS COUNTY ASSESSOR'S MAP
SEC'S. 13 & 14-19-21

18-24



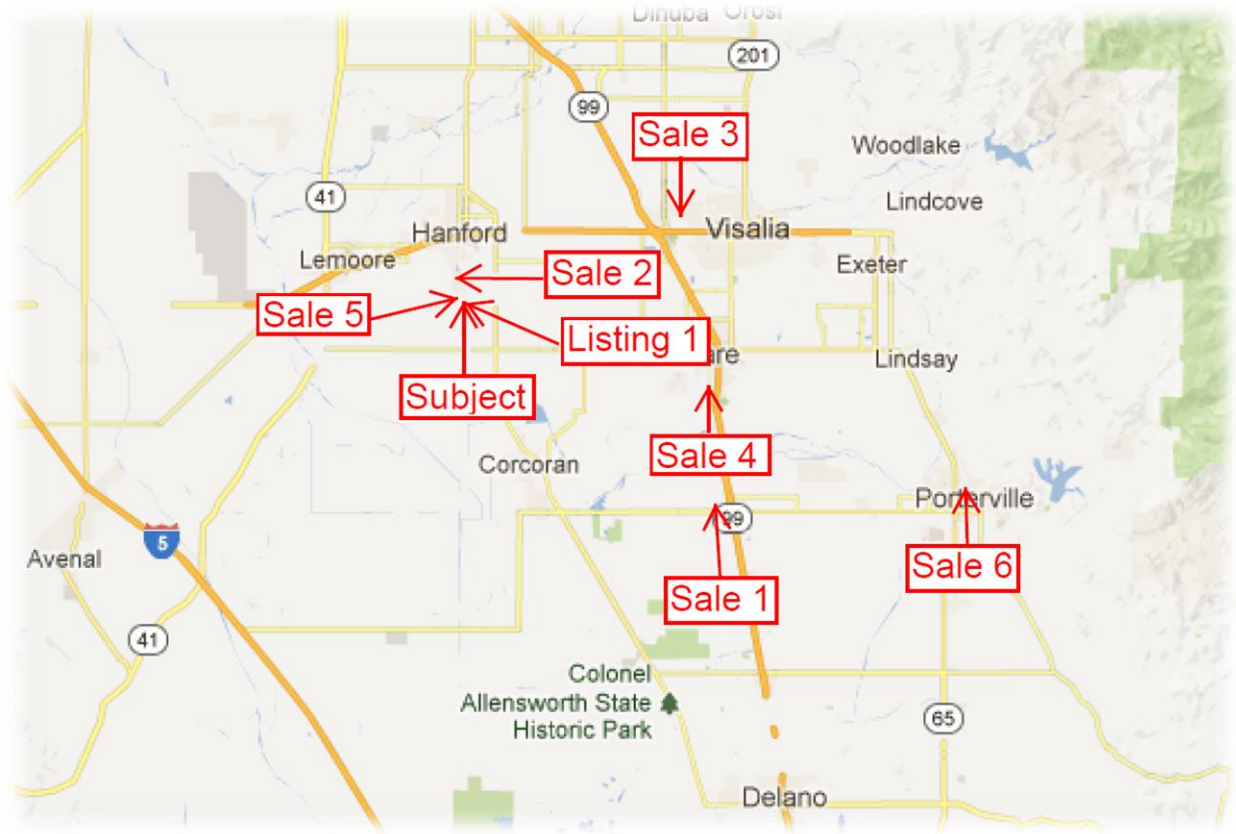
VALUATION

HIGHEST & BEST USE

The zoning allows for a wide range of heavy industrial uses. The site is located within a heavy industrial park and a zoning change is unlikely. The site is of adequate size for heavy industrial development. Consequently, the highest and best use is for heavy industrial development.

LAND VALUATION

LAND SALES									
No.	Location / APN	Sale Date	Sale Price	Price/SF	Price/Acre	Size (ac)	Zoning	Utilities	Off-Sites
1	433 North Westling Road Tipton, CA 228-180-011	Jun-2011 Buyer: Seller:	\$300,000 Garza/Lopez Akup	\$1.07	\$46,584	6.44	M-1	No	No
2	NS of Industry Ave. E of 11th Ave. Hanford, CA 018-242-032	Jul-2011 Buyer: Seller:	\$80,000 Norwesco Community Redevelopment Agency	\$0.65	\$28,470	2.81	H-I	Yes	Yes
3	SS of Goshen Ave. W of Kelsey St. Visalia, CA 081-110-037	Apr-2012 Buyer: Seller:	\$400,000 Richard & Jamison Bean MDA Real Estate Qualified Fund LLC	\$2.07	\$90,090	4.44	I-L	Yes	Yes
4	SWC of Industrial Ave. & Blackstone St. Tulare, CA 191-330-008; 012	June-2012 Buyer: Seller:	\$300,000 Jack & Jeanette Kimm Deno Vaccher	\$2.26	\$98,619	3.04	M-2	Yes	Yes
5	N. of Idaho east of 11th Ave. Hanford, CA 018-242-064	June-2012 Buyer: Seller:	\$1,380,000 Tessenderlo Kurley Inc. Community Redevelopment Agency	\$0.69	\$30,007	45.99	H-I	Yes	Yes
6	SEC of Main St. & Linda Vista Porterville, CA 243-180-008	Mar-2013 Buyer: Seller:	\$505,660 Immodo California 1 LLC Tevet	\$0.53	\$23,174	21.82	M-1	Yes	No
Listing 1	Subject Property Hanford, CA 018-242-068; 069	Active Buyer: Seller:	\$76,800 ---- Kings EDC	\$0.69	\$30,000	2.56	H-I	Yes	Yes



Our observations of market conditions indicate that adjustments may be required for interest transferred, conditions of sale, market conditions, location, size, zoning, utilities, and off-site improvements. We have rated each sale in the following qualitative adjustment grid.

Sale No. – Price/Acre	Rating – Factors
Sale 1 - \$46,584	Similar – Has off-sites, better located along Hwy 99
Sale 2 - \$28,470	Similar – Best comparable sale
Sale 3 - \$90,090	Superior– Better location
Sale 4 - \$98,619	Superior– Better location
Sale 5 - \$30,007	Similar – Larger than the subject site
Sale 6 - \$23,174	Similar – Larger but similar location
Listing 1 - \$30,000	Similar – This is the subject parcel

The Kings Industrial Park has several lots listed for sale by the City of Hanford. The properties are offered at a discount with hopes bolster the industrial park and increase employment opportunities. In addition the city offers tax incentives for businesses to re-locate to the area. While these incentives are valuable to securing new businesses to the industrial park, land is sold at a discount and affects surrounding property values.

Sale 2 is the most comparable in size, off-sites and location within the Kings Industrial Park. Sale 5 shows there is little difference in value per acre when comparing large sites and smaller sites within the Kings Industrial Park. Minimal discount is given to the sales of larger parcels.

The subject has been simultaneously marketed for two prices by the City of Hanford. The asking price varies between \$30,000 and \$50,000 per acre. No buyers have been secured at these asking prices; however, considering the small lot sizes and finished off-sites the asking prices are reasonable and lack of interest is attributed to lesser market conditions.

Both sites have similar utility, size and location; therefore, they are allocated the same value, per acre. Despite the marketing history the lots should command \$30,000 per acre. The value is calculated as follows:

2.58 Acres X \$30,000/ Acre =	\$77,400	\$75,000 (rounded)
2.56 Acres X \$30,000/ Acre =	\$76,800	\$75,000 (rounded)
Total Value for Both Parcels		\$150,000

EXPOSURE TIME

We have considered the assumptions and conclusions reached in the valuation section of this report. A review was made of the actual exposure times from the comparable sales data. We examined exposure times contained in investor surveys and interviewed commercial real estate brokers. The age and condition/marketability of the subject was considered. All factors considered an exposure time of six months or less is reasonable for the subject at the appraised value.

ADDENDA

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- I have made a personal inspection of the property that is the subject of this report.
- Jacob I. Hower provided significant real property appraisal assistance to the person signing this certification in the areas of research, inspection, and analysis. He has made a personal inspection of the subject property.
- I have not performed any services as an appraiser or any other capacity, regarding the property that is the subject of the appraisal assignment within the three-year period immediately preceding acceptance of this assignment.
- the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I (Timothy J. Simon) have completed the continuing education program of the Appraisal Institute.

Timothy J. Simon, MAI
 Certified General Real Estate Appraiser
 California License AG010007 (Expires 5/7/2015)

BASIC ASSUMPTIONS & LIMITING CONDITIONS

1. No survey was made of the property, and the dimensions are those taken from the maps in the Office of the County Assessor of the County of Kings. This appraisal is not an engineering, legal or architectural study. It is not an examination or survey of any kind. Expertise in these areas is not implied and should not be inferred by the reader.
2. No separation of land and building values may be used for any other purpose than that delineated elsewhere in this report.
3. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the author, particularly as to the valuation conclusion, the identity of the appraiser or firm with which it is connected, or any reference to the Appraisal Institute, or to the MAI or SRA designations.
4. No right to expert testimony is included with this report, and the fee for this appraisal does not include payment for pre-trial conferences or taking of depositions.
5. No responsibility is assumed for matters legal in nature.
6. No survey or soil tests of the land have been made by the appraiser.
7. This report and all information contained herein was prepared for the sole and exclusive benefit of the client, as specified herein, and is intended for his use only. No one except the client specified herein may rely on this report for any purpose. Any person or entity who obtained or reads this report, or a copy thereof, other than the client specified herein, expressly assumes all risk of damages to himself or third persons arising out of reliance thereon or use thereof and waives the right to bring any action based on the appraisal, directly or indirectly, and the appraiser shall have no liability to any such person or entity.
8. Possession of this report or any copy thereof does not carry with it the right of publication, nor may the same be used for any purpose by anyone except the appraiser's employer, without the previous written consent of the appraiser, and in any event, only in its entirety.
9. The information and data reported in this appraisal have been obtained from sources that are deemed to be reliable. They are believed to be correct, but cannot be guaranteed by the appraiser. This condition applies generally throughout the appraisal report and specifically to square footage calculations and descriptions of comparable properties.
10. This appraisal report sets forth all of the limiting conditions (imposed by the terms of the assignment or by the appraiser) affecting the analyses, opinions, and conclusions contained in this report.
11. During the course of this appraisal, the appraisers did **not** detect or attempt to discover any environmental hazard on, under, above, or within the subject real estate. No overt evidence of

any environmental hazard is apparent to the untrained eye. It is beyond the expertise of the appraiser to detect or determine the chemical nature of any substance or gas. No effort was made to dismantle or probe any part of the property to discover enclosed, encased, or concealed hazards. The presence of any hazardous condition usually diminishes market value. The value opinion formed in this report assumes there is no environmental hazard affecting the subject real estate. No responsibility is assumed by the appraisers or Simon Company, Inc. for any hazard or for any expertise required to discover any environmentally hazardous condition. Our client is urged to retain an expert in this field, if desired.

12. The appraiser is not qualified to determine whether the subject building improvements are in compliance with the American with Disabilities Act (ADA) of 1992. Noncompliance with this act could have a negative effect upon the value of the property. An expert in this field should be retained for consultation, if desired.
13. All leading professional appraisal organizations, the U.S. Congress, all state legislatures, and numerous legal jurisdictions recognize the Uniform Standards of Professional Appraisal Practice (USPAP), promulgated by the Appraisal Foundation. Revised annually to keep it contemporary, these standards set forth ethical practices and proper procedures for a competent appraisal. This appraisal fully complies with all relevant portions of the USPAP version in effect on the date this report was prepared. It also complies with the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA), a federal law.
14. The person signing this report is licensed to appraise real property in the state the subject is located. I affirm I have the experience, knowledge, and education to value this type property. I have previously appraised similar real estate.
15. No liability is assumed, expressed, or implied by Simon Company, Inc., or the appraiser for unauthorized use of this report. Only those persons, parties, entities, companies, corporations, partnerships, associations, or groups that are clearly, specifically, and explicitly identified as an intended user on Page 1 may rely on, and use this report. There are no implied, suggested, inferred, consequential, or indirect intended users of this report. Unauthorized users should not use, or rely on any portion of this document. Unauthorized users do so at their own risk and peril.

EXHIBITS



West view of parcels



East view on Idaho Avenue

QUALIFICATIONS OF TIMOTHY J. SIMON, MAI

STATE OF CALIFORNIA CERTIFICATION

State of California Office of Real Estate Appraisers - Certified General Real Estate Appraiser. Certificate # AG010007, Expiration May 7, 2015.

PROFESSIONAL AFFILIATIONS

MAI - The Appraisal Institute. Member # 10,157 (October 1993)
1999 President - Central California Chapter
State of California Licensed Real Estate Broker # 01264078

EDUCATION

California State University, Fresno

Bachelor of Science, Industrial Technology - Construction, 1981

The Appraisal Institute (1986-Present)

1A1, Real Estate Appraisal Principles
1A2, Basic Valuation Procedures
1BA, Capitalization Theory and Techniques A
1BB, Capitalization Theory and Techniques B
2-1 Case Studies in Real Estate
2-2, Report Writing and Valuation Analysis
SPP-A, B and C, Standards of Professional Practice

International Right of Way Association

Course 403 Easement Valuation
Course 214 Skills of Expert Testimony
Numerous Appraisal Seminars and Workshops

INSTRUCTOR

Instructor of appraisal classes at College of the Sequoias, a community college located in Visalia, CA. (1994)

PARTIAL LIST OF PROPERTY TYPES APPRAISED

Office Buildings	Industrial Properties	Shopping Centers
Apartment Buildings	Residential Subdivisions	Agricultural Properties
Eminent Domain/Right of Way	Special Purpose Properties	

APPRAISAL EXPERIENCE

American Appraisal Associates Walnut Creek, CA 1981-86

Building cost analyst and real estate appraiser. Clients included numerous corporations, business firms, lending institutions and government agencies.

Wells Fargo Bank Real Estate Industries Group Walnut Creek, CA 1986-88

Staff real estate appraiser. Clientele were medium to large developers for construction lending and permanent financing of existing and proposed construction.

Real Property Analysts Fresno, CA 1988-92

Independent fee appraiser. Proposed and existing income real property. Right of way appraisals for Government agencies.

Simon Company Hanford, CA 1992-Present

Independent fee appraiser, self-employed.

COURT EXPERIENCE

Qualified as an expert witness in Kings and Tulare County Superior Court

PARTIAL LIST OF CLIENTS SERVED**Lending Institutions:**

Wells Fargo Bank
 Bank of America
 Sanwa Bank California
 Bank of the West
 The California Stockmen's Bank
 Imperial Thrift & Loan
 Westamerica Bank
 Clovis Community Bank
 Bank of the Sierra
 United Security Bank
 Comercia Bank
 Stockton Savings Bank
 Sacramento State Bank
 Goleta National Bank
 Kaweah National Bank
 Heritage Bank of Commerce
 California Federal Bank
 Zion First National Bank
 Federal Land Bank
 Temucula Valley Bank
 Kings River Bank
 Bank of Visalia

Corporations:

McDonald's Corporation
 Chevron USA
 Principal Financial
 Adventist Health Systems

Law Firms:

Kahn, Soares & Conway – Hanford, CA
 Griswold, LaSalle, Cobb, Dowd & Gin – Hanford, CA
 Maroot, Hardcastle & Hatherley – Hanford & Visalia, CA
 Lazano Smith – Fresno, CA
 Horesewill Mederos & Dorman – Tulare, CA

Governmental Agencies:

Kings County
 Tulare County
 City of Hanford
 City of Corcoran
 City of Lindsay
 City of Porterville
 City of Huron
 Visalia Redevelopment Agency
 Hanford Elementary School District
 Pioneer School District
 Riverdale Unified School District
 Central Unified School District
 Island Union School District
 College of the Sequoias
 West Hills College
 Lemoore Unified School District
 Sierra Kings District Hospital
 Hanford Community Medical Center
 California Dept. Of Transportation
 Southern California Edison Co.
 Southern California Gas Co.
 Kings County Water District
 Tulare Lake Drainage District
 Resolution Trust Company

Accounting Firms:

Brown, Neuman & Semas/Hanford, CA
 Gilman, Harris and Travoli/Visalia, CA
 M Green and Company/Hanford, Visalia
 and Tulare, CA

APPRAISAL REPORT

0.51 ACRE INDUSTRIAL LOT, HANFORD CA



AS OF AUGUST 27, 2013

PREPARED FOR:

GRISWOLD LASALLE COBB DOWD & GIN, LLP
111 EAST SEVENTH STREET
HANFORD, CA 93230

SIMON COMPANY, INC.
1306 NORTH IRWIN STREET
HANFORD, CA 93230

Serving the Central Valley for 20 years – 1992-2012

PHONE: (559) 582-9112
FAX: (559) 582-9114
WWW.SIMONCO.NET

APPRAISAL REPORT	
Client:	Griswold, Lasalle, Cobb, Dowd & Gin, LLP 111 East Seventh Street Hanford, CA 93230
Date of Report:	August 30, 2013
Subject Property:	0.51 Acre Industrial Lot, Hanford CA
Intended User:	Griswold, Lasalle, Cobb, Dowd & Gin, LLP & the City of Hanford
Intended Use:	Asset value
Objective of the Assignment:	To develop an opinion of "Use Value." The definition of <i>use value</i> is "the value of a property as it is currently used, not its value considering alternative uses; may be used where legislation has been enacted to preserve farmland, timberland, or other open space land on urban fringes; also known as value in use.
Effective Date of Value Opinion:	August 27, 2013 (date of inspection)
Interest Valued:	Fee simple
Conditions of the Assignment:	None
Extraordinary Conditions:	None
Hypothetical Conditions:	None
Report Option:	This is a Summary Appraisal Report in accordance with Standards 2-2 (b) of the Uniform Standards of Professional Appraisal Practice.
Opinion of Value:	\$15,000

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SCOPE OF WORK

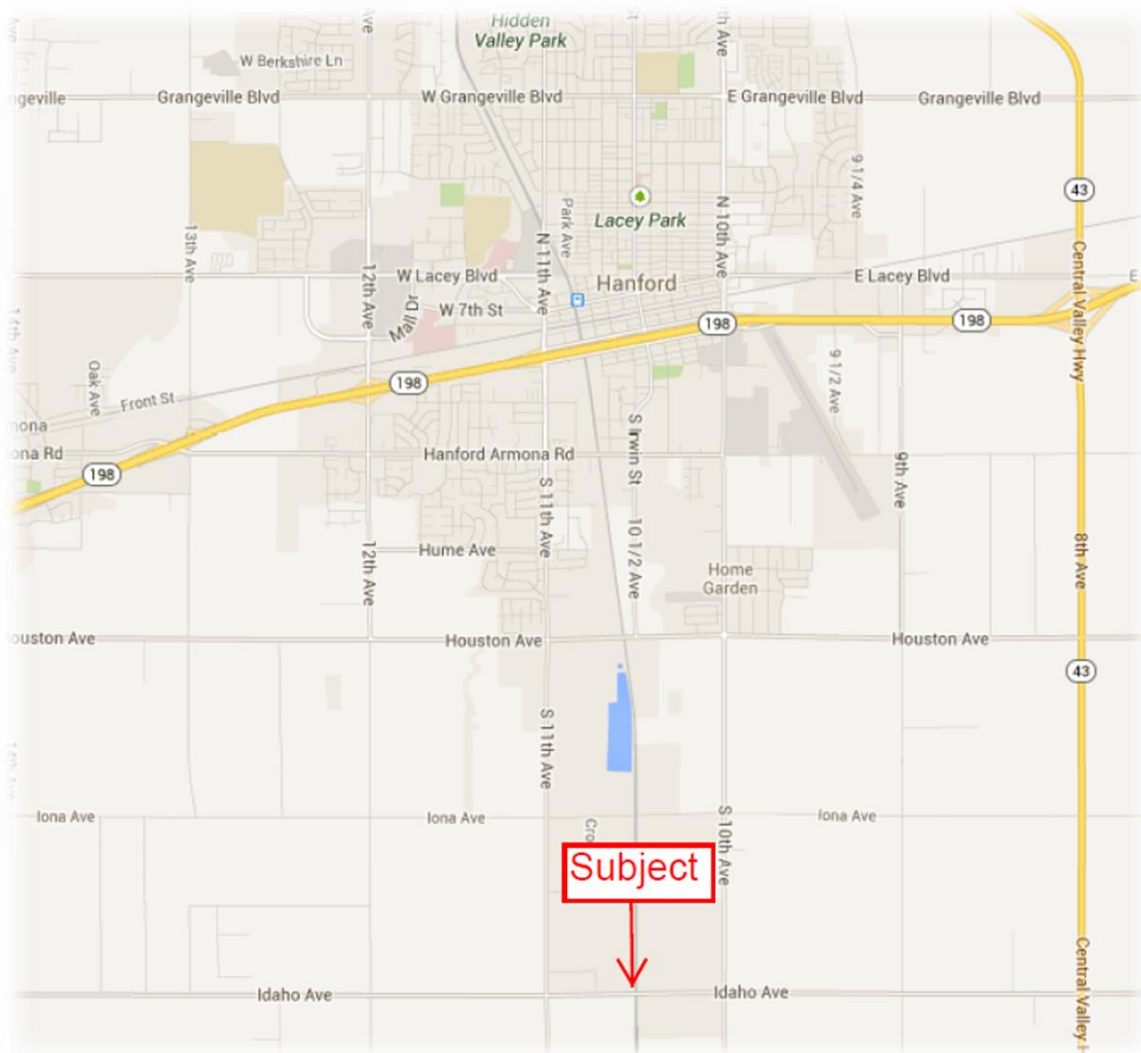
- The subject site was viewed by the appraiser.
- Gathered, analyzed and utilized comparable sales and listings; all sales were confirmed with reliable parties involved in the transactions.
- The sales comparison approach was utilized to value the subject.
- Jacob I. Hower participated in the preparation of this report in the areas of research, field inspection and analysis.

MARKET ANALYSIS

CITY OF HANFORD



Located in the northeast portion of the county, the City of Hanford is the county seat for Kings County. The city is generally bounded by State Route 43 to the east, Flint Avenue to the north, 13th Avenue to the west and Houston Avenue to the south.



The City of Hanford has experienced a steady growth rate over the last five years and is expected to continue growing at rate near the statewide average. The five year growth trend represents a 1.80% per year increase. This is near the State of California Average of 1.90% over the same timeframe. Overall projections suggest 2%-3% yearly increases in population over the next 10 years, which will increase demand for housing.

5 Year Population Trend

2006	48,744
2007	50,459
2008	51,965
2009	52,687
2010	53,967
2013 Projection	56,552
2020 Projection	70,177
5-Year Annual Growth Rate	10.21%

The State of California prisons in Corcoran, Coalinga and Avenal have had a strong impact on the population trends in Hanford. Hanford has attracted a large percentage of this workforce. Most of the workforce is commuters who choose to live outside the prison cities. All three are within one hour of Hanford. The same can be said for the Lemoore Naval Air Station, which is 15 miles west. Hanford attracts a number of the civilian employees and the active duty personnel.

Another large employment draw locally is the Pleasant Valley State Prison in Coalinga, which opened in 2005. The mental health and treatment hospital was slated to include 1.2 million square feet with a total of 1,500 beds.

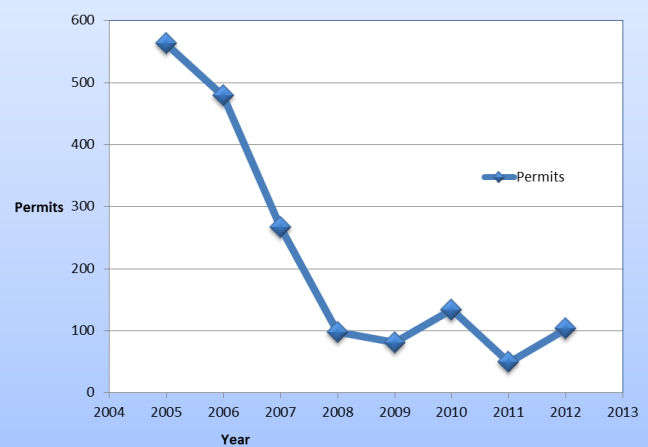
This facility was further expanded in 2006 with the expansion slated to add 2,000 jobs. The facility has a significant presence in terms employment.

According to the Kings County Multiple Listing Service, the average sale price for a three-bedroom single-family residence in the City of Hanford for 2012 was \$155,249. For the first two quarters of 2013 the residential housing market has continued its climb to an average sales price of \$162,239. In contrast the 2011 average home sales price was \$154,125. A slight gain in sales price and minimal construction should continue to support stabilized values with moderate gains over the next decade. While there is still activity in regards to construction of single family residences, activity has slowed drastically in the last five years. The number of annual permits has been hovering between 50 and 125 per year since 2008.

There are many apartment options available from subsidized rent levels to the luxury segment. A significant decline in building permits for multi-family properties has also been seen. Only 52 Units have been added to the Hanford market in the last four years. Fuller Apartments has a planned 136 unit apartment complex approved by the city of Hanford to be built near the Lowe's on Lacey Boulevard; however construction has been stifled by economic conditions.

The median income for Hanford is \$48,655.

City of Hanford SFR Building Permit Activity



By contrast, the average for Kings County is \$48,515, both of which are below the State of California average of \$64,878 annually. The average unemployment rate for the City of Hanford as of February 2013 was 13.7%, which has been on a relatively steady increase since 2009 but appears to be leveled out.

There are 18 manufacturing plants in the Hanford community area. Leading group classes of products are petroleum, flour, mill products, synthetic yard, fertilizers, micronutrients, and canned tomato products. The Kings Industrial Park is located on the south side of Hanford and includes the majority of Hanford's industrial base including Del Monte Foods (Contadina tomato processing), Exopack (paper manufacturing), Wal-Mart (photo-lab), Cargil (livestock feed), Calcot (cotton storage), and Marquez Brothers (cheese processing).

The Hanford area is served by the Burlington Northern and Santa Fe Railroad, the Southern Pacific Railroad, and Amtrak. Amtrak San Joaquin serves the San Joaquin Valley from Bakersfield to Sacramento with connections to the Los Angeles region and the Bay Area. Hanford has a small airport for light private aircraft. In October 2001, the city of Hanford received a grant from the FAA for \$820,000 to facilitate an expansion of the airport. The runway was extended 1,200 feet, making it 5,000 feet. Commercial airline service is available in the city of Visalia, approximately 30 miles east of Hanford, and in the city of Fresno, approximately 45 miles northeast of Hanford. The Orange Belt bus lines provide bus service to Hanford. State Highways 198 and 43 serve the city of Hanford. Over 30 motor freight carriers service Hanford with overnight deliveries to most points in California.

Community facilities include two general hospitals, ten elementary schools, three middle schools, three high schools, one continuation school, three parochial schools, one adult school, two junior colleges within 25 miles, and California State University of Fresno only 30 miles to the north. Sierra Pacific High School was recently opened and enrollment began in fall of 2010. A satellite facility for College of the Sequoias and a vocational training center was also recently completed in 2010.

Culturally there are approximately 20 churches, one public library, two newspapers, six TV channels received direct and one cable TV system, nine banks, four credit unions, one savings and loan, six parks, three athletic complexes, and a Carnegie Museum. Other recreational facilities include the Kings Country Fairgrounds including Kings Speedway, one private 18-hole country club, two 18-hole municipal golf courses in neighboring Lemoore; and boating, fishing and hunting along the Kings River.

There is a newer, \$112 million medical center at the corner of Mall Drive and West 7th Street. The project began in 2007 due to the region's growing demand for health care services. The facility includes 202,000 square feet, three-stories, and 142-beds. Services from Adventist Health's Hanford Community Medical Center and Central Valley General Hospital in town have transferred to the new site. The 142 inpatient beds will include 120 medical/surgical beds and 22 intensive care unit beds, while the Emergency Department will hold 26 treatment stations. In addition, 32,000 square feet in additional expansion area will be shelled in on the second and third floors to house a total of 60 future additional beds when needed. An adjacent outpatient imaging center is also planned. In terms of staffing, hospital hired about 16 new physicians in

2007 and 18 for 2008. About one third of those typically work in Hanford, with the remainder being spread out in the regional area at other facilities. The hospital intends to hire about 10 new physicians per year as it continues to expand. Nursing staff should be increased by about 10%.

One of the reasons Hanford is attracting a number of workers from neighboring communities is the quality of life and availability of shopping and services. The Hanford Mall opened in April 1993 and features major retailers such as JC Penney, and Forever 21. A Sears store and auto center opened in 1999. A Ross Dress For Less store in the mall in 2000. The mall includes an additional 166,000 square feet of in-line space including an eight-screen theater. The mall was recently dealt a blow when long time tenant Mervyn's and Gottschalks closed. The Gottschalk's store was recently re-leased to Forever 21 and Kohl's is currently occupying the former Mervyn's space.

Major discount retailers are also present including Wal-Mart and Orchard Supply Hardware, two Rite Aid Stores and a Walgreens store. Home Depot is located at the northeast corner of 12th Avenue and Lacey Boulevard. The 96,000 square foot store employs 150 to 200 people. Target has a store in the Mall area along with Michael's, Famous Footwear, Old Navy, PetsMart Cold Stone Creamery, and Jamba Juice can also be found at this location. Wal-Mart recently opened a new super center just south of the Target site. A Lowe's store opened in November 2008 northwest of Target on Lacey Boulevard. An auto mall was completed on 37 acres at the northwest quadrant of 12th Avenue and State Highway 198. A Toyota and Hyundai dealership were the first to open. Costco is also planning a new location near the intersection of Highway 43 and Lacey Boulevard in eastern Hanford.

The majority of office space in Hanford is owned and occupied by owner-users. The strong owner-user influence promotes elevated pricing when good quality properties become available. Brokers report multiple offers to be common once a property becomes available; only a handful of quality office properties become available each year. There is some office vacancy present in the downtown area but the majority of the vacancies are in older commercial buildings that feature retail users on the ground levels and office users on the upper levels.

Nearly all of the new office development has moved to the Lacey Boulevard corridor west of 11th Avenue. The downtown district has seen several new developments recently. The vacant Sears building was purchased and completely renovated for office uses. It is anchored by FAST credit union with Kings County also having an office there. A brand new office building was completed for the Social Security Administration near city hall. One of the centerpieces of downtown, the former Hanford Furniture building, was purchased by the law firm of Griswold, LaSalle, Cobb, Dowd and Gin. It was renovated as their new office space. As a whole the Hanford office market is strong with vacancy typically seen in older run down properties.

The long-term outlook for Hanford is positive. It has a diversified economy based on agriculture, manufacturing, and large public sector employers. It has become the health care provider for the region. Over the short term, Hanford and the majority of Kings County is experiencing the after-effects of the housing collapse and job market crisis. Fortunately, home prices have leveled out and are showing strong gains supported by limited supply. The

commercial sector remains slow but stable. Critical to continued recovery will be improvements in unemployment. The effects of this should be experienced into 2014.

KINGS INDUSTRIAL PARK SUB-MARKET

The subject property is located in the southern portion of the City of Hanford. More specifically, the subject is situated on the northern line of Idaho Avenue east of 11th Avenue. This location is near the southern line of the city limits. Houston Avenue and State Route 198 are Hanford's main east-west arterials through this sector. Both intersect with Highway 43 roughly two miles to the east. State Route 198 and Houston Avenue provide linkage to Highway 99 roughly 13 miles east and Highway 41 roughly 10 miles west. Major north-south arterials include 10th and 11th Avenues, which provide access to the central portion of the City of Hanford and State Route 198.

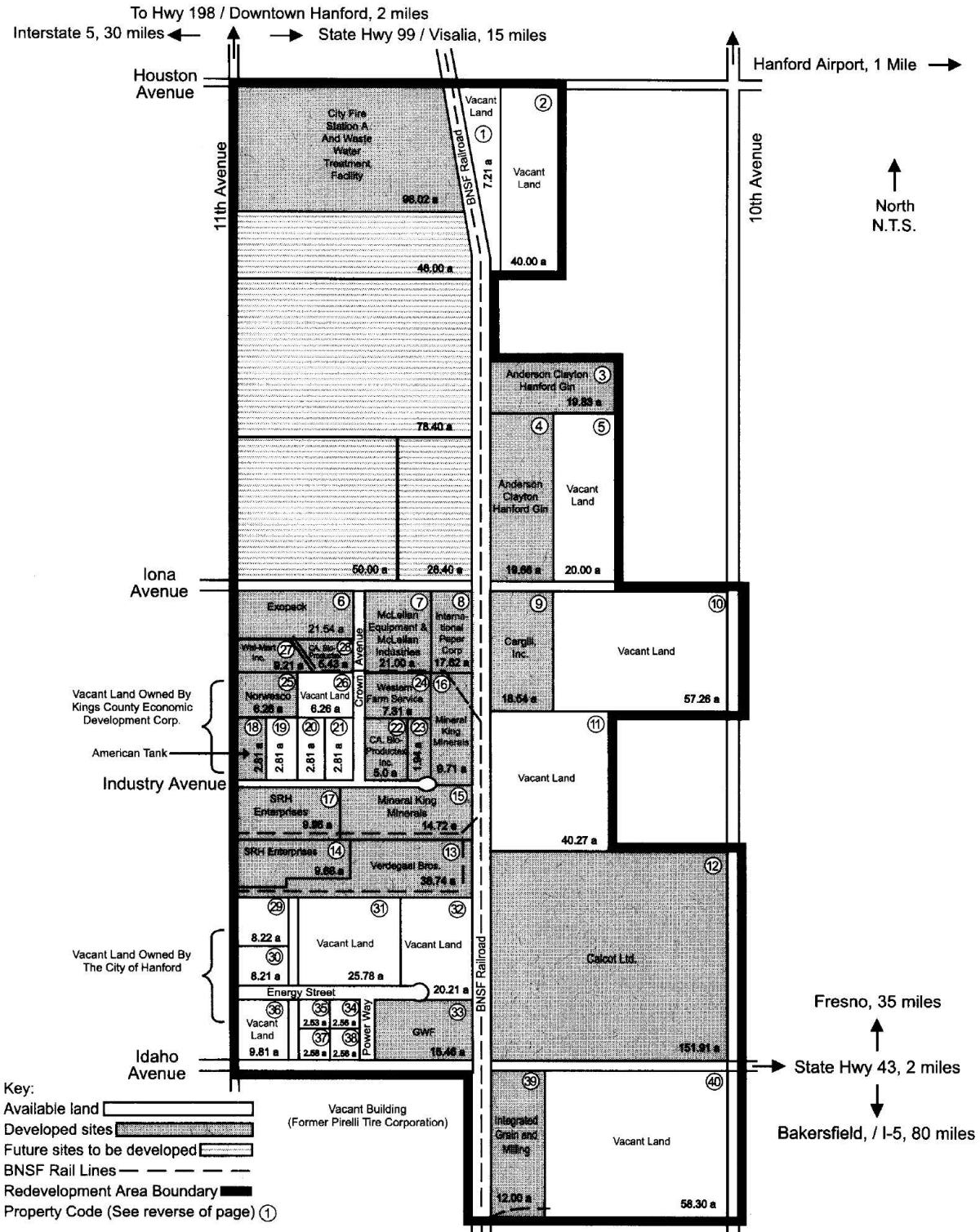
Idaho Avenue is a rural roadway with lighter traffic. It mainly services industrial and agricultural users. Flanking the subject to the west is another vacant parcel zoned for similar uses. To the north are numerous industrial and Ag related businesses. South of Idaho is a large multitenant distribution warehouse, and to the east is a power plant.

The Kings Industrial Park houses some 1,100 acres and the majority of Hanford's industrial base is located within this sector. Exopack, Cargill, Norwesco, Verdeegal Brothers, Wal-Mart and Calcot all have locations within the park. The former Pirelli Tire Plant was purchased by an investor and is offered for lease. Fry's Electronics has been leasing a building for roughly three years and only recently announced that the site would start being utilized as a large warehouse and storage area. One of the most recent developments is a land purchase by Tessenderlo-Kerley Inc., an Arizona based engineering and mining firm. The site has been laser leveled.

In a broader sense, much of the surrounding area to the east, south and west of the industrial park is used primarily for agricultural purposes. Typical crops include alfalfa, corn, cotton, sugar beets, tomatoes and wheat. Dairies are also prevalent. Permanent plantings such as almonds, pistachios and walnuts are also common, but not prominent.

In terms of competing industrial districts, the City of Lemoore ten minutes west has a small industrial district with land available. Lemoore has four large users including two Leprino Foods plants, SK Foods, Agraz USA, and GV Burrows Inc. The City of Visalia some 20 minutes to the east represents the most significant competition. It is ideally located at the intersection of State Highway 99 and State Highway 198. Rail access is also present via Union Pacific with branch lines connecting to other communities including Hanford and Lemoore.

Kings Industrial Park - Hanford



*Map provided by the City of Hanford

Visalia, in particular, has positioned itself as a major warehousing hub on the west coast. Over one million square feet of space has been built over the last five years. The primary builders of the new space in Visalia have been the Allen Group and Diversified Development. Several large manufacturing and processing concerns are also positioned in Visalia including International Paper, California Dairies, and Kawneer/Amax.

Tulare also has an active industrial district. Notable users include U.S. Cold Storage, Hagen Daz, Southern California Edison, Land O' Lakes, and the Cheese Protein International. However, the majority of Tulare's recent industrial development has been smaller owner-users.

Market conditions within the Kings Industrial Park have been middling over the past five years. In comparison to competing parks along Interstate 5 or Highway 99, the subject is second rate. Discounted land values, tax incentives and rail spur have attracted some recent business to the area; however, the distance from the two north-south arterial roadways through central California (Highway 99 and Interstate 5) is adverse. In addition, the park is located well south of Highway 198 which is also unfavorable when compared to locations on the Highway.

In summary, the subject is located in an industrial district of average character but below average location. The growth pattern in the industrial park has been fairly static over the past five years and a significant amount of vacant land remains. Slow growth for the Kings Industrial Sector is anticipated over the long-term. Competition from Visalia and Tulare is significant in terms of attracting new users. This trend is not likely to change in the near term.

SITE DESCRIPTION

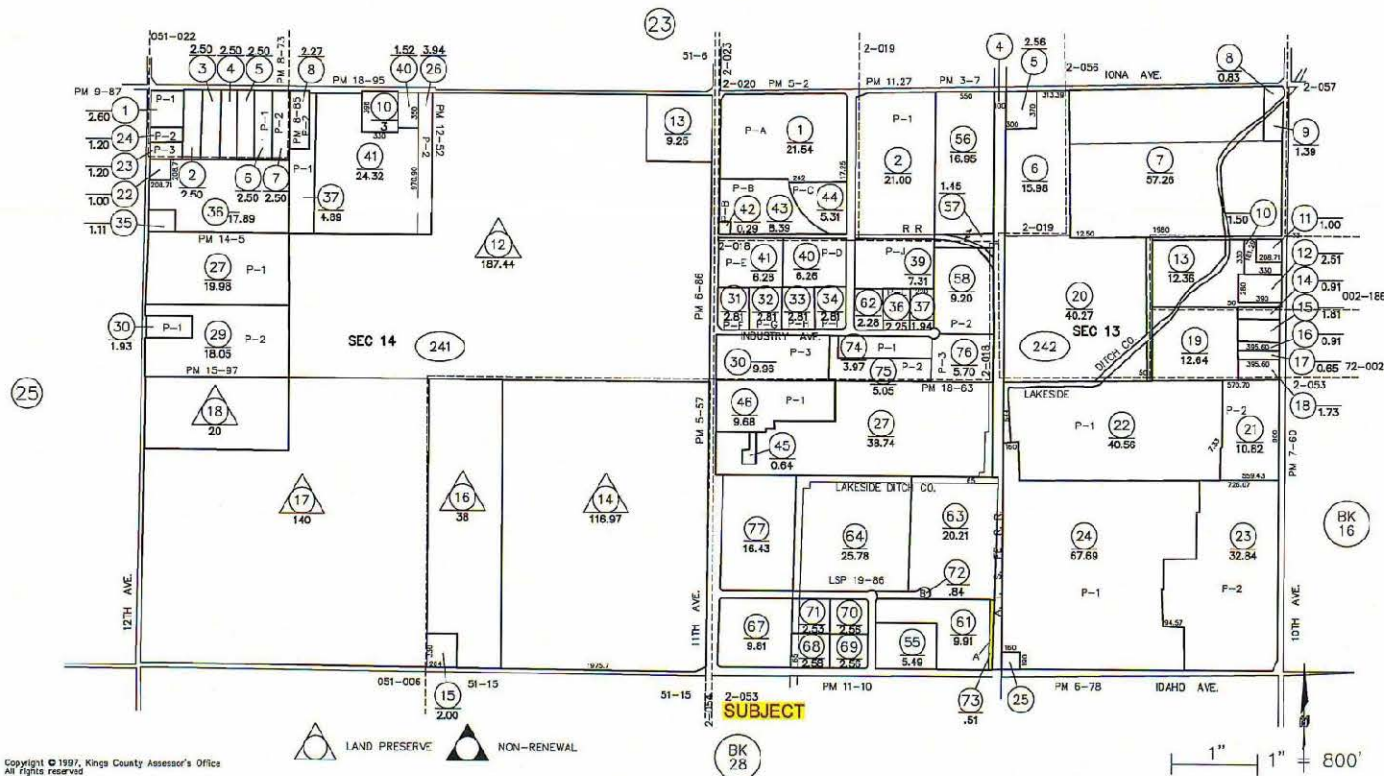
Property History:	The Kings Industrial Park was originally created in 1973 by redevelopment. The original project included 180 acres but was later expanded in 1983 to include an additional 920 acres for a total of 1,100 acres. Roughly 260 acres remain vacant. Fee title is vested as <i>The City of Hanford</i>, according to Kings County public records. There are no public records indicating a sale of the property in the prior three years. The site not currently in escrow nor is it listed for sale on the city website. The parcel is a small sliver adjacent to the railway.																				
Site:	<table><tr><td>APN</td><td>018-242-073</td></tr><tr><td>Size</td><td>0.51</td></tr><tr><td>Zoning</td><td>HI</td></tr><tr><td>Idaho Frontage</td><td>30’ est.</td></tr><tr><td>Rail Frontage</td><td>Yes</td></tr><tr><td>Off-sites</td><td>No</td></tr><tr><td>Plantings</td><td>None</td></tr><tr><td>Terrain</td><td>Near street grade; level</td></tr><tr><td>Well</td><td>None Noted</td></tr></table>	APN	018-242-073	Size	0.51	Zoning	HI	Idaho Frontage	30’ est.	Rail Frontage	Yes	Off-sites	No	Plantings	None	Terrain	Near street grade; level	Well	None Noted		
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Rail Frontage	Yes																				
Off-sites	No																				
Plantings	None																				
Terrain	Near street grade; level																				
Well	None Noted																				
Access:	The parcel has frontage on Idaho Avenue which is a two-lane asphalt paved roadway. The sites frontage has power lines which make access difficult but not impossible. The site is maintained by the city but is not improved with concrete curb or gutter. The BNSF Rail runs along the eastern line of the parcel in a north-south direction. Water and sewer are provided by the City of Hanford.																				

Kings, CA, 2013-2014 - 018-242-076-000, 10585 INDUSTRIAL AVE, HANFORD, CA 93230-9584, Sheet: 1 of 1

THIS MAP IS FOR ASSESSMENT PURPOSES ONLY
IT IS NOT TO BE CONSTRUED AS PORTRAYING
LEGAL OWNERSHIP OF DIVISIONS OF LAND FOR
PURPOSES OF ZONING OR SUBDIVISION LAW.
MAY 2012

KINGS COUNTY ASSESSOR'S MAP
SEC'S. 13 & 14-19-21

18-24



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All rights reserved

$$1'' = 800$$

VALUATION

HIGHEST & BEST USE

The zoning allows for a wide range of heavy industrial uses. The site is located within a heavy industrial park and a zoning change is unlikely. The site is not of adequate size, as a stand-alone parcel to support development but could have utility for expansion or road access/easement for adjacent users. Consequently, the highest and best use is for expansion of surrounding site, or utility as an easement/access point.

VALUATION SUMMARY

No comparable sales could be found that were beneficial to the analysis of this parcel. The shape and size limit utility. The Idaho Avenue frontage could provide for an access roadway to parcels north of the Idaho which are currently owned by Tessengerlo Kurley Inc. The site could also have utility to the railway or adjacent user to the west. In this scenario the parcel could be valued something similar to the other parcels within the park at \$30,000 per acre with some discount for the size and shape. Considering the one half acre size a value near \$15,000 per acre would be a reasonable estimation of the value in use.

EXPOSURE TIME

We have considered the assumptions and conclusions reached in the valuation section of this report. A review was made of the actual exposure times from the comparable sales data. We examined exposure times contained in investor surveys and interviewed commercial real estate brokers. The age and condition/marketability of the subject was considered. All factors considered an exposure time of six months or less is reasonable for the subject at the appraised value.

ADDENDA

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- I have made a personal inspection of the property that is the subject of this report.
- Jacob I. Hower provided significant real property appraisal assistance to the person signing this certification in the areas of research, inspection, and analysis. He has made a personal inspection of the subject property.
- I have not performed any services as an appraiser or any other capacity, regarding the property that is the subject of the appraisal assignment within the three-year period immediately preceding acceptance of this assignment.
- the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I (Timothy J. Simon) have completed the continuing education program of the Appraisal Institute.



Timothy J. Simon, MAI
 Certified General Real Estate Appraiser
 California License AG010007 (Expires 5/7/2015)

BASIC ASSUMPTIONS & LIMITING CONDITIONS

1. No survey was made of the property, and the dimensions are those taken from the maps in the Office of the County Assessor of the County of Kings. This appraisal is not an engineering, legal or architectural study. It is not an examination or survey of any kind. Expertise in these areas is not implied and should not be inferred by the reader.
2. No separation of land and building values may be used for any other purpose than that delineated elsewhere in this report.
3. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the author, particularly as to the valuation conclusion, the identity of the appraiser or firm with which it is connected, or any reference to the Appraisal Institute, or to the MAI or SRA designations.
4. No right to expert testimony is included with this report, and the fee for this appraisal does not include payment for pre-trial conferences or taking of depositions.
5. No responsibility is assumed for matters legal in nature.
6. No survey or soil tests of the land have been made by the appraiser.
7. This report and all information contained herein was prepared for the sole and exclusive benefit of the client, as specified herein, and is intended for his use only. No one except the client specified herein may rely on this report for any purpose. Any person or entity who obtained or reads this report, or a copy thereof, other than the client specified herein, expressly assumes all risk of damages to himself or third persons arising out of reliance thereon or use thereof and waives the right to bring any action based on the appraisal, directly or indirectly, and the appraiser shall have no liability to any such person or entity.
8. Possession of this report or any copy thereof does not carry with it the right of publication, nor may the same be used for any purpose by anyone except the appraiser's employer, without the previous written consent of the appraiser, and in any event, only in its entirety.
9. The information and data reported in this appraisal have been obtained from sources that are deemed to be reliable. They are believed to be correct, but cannot be guaranteed by the appraiser. This condition applies generally throughout the appraisal report and specifically to square footage calculations and descriptions of comparable properties.
10. This appraisal report sets forth all of the limiting conditions (imposed by the terms of the assignment or by the appraiser) affecting the analyses, opinions, and conclusions contained in this report.
11. During the course of this appraisal, the appraisers did **not** detect or attempt to discover any environmental hazard on, under, above, or within the subject real estate. No overt evidence of any environmental hazard is apparent to the untrained eye. It is beyond the expertise of the

appraiser to detect or determine the chemical nature of any substance or gas. No effort was made to dismantle or probe any part of the property to discover enclosed, encased, or concealed hazards. The presence of any hazardous condition usually diminishes market value. The value opinion formed in this report assumes there is no environmental hazard affecting the subject real estate. No responsibility is assumed by the appraisers or Simon Company, Inc. for any hazard or for any expertise required to discover any environmentally hazardous condition. Our client is urged to retain an expert in this field, if desired.

12. The appraiser is not qualified to determine whether the subject building improvements are in compliance with the American with Disabilities Act (ADA) of 1992. Noncompliance with this act could have a negative effect upon the value of the property. An expert in this field should be retained for consultation, if desired.
13. All leading professional appraisal organizations, the U.S. Congress, all state legislatures, and numerous legal jurisdictions recognize the Uniform Standards of Professional Appraisal Practice (USPAP), promulgated by the Appraisal Foundation. Revised annually to keep it contemporary, these standards set forth ethical practices and proper procedures for a competent appraisal. This appraisal fully complies with all relevant portions of the USPAP version in effect on the date this report was prepared. It also complies with the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA), a federal law.
14. The person signing this report is licensed to appraise real property in the state the subject is located. I affirm I have the experience, knowledge, and education to value this type property. I have previously appraised similar real estate.
15. No liability is assumed, expressed, or implied by Simon Company, Inc., or the appraiser for unauthorized use of this report. Only those persons, parties, entities, companies, corporations, partnerships, associations, or groups that are clearly, specifically, and explicitly identified as an intended user on Page 1 may rely on, and use this report. There are no implied, suggested, inferred, consequential, or indirect intended users of this report. Unauthorized users should not use, or rely on any portion of this document. Unauthorized users do so at their own risk and peril.

EXHIBITS



Idaho Avenue frontage



South view from north end of parcel

QUALIFICATIONS OF TIMOTHY J. SIMON, MAI

STATE OF CALIFORNIA CERTIFICATION

State of California Office of Real Estate Appraisers - Certified General Real Estate Appraiser. Certificate # AG010007, Expiration May 7, 2015.

PROFESSIONAL AFFILIATIONS

MAI - The Appraisal Institute. Member # 10,157 (October 1993)
1999 President - Central California Chapter
State of California Licensed Real Estate Broker # 01264078

EDUCATION

California State University, Fresno
Bachelor of Science, Industrial Technology - Construction, 1981
The Appraisal Institute (1986-Present)
1A1, Real Estate Appraisal Principles
1A2, Basic Valuation Procedures
1BA, Capitalization Theory and Techniques A
1BB, Capitalization Theory and Techniques B
2-1 Case Studies in Real Estate
2-2, Report Writing and Valuation Analysis
SPP-A, B and C, Standards of Professional Practice
International Right of Way Association
Course 403 Easement Valuation
Course 214 Skills of Expert Testimony
Numerous Appraisal Seminars and Workshops

INSTRUCTOR

Instructor of appraisal classes at College of the Sequoias, a community college located in Visalia, CA. (1994)

PARTIAL LIST OF PROPERTY TYPES APPRAISED

Office Buildings	Industrial Properties	Shopping Centers
Apartment Buildings	Residential Subdivisions	Agricultural Properties
Eminent Domain/Right of Way	Special Purpose Properties	

APPRAISAL EXPERIENCE

American Appraisal Associates Walnut Creek, CA 1981-86
Building cost analyst and real estate appraiser. Clients included numerous corporations, business firms, lending institutions and government agencies.
Wells Fargo Bank Real Estate Industries Group Walnut Creek, CA 1986-88
Staff real estate appraiser. Clientele were medium to large developers for construction lending and permanent financing of existing and proposed construction.
Real Property Analysts Fresno, CA 1988-92
Independent fee appraiser. Proposed and existing income real property. Right of way appraisals for Government agencies.
Simon Company Hanford, CA 1992-Present
Independent fee appraiser, self-employed.

COURT EXPERIENCE

Qualified as an expert witness in Kings and Tulare County Superior Court

PARTIAL LIST OF CLIENTS SERVED**Lending Institutions:**

Wells Fargo Bank
 Bank of America
 Sanwa Bank California
 Bank of the West
 The California Stockmen's Bank
 Imperial Thrift & Loan
 Westamerica Bank
 Clovis Community Bank
 Bank of the Sierra
 United Security Bank
 Comercia Bank
 Stockton Savings Bank
 Sacramento State Bank
 Goleta National Bank
 Kaweah National Bank
 Heritage Bank of Commerce
 California Federal Bank
 Zion First National Bank
 Federal Land Bank
 Temucula Valley Bank
 Kings River Bank
 Bank of Visalia

Corporations:

McDonald's Corporation
 Chevron USA
 Principal Financial
 Adventist Health Systems

Law Firms:

Kahn, Soares & Conway – Hanford, CA
 Griswold, LaSalle, Cobb, Dowd & Gin – Hanford, CA
 Maroot, Hardcastle & Hatherley – Hanford & Visalia, CA
 Lazano Smith – Fresno, CA
 Horesewill Mederos & Dorman – Tulare, CA

Governmental Agencies:

Kings County
 Tulare County
 City of Hanford
 City of Corcoran
 City of Lindsay
 City of Porterville
 City of Huron
 Visalia Redevelopment Agency
 Hanford Elementary School District
 Pioneer School District
 Riverdale Unified School District
 Central Unified School District
 Island Union School District
 College of the Sequoias
 West Hills College
 Lemoore Unified School District
 Sierra Kings District Hospital
 Hanford Community Medical Center
 California Dept. Of Transportation
 Southern California Edison Co.
 Southern California Gas Co.
 Kings County Water District
 Tulare Lake Drainage District
 Resolution Trust Company

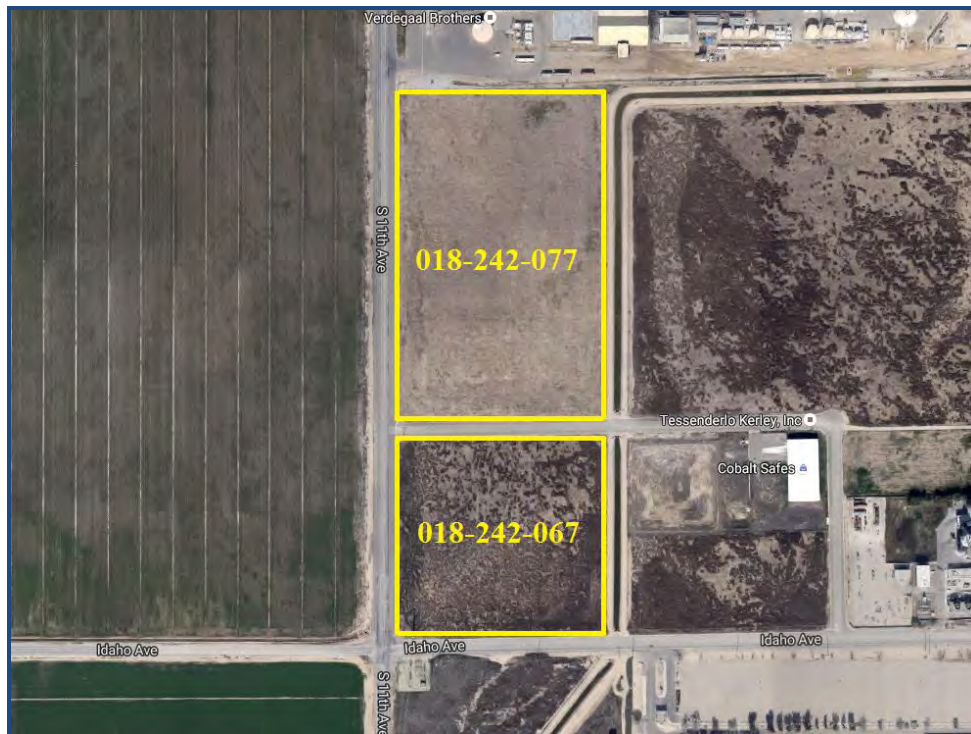
Accounting Firms:

Brown, Neuman & Semas/Hanford, CA
 Gilman, Harris and Travoli/Visalia, CA
 M Green and Company/Hanford, Visalia
 and Tulare, CA

APPRAISAL REPORT

**Industrial Land
11th Avenue and Energy Street
Hanford, CA**

As of: October 7, 2016



**Prepared For:
Darrel Pyle,
City Manager
City of Hanford
319 North Douty Street
Hanford, CA 93230**

**Simon Company, Inc.
1306 North Irwin Street
Hanford, CA 93230**

**Phone: (559) 582-9112
Fax: (559) 582-9114
www.simonco.net**

Packet Pg. 690

Simon Company, Inc.

Timothy J. Simon, MAI
Jeremy J. Hansen
Jacob I. Hower
www.simonco.net

October 12, 2016

Darrel Pyle,
City Manager
City of Hanford
319 North Douty Street
Hanford, CA 93230

RE: Vacant Land
11th Avenue & Energy Street
Hanford, CA

At your request, we have appraised a real property interest for the above captioned real estate. Our objective was to form a value opinion about the market value for a 100% ownership interest in the subject property's fee simple estate, assuming no liens or encumbrances other than normal covenants and restrictions of record.

This valuation contains analyses, opinions, and conclusions along with market data and reasoning appropriate for the scope of work detailed later herein. It was prepared solely for the intended use and intended user explicitly identified in the attached report. Unauthorized users do so at their own risk. The appraisal is communicated in the attached narrative report, and conforms to the version of the Uniform Standards of Professional Appraisal Practice (USPAP) in effect on this report's preparation date.

This letter is not an appraisal report and only serves as an introduction to the attached appraisal. If this letter is disjoined from the attached appraisal report, then the value opinions set forth in this letter are invalid because the analyses, opinions, and conclusions cannot be properly understood. The value opinion must be placed in the context of the analysis.

Attachment: 2016.10.07 Appraisal Industrial Land at 11th and Energy Hanford (1768 : Successor Agency)

The value opinion is affected by all the information, assumptions, hypotheses, general limiting conditions, facts, descriptions, and disclosures stated in the attached appraisal report. After careful consideration of all factors pertaining to and influencing value, the data and analysis thereof firmly supports the following fee simple opinion for the subject property as of October 7, 2016:

Market Value As Is, APN 018-242-067, 9.81 Acres =	\$390,000
Market Value As Is, APN 018-242-077, 16.43 Acres =	\$660,000

Respectfully Submitted,



Timothy J. Simon, MAI

CA License AG010007

License Expiration Date: 5/7/2017



CERTIFICATION

- The statements of fact contained in this report are true and correct. Reported analyses, opinions, and conclusions are limited only by the assumptions and limiting conditions contained within this report, and are the appraiser's personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- The appraiser has no present or prospective interest in the property that is the subject of this report, or personal interest with the parties involved. The appraiser has no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
- The appraiser previously appraised the subject as of July 16, 2015. The appraiser has not performed any other services as an appraiser or in any other capacity, regarding the subject property that is the subject the appraisal assignment within the three-year period immediately preceding acceptance of this assignment.
- This engagement was not contingent upon developing or reporting predetermined results. Compensation paid to the appraiser is not contingent upon the development or reporting of a predetermined value, or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of the appraisal.
- Reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Foundation.
- The appraiser is a designated member of the Appraisal Institute who declares he has completed the continuing education program prior to this report's preparation date. The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which includes the Uniform Standards of Professional Appraisal Practice.
- The appraiser personally inspected the exterior of the subject property only, and has considered all of the pertinent facts affecting the value thereof. This viewing, if any, did not attempt to probe, investigate study, detect, or discover unfavorable physical features.
- Jeremy J. Hansen participated in the preparation of this report in the areas of research, field inspection, and analysis.

Timothy J. Simon, MAI
 California License AG010007
 Expiration Date: 5/7/2017



CONTINGENT & LIMITING CONDITIONS

1. No survey was made of the property. The dimensions are those taken from the maps in the Office of the County Assessor of the County of Kings. This appraisal is not an engineering, legal or architectural study. It is not an examination or survey of any kind. Expertise in these areas is not implied and should not be inferred by the reader.
2. No report of title was secured, and it is presumed to be marketable, and that any liens or encumbrances can be removed.
3. No separation of land and building values may be used for any other purpose than that delineated elsewhere in this report.
4. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the author, particularly as to the valuation conclusion, the identity of the appraiser or firm with which it is connected, or any reference to the Appraisal Institute, or to the MAI or SRA designations.
5. No right to expert testimony is included with this report, and the fee for this appraisal does not include payment for pre-trial conferences or taking of depositions.
6. No responsibility is assumed for matters legal in nature.
7. No survey or soil tests of the land have been made by the appraiser.
8. This report and all information contained herein was prepared for the sole and exclusive benefit of the client, as specified herein, and is intended for his use only. No one except the client specified herein may rely on this report for any purpose. Any person or entity who obtained or reads this report, or a copy thereof, other than the client specified herein, expressly assumes all risk of damages to himself or third persons arising out of reliance thereon or use thereof and waives the right to bring any action based on the appraisal, directly or indirectly, and the appraiser shall have no liability to any such person or entity.
9. Possession of this report or any copy thereof does not carry with it the right of publication, nor may the same be used for any purpose by anyone except the appraiser's employer, without the previous written consent of the appraiser, and in any event, only in its entirety.
10. The information and data reported in this appraisal have been obtained from sources that are deemed to be reliable. They are believed to be correct, but cannot be guaranteed by the appraiser. This condition applies generally throughout the appraisal report and specifically to square footage calculations and descriptions of comparable properties.
11. The appraiser has no personal interest or bias with respect to the subject matter of this appraisal or the parties involved.

12. This appraisal report sets forth all of the limiting conditions (imposed by the terms of the assignment or by the appraiser) affecting the analyses, opinions, and conclusions contained in this report.
13. During the course of this appraisal, the appraisers did **not** detect or attempt to discover any environmental hazard on, under, above, or within the subject real estate. No overt evidence of any environmental hazard is apparent to the untrained eye. It is beyond the expertise of the appraiser to detect or determine the chemical nature of any substance or gas. No effort was made to dismantle or probe any part of the property to discover enclosed, encased, or concealed hazards. The presence of any hazardous condition usually diminishes market value. The value opinion formed in this report assumes there is no environmental hazard affecting the subject real estate. No responsibility is assumed by the appraisers or Simon Company, Inc. for any hazard, or for any expertise required to discover any environmentally hazardous condition. Our client is urged to retain an expert in this field, if desired.
14. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
15. The appraiser is not qualified to determine whether the subject building improvements are in compliance with the American with Disabilities Act (ADA) of 1992. Noncompliance with this act could have a negative effect upon the value of the property. An expert in this field should be retained for consultation, if desired.
16. All leading professional appraisal organizations, the U.S. Congress, all state legislatures, and numerous legal jurisdictions recognize the Uniform Standards of Professional Appraisal Practice (USPAP), promulgated by the Appraisal Foundation. Revised annually to keep it contemporary, these standards set forth ethical practices and proper procedures for a competent appraisal. This appraisal fully complies with all relevant portions of the USPAP version in effect on the date this report was prepared. It also complies with the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA), a federal law.
17. The person signing this report is licensed to appraise real property in the state the subject is located. I affirm I have the experience, knowledge, and education to value this type property. I have previously appraised similar real estate.
18. No liability is assumed, expressed, or implied by Simon Company, Inc., or the appraiser for unauthorized use of this report. Only those persons, parties, entities, companies, corporations, partnerships, associations, or groups that are clearly, specifically, and explicitly identified as an intended user may rely on, and use this report. There are no implied, suggested, inferred, consequential, or indirect intended users of this report. Unauthorized users should not use, or rely on any portion of this document. Unauthorized users do so at their own risk.



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Scope of Work

Introduction

The subject of this appraisal consists of two parcels of vacant land that are located in the southern portion of the city of Hanford in Kings County. Both parcels are zoned for industrial uses and are suitable for development. The client has requested this appraisal to evaluate the subject for internal planning purposes.

Assignment Elements

- | | | |
|----|---|--|
| 1. | The Client <i>(the person who engaged the appraisal and an intended user)</i> | City of Hanford;
Care of Darrel Pyle, City Manager |
| | Client's Interest In Property Appraised | Owner |
| 2. | Other Intended Users | None |
| 3. | Intended Use Of Report | To establish a value basis for the subject property to be used for internal planning purposes. |
| 4. | Standard / Definition Of Value Used | Market Value |
| 5. | Key Dates | |
| | Effective Value Date
<i>(point in time the value applies)</i> | October 7, 2016 |
| | Report Preparation Date
<i>(date the report was prepared)</i> | October 12, 2016 |
| | Observation Date
<i>(date the property was inspected)</i> | October 7, 2016 |
| 6. | Assignment Conditions | |
| | Extraordinary Assumptions | Not Applicable |
| | Hypothetical Conditions | Not Applicable |

Relevant Characteristics

Physical

Existing Property Use	Vacant Land
Property Use Reflected In One Or More Value Opinions	As Is
Sources of Information About the Property Appraised Included	Public Records; Personal Observation; Prior Appraisal

Legal

Category Of Property Appraised	Real Property
Estate Appraised	Fee Simple
Environmental Concerns	No Known Environmental Concerns

Economic

Effect Of Leases On Value	Not Applicable
Cost Information	Not Applicable

Extent of Services Provided

Number of Final Value Opinions Developed	One
Value Opinion Reflects The Worth Of the Property Appraised	As Is
Extent Of Report Preparation	Narrative
Report Preparation Complies With Requirements Set Forth In USPAP Standard Rule	2-2(a) Appraisal Report
Extent Of Data Research	Adequate
Data Sources	Local MLS; Real Quest; Online Public Records; Other Appraisers; Real Estate Brokers; Buyers and / or Sellers

Documents Considered	Legal Descriptions
Data Verification	Direct Method
Extent Of Subject Observation	Personal Observation; Sub-Market Area

Other Intended Use Considerations

Appraiser's Prior Experience With Subject Property	The appraiser previously appraised the subject as of July 16, 2016.
Name and Extend of Person Providing Assistance to the Appraisal Process	Jeremy J. Hansen participated in the preparation of this report in the areas of research, field inspection and analysis.

Appraisal Development

Appraisal development is the extent of research and analyses that produce one or more credible opinions of value for one or more specifically identified intended users and an explicitly stated intended use. In this context, credible is defined as "worthy of belief". Depending upon the intended use, intended users, and agreements between the appraiser and the client, the appraisal development process may include several, but not necessarily all of the following tasks.

- observation of the property appraised
- research for appropriate market data
- data verification
- consideration of influential market area, physical, economic, and governmental factors
- determination of the subject's highest and best use, if appropriate
- development of one or more applicable approaches to value
- reconciliation of value indications
- preparation of this report

The report is communicated in a summary, narrative format. It is the intent that the report is written in such a way that the reader will be able to logically follow the appraiser's methodology and conclusion of value. Pertinent information such as the market area, conditions, subject property, market data, analysis, and conclusions are summarized.

Definition of Market Value

The following definition of *market value* was taken from regulations published by federal regulatory agencies pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989. This same definition is also cited in Advisory Opinion 22 of the current version of the Uniform Standards of Professional Appraisal Practice (USPAP).

“The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- 1. buyer and seller are both typically motivated;*
- 2. both parties are well informed or well advised and acting in what they consider their own best interests;*
- 3. a reasonable time is allowed for exposure in the open market;*
- 4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- 5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”*

Definitions of Appraised Estates

The subject property is not subject to a long-term lease. As such, we have appraised the Fee Simple Estate. The following definition is quoted *The Dictionary of Real Estate Appraisal*, Fourth Edition; published by the Appraisal Institute, copyright 2002.

“Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”



Property Data

City of Hanford

The city of Hanford is located in the northeastern portion of Kings County and represents the county seat. The city is generally bounded by State Route 43 to the east, Flint Avenue to the north, 13th Avenue to the west and Houston Avenue to the south.



The city of Hanford has experienced a steady growth rate over the last five years and is expected to continue growing at rate near the statewide average. The five year growth trend represents a 0.76% per year increase. This is less than the State of California Average at 0.95% over the same timeframe.

5 Year Population Trend

2012	54,541
2013	54,513
2014	54,727
2015	55,337
2016	55,840
5-Year Annual Growth Rate	3.80%

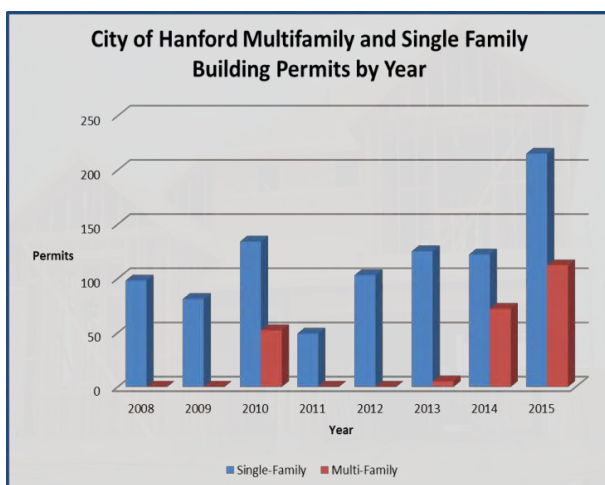
The State of California prisons in Corcoran, Coalinga and Avenal have had a strong impact on the population trends in Hanford. Hanford has attracted a large percentage of this workforce. Most of the workforce is commuters who choose to live outside the prison cities. All three are within one hour of Hanford. The same can be said for the Lemoore Naval Air Station, which is 15 miles west. Hanford attracts a number of the civilian employees and the active duty personnel.

Another large employment draw locally is the Pleasant Valley State Prison in Coalinga, which opened in 2005. The mental health and treatment hospital was slated to include 1.2 million square feet with a total of 1,500 beds. This facility was further expanded in 2006 with the expansion slated to add 2,000 jobs. The facility has a significant presence in terms of employment.

Residential Housing: Over the past few years the housing market hit bottom and has been climbing. Since 2012 the market has risen 31.89% according to the Kings County MLS. The chart provided on the right indicates a stabilizing trend moving into 2016 with only 3.61% increase in values throughout 2015.

Year	Total Sales	Average Price	Average DOM
2015	610	\$204,752	51
2014	492	\$197,618	64
2013	545	\$179,849	61
2012	618	\$155,234	68

Builders, speculators and developers have taken an interest in some of Hanford's existing paper and finished lots over the past couple years and large tracts of land have been purchased and developed into subdivisions.



Like most central valley communities, building permit activity peaked during the 2005-2006 time-frame. A dramatic reduction occurred in the following years due to the residential market decline. Multi-family development has been stifled by the gap between market rent feasible rent; however, that trend is reversing with several new apartment developments within the Hanford and Lemoore markets currently under construction. Construction in 2015 nearly doubled in the single family residential market.

There are many apartment options available from subsidized rent levels to the luxury segment. Most of the larger apartment complexes added over the last 20 years have been low income or subsidized. However, a new apartment complex opened this year in northwest Hanford that has no rent restrictions. After several years of stagnant building permit activity in the multi-family sector, 2014 and 2015 both showed a substantial increase in new building permits.

The median income for Hanford is \$48,655. By contrast, the average for Kings County is \$48,515, both of which are below the State of California average of \$64,878 annually. The average unemployment rate for the city of Hanford as of August 2016 was 8.0%, which has been slowly improving since 2010.

Industry: There are 18 manufacturing plants in the Hanford community area. Leading group classes of products are petroleum, flour, mill products, synthetic yard, fertilizers, micronutrients, and canned tomato products. The Kings Industrial Park is located on the south side of Hanford and includes the majority of Hanford's industrial base including Del Monte Foods (Contadina tomato processing), Exopack (paper manufacturing), Wal-Mart (photo-lab), Cargil (livestock feed), Calcot (cotton storage), and Marquez Brothers (cheese processing). New users to the industrial park include Tessengerlo Kerley Inc. (fertilizer plant) and Pitman Family Farms (poultry processing). The Pitman Family Farms facility is currently under construction while the Tessengerlo Kerley plant opened last year.

The Hanford area is served by the Burlington Northern and Santa Fe Railroad, the Southern Pacific Railroad, and Amtrak. Amtrak San Joaquin serves the San Joaquin Valley from Bakersfield to Sacramento with connections to the Los Angeles region and the Bay Area. Hanford has a small airport for light private aircraft. In October 2001, the city of Hanford received a grant from the FAA for \$820,000 to facilitate an expansion of the airport. The runway was extended 1,200 feet, making it 5,000 feet. Commercial airline service is available in the city of Visalia, approximately 30 miles east of Hanford, and in the city of Fresno, approximately 45 miles northeast of Hanford. The Orange Belt bus lines provide bus service to Hanford. State Highways 198 and 43 serve the city of Hanford. Over 30 motor freight carriers service Hanford with overnight deliveries to most points in California.

Community: Community facilities include two general hospitals, ten elementary schools, three middle schools, three high schools, one continuation school, three parochial schools, one adult school, two junior colleges within 25 miles, and California State University of Fresno only 30 miles to the north. Sierra Pacific High School was recently opened and enrollment began in fall of 2010. A satellite facility for College of the Sequoias and a vocational training center was also recently completed in 2010.

Culturally there are approximately 20 churches, one public library, two newspapers, six TV channels received direct and one cable TV system, nine banks, four credit unions, one savings and loan, six parks, three athletic complexes, and a Carnegie Museum. Other recreational facilities include the Kings Country Fairgrounds including Kings Speedway, one private 18-hole

country club, two 18-hole municipal golf courses in neighboring Lemoore; and boating, fishing and hunting along the Kings River.



There is a newer, \$112 million medical center at the corner of Mall Drive and West 7th Street. The project began in 2007 due to the region's growing demand for health care services. The facility includes 202,000 square feet, three-stories, and 142-beds. Services from Adventist Health's Hanford Community Medical Center and Central Valley General Hospital in town have transferred to the new site. The 142 inpatient beds will include 120 medical/surgical beds and 22 intensive care unit beds, while the Emergency Department will hold 26 treatment stations. In addition, 32,000 square feet in additional expansion area will be shelled in on the second and third floors to house a total of 60 future additional beds when needed. Recently, the hospital was approved for a \$40 million expansion for a new Family Birth Center. The center is proposed for 49,000 square feet and will replace the former birth center along Douty Street. The project broke ground in October, 2013. In terms of staffing, hospital hired about 16 new physicians in 2007 and 18 for 2008. About one third of those typically work in Hanford, with the remainder being spread out in the regional area at other facilities. The hospital intends to hire about 10 new physicians per year as it continues to expand. Nursing staff should be increased by about 10%.

Retail: One of the reasons Hanford is attracting a number of workers from neighboring communities is the quality of life and availability of shopping and services. The Hanford Mall opened in April 1993 and features major retailers such as JC Penney, and Forever 21. A Sears store and auto center opened in 1999. A Ross Dress For Less store in the mall in 2000. The mall includes an additional 166,000 square feet of in-line space including an eight-screen theater. The mall was recently dealt a blow when long time tenant Mervyn's and Gottschalks closed. Kohl's leased the former Mervyn's space while the Gottschalk's store had been occupied by Forever 21. However, Forever 21 closed their store earlier this year and that space is now vacant.

Major discount retailers are also present including Wal-Mart and Orchard Supply Hardware, two Rite Aid Stores and a Walgreens store. Home Depot is located at the northeast corner of 12th Avenue and Lacey Boulevard. The 96,000 square foot store employs 150 to 200 people. Target has a store in the Mall area along with Michael's, Famous Footwear, Old Navy, PetsMart Cold Stone Creamery, and Jamba Juice can also be found at this location. Wal-Mart recently opened a new super center just south of the Target site. A Lowe's store opened in November 2008 northwest of Target on Lacey Boulevard. An auto mall was developed on 37 acres at the northwest quadrant of 12th Avenue and State Highway 198. A Toyota and Hyundai dealership were the first to open.

A new shopping center is being constructed at the intersection of Highway 43 and Highway 198 in East Hanford. The center piece is a new Costco store, which will open in fall of 2016. This center represents the first significant new growth in that sector of town.

Office: Offices within the Hanford market have a strong presence in two locations and generally include the downtown district and the district east of 12th Avenue along Lacey Boulevard. Tenants and owner users include medical, lawyers, accountants, insurance, and real estate. The bulk of the medical offices are located near Hanford's two acute care hospitals. Government offices are also prominent in the downtown and surrounding area.

The majority of office space in the downtown district of Hanford is owner-occupied. The strong owner-user influence promotes elevated pricing when good quality properties become available. There is some office vacancy present in the downtown area but the majority of the vacancies are in older commercial buildings that feature retail users on the ground levels and office users on the upper levels. The downtown district has seen several new developments recently. The vacant Sears building was purchased and completely renovated for office uses. It is anchored by FAST credit union and Kings County. A newer office building was completed for the Social Security Administration near city hall. One of the centerpieces of downtown, the former Hanford Furniture building, was purchased by the law firm of Griswold, LaSalle, Cobb, Dowd and Gin and was renovated as their newer office space.

The higher quality developments along Lacey Boulevard are mostly tenant-occupied. These buildings set the upper tier for quality and condition within the county. A wide range of professional and medical users are present. This location offers excellent access and exposure

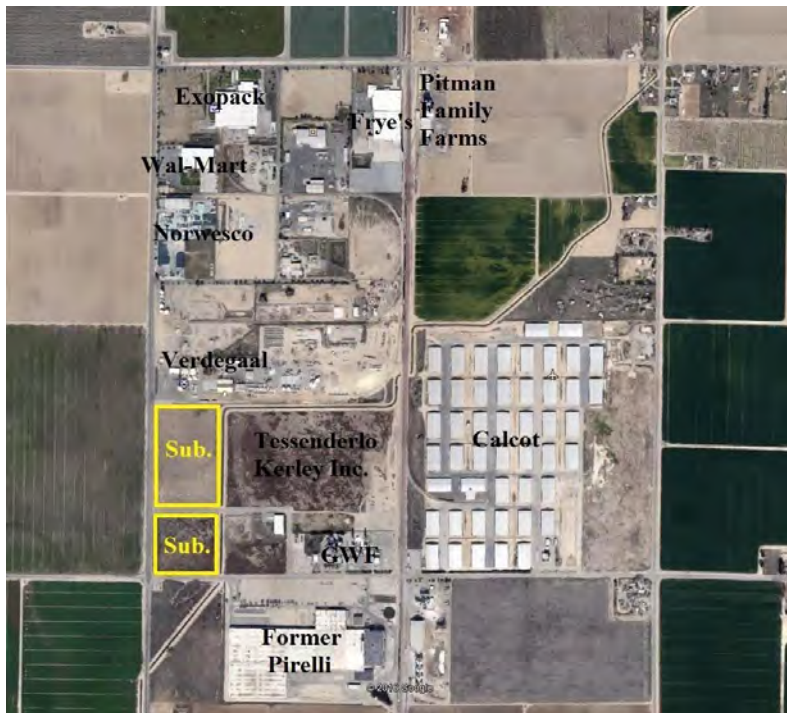
along with proximity to the Kings County Government Center and the new Hanford Community Medical Center. New offices are being added in a mature residential sector along Seventh Street east of Campus Drive as doctors seek to relocate near the new hospital campus.

Summary: The long-term outlook for Hanford is positive. It has a diversified economy based on agriculture, manufacturing, and large public sector employers. It has become the health care provider for the region. Home prices have been on the rise supported by limited supply. Continued improvements in unemployment will further stabilize the local economy. This trend is likely to continue through 2016.

Industrial Park Sub-Market

The subject property is located in the southern portion of the city of Hanford. More specifically, the subject is positioned at the intersection of 11th Avenue and Idaho Avenue in the southern portion of town. This location is part of the primary industrial park, which is generally located between 10th and 11th Avenues, south of Houston Avenue, and north of Jackson Avenue.

Highway 198 is about 3.5 miles to the north and is accessible at both 10th and 11th Avenues. Highway 43 is about 3 miles to the east and is accessible via multiple roadways. The highways provide linkage to larger thoroughfares such as Interstate 5 and Highway 99. In addition, the Burlington Northern Santa Fe railroad line passes through the industrial park in a north-south direction providing rail access.



The broader area surrounding the subject features a mixture of industrial oriented uses. Smaller users are present such as Crop Production Services, Norwesco, Mineral King Minerals, Simplot, and Verdegaa Brothers. Larger users include Del Monte, Exopack, Frye's Electronics, McClellan, Wal-Mart, and the former Pirelli facility. The most recent addition is a new fertilizer plant operated by Tessengerlo Kerley, which is just east of the subject on Energy Street. Pitman Family Farms is currently under construction.

Of note is the former Cargill feed facility, which was purchased by a poultry producer known as Pitman Family Farms. The same buyer then purchased 110 acres from the City of Hanford for \$25,000 per acre. A new poultry processing plant is currently under construction at the site. The former Pirelli plant was converted to multi-tenant warehouse space and still houses a substantial amount of vacancy. However, there is a proposal to convert the plant to a medicinal marijuana growing facility. This proposal is in the very early stages with it set to go before the city council. The Calcot warehouse site is also largely vacant.

There is over 300 acres of vacant land zoned for industrial uses within this sector. Available sites range from 2.5 acres to over 50 acres. The area benefits from municipal infrastructure and rail access. The main limitation is that Hanford is not located along the Highway 99 corridor. With that said, access is adequate and rail access is a plus.

Historically, demand has been stagnant and growth has been slow. This may be a function of the location and smaller rural market when compared to Fresno and Visalia, which have captured the bulk of the industrial base in the region. As a result of low activity, land values have traditionally been fairly stable with most transactions in the \$25,000 to \$35,000 per acre range.



Property Data

Property Data

Location:	The subject is located at the northeast corner of 11 th Avenue and Idaho Avenue, in the City of Hanford, County of Kings, State of California. There is no known site address.
Ownership Info:	Official Records of the County of Kings show fee ownership is vested as City of Hanford, a municipal corporation. There have been no sales transactions on this property within the last three years. It is not currently listed for sale or lease. The subject has consisted as vacant industrial land for many years.
APN:	018-242-067 & 018-242-077; Kings County
Legal Description:	Reviewed and contained in work-file.
Zoning:	The subject property is situated within a planned heavy industrial district (H-I) by the City of Hanford. Permitted uses include manufacturing, warehousing, food processing, and cold storage. Additional uses are allowed with a conditional use permit.
Site Description:	The subject property consists of two separate parcels. APN 018-242-067 sits at the northeast corner of 11th Avenue and Idaho Avenue. It contains 9.81 acres, or 427,324 square feet. APN 018-242-077 sits at the northeast corner of 11th Avenue and Energy Street. It contains 16.43 acres, or 715,691 square feet. Both parcels have a rectangular shape with a level topography. The parcels have frontage on 11th Avenue, Idaho Avenue, and Energy Street. All three frontages are two-lane asphalt-paved city maintained roadways. Each frontage is improved with concrete curb, gutter, and street lighting. All municipal utilities are available.
Access & Visibility:	Eleventh Avenue is a north-south arterial roadway that carries above average traffic volume. It links to Highway 198 about 3.5 miles to the north. Idaho Avenue is a two-lane connector street carrying moderate traffic volume. It links to Highway 43 about 3

miles to the east. Energy Street borders the north property line, and is a two-lane collector street.

Exceptions to Title:	No apparent adverse easements or encroachments were noted upon inspection of the subject property. However, this cannot be verified without review of a title report, which was not provided to us. Review of a title report is a contingency of this report.
Flood Zone:	The subject is within Zone X and flood insurance is not required. Source: FEMA Panel No. 06031C-0195C, dated June 16, 2009.
Earthquake Zone:	The subject is not within an Alquist-Priolo special studies zone.
Other Considerations:	The subject is not located within a land preserve, wetlands area or environmentally sensitive area. No onsite hazardous waste conditions were noted by the appraiser during the observation. The reader is directed to the Item 13 of the <i>Contingent and Limiting Conditions</i> for the environmental limitations of this appraisal.
Improvements:	None.

APN 018-242-067



View along 11th Avenue



View of subject from 11th Avenue



View along Idaho Avenue



View of subject from Idaho Avenue

Attachment: 2016.10.07 Appraisal Industrial Land at 11th and Energy Hanford (1768 : Successor Agency)

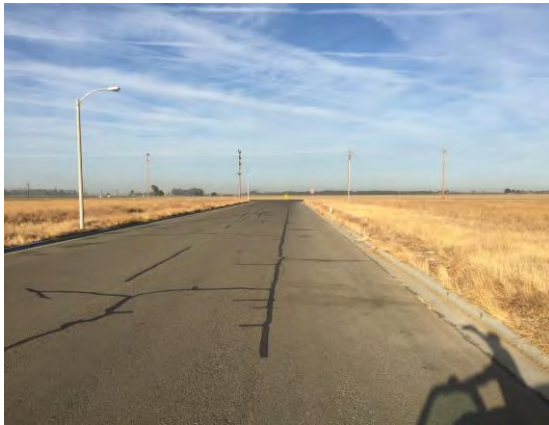
APN 018-242-077



View along 11th Avenue



View of subject from 11th Avenue



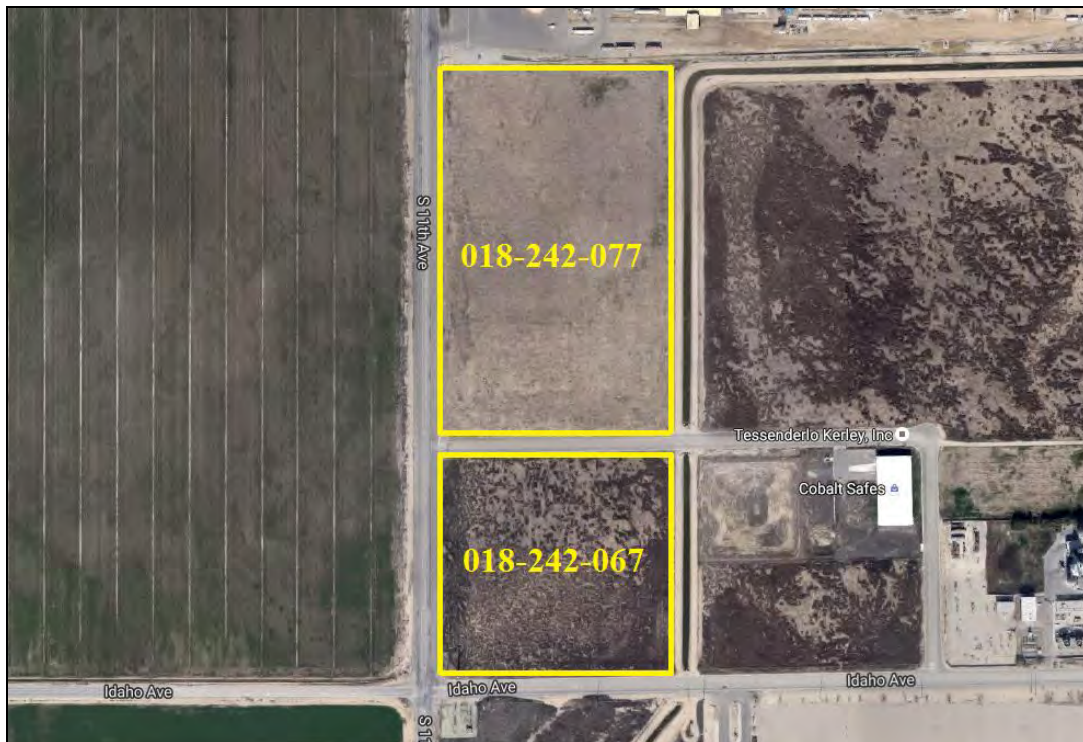
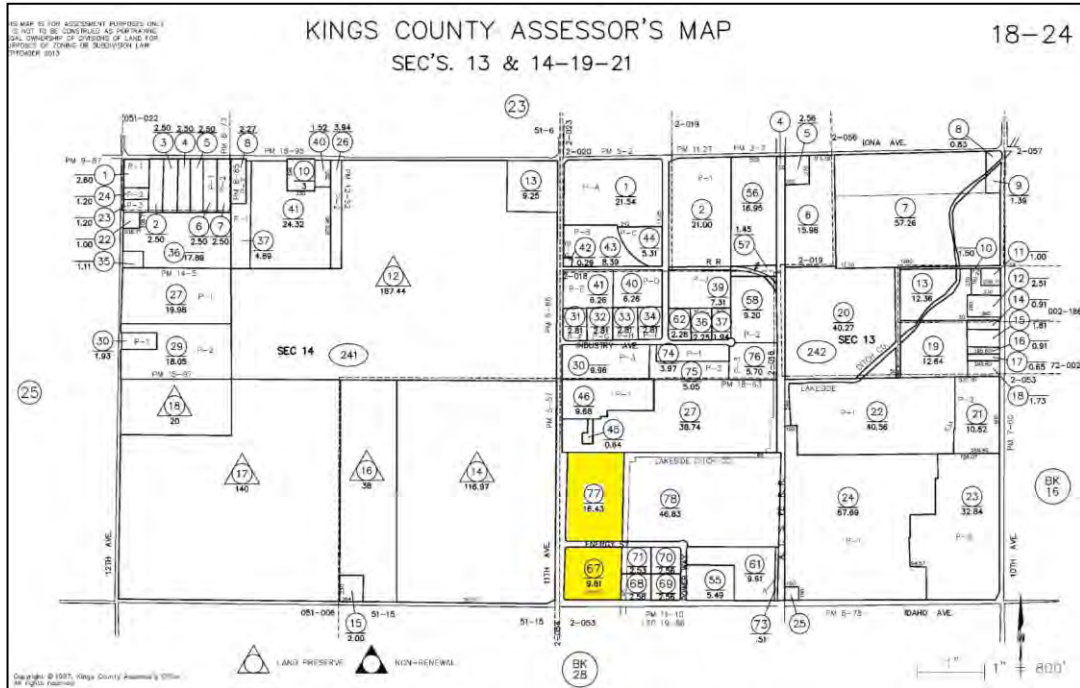
View along Energy Street



View of subject from Energy Street

Attachment: 2016.10.07 Appraisal Industrial Land at 11th and Energy Hanford (1768 : Successor Agency)

Subject Maps



Attachment: 2016.10.07 Appraisal Industrial Land at 11th and Energy Hanford (1768 : Successor Agency)



Valuation

Highest & Best Use

In the valuation of the subject property, consideration has been given to its highest and best use. The highest and best use analysis involved a study of the present use of the property, uses of surrounding properties, and zoning availability for the subject. Highest and best use may be defined as follows: *"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."* (*The Appraisal of Real Estate, Edition, p.275*)

A highest and best use analysis identifies the most probable and profitable competitive use the subject property could be used for. Since economic conditions change, a property's highest and best use changes as well. This analysis is an essential step in the determination of market value because it forms a framework for the proper selection of comparables. There are four main tests in a highest and best use study: (1) governmental requirements and limitations; (2) physical constraints; (3) financial feasibility, and (4) maximum productivity. If more than one use survives the first three tests, then the use that produces the highest positive reward with the least risk is the highest and best use.

The subject parcels are zoned H-I, which is a planned heavy industrial district by the City of Hanford. Nearby lands are compatibly zoned. Permitted uses include manufacturing, warehousing, food processing, and cold storage. Additionally, a wide range of uses can be allowed with a conditional use permit.

Physically, the subject is comprised of two separate parcels containing 9.81 acres and 16.43 acres. The topography is rough level and at street grade. All municipal utilities are available and all three frontages are improved with curb and gutter. Access and visibility are rated average. The subject has all of the qualities necessary for development with few limitations.

Physical attributes of the property appraised are well suited to serve the use selected below. Usage of the property in this manner produces a positive reward with acceptable risk. There is no significant potential for rezoning to a significantly different use. Based upon legalities, physical elements, as well as economic factors, the highest and best use of the subject is for industrial development.

Sales Comparison Approach

Introduction: The sales comparison approach is the most applicable approach when valuing vacant land. In this approach, the subject property is compared directly with recent sales of similar properties in the marketplace. This comparison is typically accomplished by extracting "units of comparison," for example, price per acre, then adjusting these units of comparison for the comparable sales for differences between the subject and the comparable.

Market Data: The local market area was searched for sales of vacant land parcels zoned for industrial uses. Numerous conveyances were considered on a preliminary basis. Those cited in this appraisal report were judged most comparable. Six sales and one listing were identified and compared with the subject. Each sale has been verified with a reliable source and visually observed by the appraiser. The data indicates a unit price range of \$26,911 to \$90,000 per acre with a median of \$55,594 per acre. The market data is summarized as follows:



Attachment: 2016.10.07 Appraisal Industrial Land at 11th and Energy Hanford (1768 : Successor Agency)

Sale 1 is located in the southwest portion of the city of Porterville. It is located on Hope Avenue, west of Newcomb Street within the airport industrial park. The property consists of 9.3 acres of land that is improved with curb and gutter. All municipal utilities are available. The property is currently in escrow. It is being purchased by a firm that plans to build a new 150,000 square foot manufacturing plant for environmentally friendly buses. The purchase price is \$660,000 or \$70,968 per acre. The seller is the City of Porterville.

Sale 2 is located along the Manning Avenue corridor north of Selma. It is a small parcel of farmland zoned for agriculture. However, it is within Selma's sphere of influence with a future land use of industrial. Several large industrial properties are one-quarter mile to the west.

Sale 3 is located in the city of Tulare on the south side of Paige Avenue, east of "K" Street. This location is in the heart of Tulare's industrial sector. The property includes 18.96 acres of land that also includes a house and a shop. All utilities are available, but there are no off-site improvements. It is zoned for light industrial uses. It was listed for \$1,520,000 and was on the market for 22 months. The buyer is a local investor that paid \$1,275,000 or \$67,247 per acre. No value was assigned to the buildings.

Sale 4 is also located in Tulare's industrial sector on the east side of "K" Street, north of Commercial Avenue. The property consists of 19.85 acres of land that is zoned for heavy industrial uses. It had all utilities, but no off-site improvements. There is an auto wrecking yard on a portion of the property that includes a small shop building. The property was not exposed on the market. The buyer is a local investor who has been active in purchasing property in this area. There may have been some motivation to acquire this site due to assemblage. The price was \$1,786,500 or \$90,000 per acre.

Sale 5 is located in the neighboring city of Lemoore. It consists of 3.03 acres of land that is located on the west side of Commerce Street at Iona Avenue. The property has frontage along Highway 198 and has all municipal utilities available. It is finished with curb and gutter. This property was purchased from the City of Lemoore by a neighboring property owner for future expansion. The purchase price was \$125,000 or \$40,850 per acre.

Sale 6 is located immediately east of the subject on Energy Avenue at Power Way. It consists of 45.99 acres of industrial land improved with curb and gutter. All municipal utilities were available. Additionally, a new rail spur was included in the purchase price. The seller was the City of Hanford. The site was purchased for the development of a new fertilizer plant.

Listing 1 is located just north of the subject at the northwest corner of Crown Avenue and Industry Avenue. It is part of a tract of industrial lots with primarily smaller to mid-size industrial users. The property consists of three lots that are improved with curb and gutter. All municipal utilities are available and a rail spur is present along the north property line. The entire assemblage can be purchased for \$63,175 per acre, or the smaller individual lots can be purchased for \$73,571 per acre. These lots have been on the market for several years.

COMPARABLE INDUSTRIAL LAND SALES								
	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Listing 1
Location	11th Avenue & Energy Street, Hanford	N.S. of Hope Avenue, west of Newcomb Street, Porterville	SWC of Manning Avenue & Leonard Avenue, Selma	S.S. of Paige Avenue, east of "K" Street, Tulare	E.S. of "K" Street, north of Commercial Avenue, Tulare	W.S. of Commerce at Iona Avenue, Lemoore	N.S. of Energy Street, east of 11th Avenue, Hanford	NWC of Crown Avenue & Industrial Avenue, Hanford
APN	018-242-67, 77	302-390-015 & 024	348-050-25	191-050-039	191-340-001	024-051-32, 33	018-242-064	018-242-033, 034 & 040
Date of Sale	-----	In Escrow	Apr-2016	Dec-2015	Dec-2015	Jul-2014	Jun-2012	Listing
Doc. Number	-----	-----	16-44514	15-76197	15-76199	14-10296	12-10386	-----
Buyer	-----	Green Power Motor Co.	Crossings LP	Five Star Dairy	Five Star Dairy	Amber Investments	Tessenderlo Kerley Inc.	-----
Seller	-----	City of Porterville	Campbell	Harris	Chavez	Community Redevelopment Agency	Community Redevelopment Agency	Koster
Sale Price	-----	\$660,000	\$250,000	\$1,275,000	\$1,786,500	\$125,000	\$1,380,000	\$760,000
Price/Acre	-----	\$70,968	\$26,911	\$67,247	\$90,000	\$40,850	\$30,007	\$63,175
Price/S.F.	-----	\$1.63	\$0.62	\$1.54	\$2.07	\$0.94	\$0.69	\$1.45
Site Size (Ac.)	9.81 & 16.43	9.30	9.29	18.96	19.85	3.06	45.99	12.03
Site Size (S.F.)	427,324 & 715,691	405,108	404,672	825,898	864,666	133,294	2,003,324	524,027
Zoning	H-1	A-1	AE-20	M-1	M-2	M-L	H-1	H-1
Off-sites	Curb & gutter	Curb & gutter	None	None	None	Curb & gutter	Curb & gutter	Curb & gutter
Utilities	All Municipal	All Municipal	Septic, G & E	All Municipal	All Municipal	All Municipal	All Municipal	All Municipal
Orientation	Corner	Interior	Corner	Interior	Interior	Interior	Interior	Corner
On-Sites	None	None	None	None	None	None	Rail Spur	None
Adjustments								
Time of Sale	Current	0%	0%	0%	0%	5%	15%	0%
Sale Conditions	Normal	0%	0%	0%	-10%	0%	0%	-10%
Location	Average	0%	0%	-25%	-15%	0%	0%	0%
Site Size	9.81 & 16.43	0%	0%	0%	0%	-5%	10%	0%
Zoning	H-1	0%	10%	0%	0%	0%	0%	0%
Off-sites	Yes	0%	10%	10%	10%	0%	0%	0%
Utilities	Yes	0%	10%	0%	0%	0%	0%	0%
On-Sites	None	0%	0%	0%	0%	0%	-15%	0%
Total Adj. %	-----	0%	30%	-15%	-15%	0%	10%	-10%
Price/Sq. Ft.		\$70,968	\$34,984	\$57,160	\$76,500	\$40,850	\$33,007	\$56,858

Conclusion: The comparables are considered to be pertinent indicators of value. Observations of market conditions indicate that adjustments may be required for property rights conveyed, conditions of sale, time of sale, location, size, zoning, off-sites and utilities. The adjustments are summarized in the lower half of the sales chart on the preceding page. After adjustment the sales range from \$33,007 to \$76,500 per acre with a median of \$56,858 per acre.

Sale 4 sets the high end at \$76,500 per acre. Tulare is a superior market due to its location along the Highway 99 corridor. Additionally, this sale was influenced by a motivated buyer accumulating land in this area. Sale 1 is also at the upper end of the range. The Porterville location is considered more comparable, as Porterville and Hanford have tended to have comparable raw industrial land values. However, given the higher price point, it is possible this sale is not typical and may include a motivated buyer.

The low end of the range is influenced by Sales 2 and 6. Sale 2 is more transitional in nature and is given less weight. While located near the subject, Sale 6 is quite dated. Both of these sales are given less weight.

The remaining sales bracket a range of \$40,850 to \$57,160 per acre.

Local listing activity was also considered. Only a few private party listings in Hanford were found with Listing 1 being the most similar. This property has had considerable market exposure at that price point with no success. This could suggest that the asking price of \$63,175 per acre is too high. The economic development agencies of Hanford and Lemoore have historically sold finished sites in the \$30,000 to \$45,000 per acre range. This trend coupled with other market factors already discussed has led to fairly stagnant land values locally. It is difficult to foresee land value patterns substantially changing over the short-term.

All factors considered; a unit value of \$40,000 per acre is best supported for the subject. By the sales comparison approach, it is my opinion that the value of the subject is as follows:

APN 018-242-067
9.81 Acres @ \$40,000 / Acre = \$392,400
Rounded = \$390,000

APN 018-242-077
16.43 Acres @ \$40,000 / Acre = \$657,200
Rounded = \$660,000

Reasonable Exposure Time: The assumptions and conclusions reached in the valuation section of this report were considered. A review was made of actual exposure times from the comparable sales data as well as a survey of real estate brokers knowledgeable in this market. It is my opinion that an exposure time of twelve months or less is reasonable for the subject at the appraised value.



Addenda

Qualifications of Timothy J. Simon, MAI

STATE OF CALIFORNIA CERTIFICATION

State of California Office of Real Estate Appraisers - Certified General Real Estate Appraiser. Certificate # AG010007, Expiration May 7, 2017.

PROFESSIONAL AFFILIATIONS

MAI - The Appraisal Institute. Member # 10,157 (October 1993)
1999 President - Central California Chapter
State of California Licensed Real Estate Broker # 01264078

EDUCATION

California State University, Fresno

Bachelor of Science, Industrial Technology - Construction, 1981

The Appraisal Institute (1986-Present)

1A1, Real Estate Appraisal Principles
1A2, Basic Valuation Procedures
1BA, Capitalization Theory and Techniques A
1BB, Capitalization Theory and Techniques B
2-1 Case Studies in Real Estate
2-2, Report Writing and Valuation Analysis
SPP-A, B and C, Standards of Professional Practice
International Right of Way Association
Course 403 Easement Valuation
Course 214 Skills of Expert Testimony
Numerous Appraisal Seminars and Workshops

INSTRUCTOR

Instructor of appraisal classes at College of the Sequoias, a community college located in Visalia, CA. (1994)

PARTIAL LIST OF PROPERTY TYPES APPRAISED

Office Buildings	Industrial Properties	Shopping Centers
Apartment Buildings	Residential Subdivisions	Agricultural Properties
Eminent Domain/Right of Way	Special Purpose Properties	

APPRAISAL EXPERIENCE

American Appraisal Associates Walnut Creek, CA 1981-86
Building cost analyst and real estate appraiser. Clients included numerous corporations, business firms, lending institutions and government agencies.
Wells Fargo Bank Real Estate Industries Group Walnut Creek, CA 1986-88
Staff real estate appraiser. Clientele were medium to large developers for construction lending and permanent financing of existing and proposed construction.
Real Property Analysts Fresno, CA 1988-92

Independent fee appraiser. Proposed and existing income real property. Right of way appraisals for Government agencies.

Simon Company Hanford, CA 1992-Present

Independent fee appraiser, self-employed.

COURT EXPERIENCE

Qualified as an expert witness in Kings and Tulare County Superior Court

PARTIAL LIST OF CLIENTS SERVED

Lending Institutions:

Wells Fargo Bank
Bank of America
Sanwa Bank California
Bank of the West
The California Stockmen's Bank
Imperial Thrift & Loan
Westamerica Bank
Clovis Community Bank
Bank of the Sierra
United Security Bank
Comercia Bank
Stockton Savings Bank
Sacramento State Bank
Goleta National Bank
Kaweah National Bank
Heritage Bank of Commerce
California Federal Bank
Zion First National Bank
Federal Land Bank
Temucula Valley Bank
Rabo Bank
Valley Business Bank
Premier Valley Bank
Suncrest Bank

Corporations:

McDonald's Corporation
Chevron USA
Principal Financial
Adventist Health Systems

Law Firms:

Kahn, Soares & Conway – Hanford, CA
Griswold, LaSalle, Cobb, Dowd & Gin – Hanford, CA
Maroot, Hardcastle & Hatherley – Hanford & Visalia, CA
Lazano Smith – Fresno, CA
Horsewill Mederos & Dorman – Tulare, CA

Governmental Agencies:

Kings County
Tulare County
City of Hanford
City of Corcoran
City of Lindsay
City of Porterville
City of Huron
Visalia Redevelopment Agency
Hanford Elementary School District
Pioneer School District
Riverdale Unified School District
Central Unified School District
Island Union School District
College of the Sequoias
West Hills College
Lemoore Unified School District
Sierra Kings District Hospital
Hanford Community Medical Center
California Dept. Of Transportation
Southern California Edison Co.
Southern California Gas Co.
Kings County Water District
Tulare Lake Drainage District
Resolution Trust Company

Accounting Firms:

Brown, Neuman & Semas/Hanford, CA
Gilman, Harris and Travoli/Visalia, CA
M Green and Company/Hanford, Visalia
and Tulare, CA

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All opinions, analyses, and conclusions stated herein are intended for the exclusive use of our client and other specifically identified intended users. Only the client and other specifically identified intended users may use this report for the sole purpose and intended use stated herein.

End of Report

Attachment: 2016.10.07 Appraisal Industrial Land at 11th and Energy Hanford (1768 : Successor Agency)

072199

**SHARED APPRECIATION
SECURED PROMISSORY NOTE**

"This is to certify that this is a full, true and a
 copy of the original."
 FIRST AMERICAN TITLE COMPANY
 By *[Signature]*

\$300,533.00

December 28, 1999
Hanford, California

FOR VALUE RECEIVED the undersigned, COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HANFORD ("Maker") promises to pay in lawful money of the United States to KINGS COUNTY ECONOMIC DEVELOPMENT CORPORATION, a California Non-Profit Public Benefit corporation ("Holder") or order, at Hanford, California, or such other location designated by Holder, the principal sum of Three Hundred Thousand Five Hundred Thirty-three Dollars (\$300,533.00) with no interest thereon.

Maker and Holder acknowledge and agree that this Promissory Note represents a shared appreciation loan by Holder to Maker. The loan funds will be used by Maker to fund thirty-four percent (34%) of the purchase price of real property located in Hanford, California, purchased by Maker from Pirelli Tire, LLC, a Delaware limited liability company, for a total purchase price of Eight Hundred Eighty-three Thousand Nine Hundred Twenty-three Dollars (\$883,923.00) ("Purchase Price"). The real property purchased by Maker ("Real Property") is more particularly described in the Shared Appreciation Deed of Trust of same date herewith and which secures Maker's performance under this Promissory Note ("Deed of Trust").

The principal balance of this Promissory Note shall be paid to Holder as portions of the Real Property is sold by Maker. Prior to the close of escrow for the sale of any portion of the Real Property, Holder shall provide to the escrow holder, on or before the date of close of escrow, a partial reconveyance of the Deed of Trust as to the portion of the Real Property sold by Maker. In consideration of providing a partial reconveyance, Maker shall pay to Holder Three Thousand Ninety-five Dollars (\$3,095.00) per acre ("Principal Installment") for each acre subject to Holder's partial reconveyance on the date of close of escrow for the sale of that portion of the Real Property. Payments of Principal Installments shall continue in this fashion until the sale of the last portion of the Real Property at which time the remaining principal balance of this Promissory Note shall be paid in full. Should Maker elect to transfer title to any portion of the Real Property for consideration other than cash, Holder shall remain entitled to payment of the Principal Installment for that portion of the Real Property transferred unless Holder elects to waive payment of such Principal Installment. Holder and Maker agree to perform their obligations under this Promissory Note and the Deed of Trust in good faith and to deal fairly with each other. Maker agrees that the sale or lease of any portion of the Real Property will be through an arms length transaction unless otherwise consented to by Holder.

Holder and Maker agree that the principal balance of this Promissory Note shall not accrue fixed rate interest but instead, Maker shall pay Holder contingent deferred interest ("CDI") which shall be calculated as follows. Should Maker sell any portion of the Real Property for a price in excess of Nine Thousand One Hundred and Three Dollars (\$9,103.00) per acre, Holder shall receive on the date of close of escrow for the sale of that portion of the Real Property, an amount

Attachment: 12-28-1999 Shared Appreciation Secured Promissory Note (\$300,533) (1768 : Successor Agency)

equal to thirty-four percent (34%) of that portion of the Purchase Price for that portion of the Real Property in excess of Nine Thousand One Hundred and Three Dollars (\$9,103.00) per acre. For purposes of example only, should Maker sell an acre of the Real Property for Fifteen Thousand One Hundred and Three Dollars (\$15,103.00) per acre, Fifteen Thousand One Hundred and Three Dollars (\$15,103.00) per acre less Nine Thousand One Hundred and Three Dollars (\$9,103.00) equals Six Thousand Dollars (\$6,000.00). Holder would receive Two Thousand Forty Dollars (\$2,040.00) of the Six Thousand Dollars (\$6,000.00) as CDI and Maker would receive the remaining Three Thousand Nine Hundred and Sixty Dollars (\$3,960.00). The CDI received by Holder will be in addition to the Principal Installment due upon the sale of that portion of the Real Property.

On the sale of the last portion of the Real Property, Holder shall provide to escrow holder, on or before the date of close of escrow, a full reconveyance of the Deed of Trust. On the date of close of escrow for the sale of the last portion of the Real Property, Holder shall receive any remaining Principal Installments that may be due and were not waived by Holder plus any CDI Holder may be entitled to receive plus an amount equal to Three Thousand Ninety-five Dollars (\$3,095.00) per acre for those portions of the Real Property that were used for the construction of streets, storm drainage basins and any other public improvements constructed by Maker. On the date of close of escrow for the sale of the last portion of the Real Property and the payment to Holder of all remaining Principal Installments and CDI, this Promissory Note shall terminate.

Maker shall have the right to prepay all or any part of the outstanding unpaid principal balance of this Promissory Note at any time without penalty. Should Maker prepay all or any portion of the outstanding principal balance of this Promissory Note before all of the Real Property is sold, the Deed of Trust shall remain a lien against title to the Real Property only to secure Maker's payment of any CDI due to Holder from the sale of the remainder of the Real Property. However, prior to the close of escrow for the sale of any portion of the Real Property occurring after the principal balance of this Promissory Note has been paid in full, Holder shall provide to the escrow holder, on or before the date of close of escrow, a partial reconveyance of the Deed of Trust as to the portion of the Real Property sold, subject to payment to Holder on the date of close of escrow of CDI, if any, due to Holder for the sale of that portion of the Real Property.

In the event of Maker's failure to perform when due any obligation, covenant or agreement of this Promissory Note or the Deed of Trust which secures Maker's performance under this Promissory Note, Holder may accelerate this Promissory Note and demand immediate payment of all unpaid principal. In such event, the Deed of Trust shall remain a lien against title to the Real Property only to secure Maker's payment of any CDI due to Holder from the sale of the remainder of the Real Property. However, prior to the close of escrow for the sale of any portion of the Real Property occurring after Holder's acceleration of payment under this Promissory Note, Holder shall provide to escrow holder, on or before the date of close of escrow, a partial reconveyance of the Deed of Trust as to the portion of the Real Property sold, subject to payment to Holder on the date of close of escrow of CDI, if any, due to Holder for the sale of that portion of the Real Property.

Should Maker default under any of the terms and conditions of this Promissory Note or the Deed of Trust securing Maker's performance hereunder, and an attorney is hired for collection, or if

suit is filed hereon, Maker agrees to pay to Holder all reasonable costs of collection, including attorneys' fees. The amounts due Holder hereunder shall have equal priority with, and be secured by, the Deed of Trust securing this Promissory Note.

The breach by Maker of any term or condition of the Deed of Trust shall also constitute a material breach of this Promissory Note and as a result of such breach, the payment of principal shall be accelerated and shall become immediately due and payable.

Should Holder fail to perform when due any obligation, covenant or agreement it is required to perform under this Promissory Note, including, without limitation, providing any partial release of the Deed of Trust within the time period required under this Promissory Note, and Maker is not in breach of any provision of this Promissory Note or the Deed of Trust, Maker shall be relieved of all its obligations under this Promissory Note, including, without limitation, the payment to Holder of any Principal Installment or CDI until Holder completes its required performance.

In the event of any breach or default by Holder or Maker of their respective obligations under this Promissory Note, the non-defaulting party may maintain an action at law or in equity, including without limitation an action for damages or specific performance. Because the Real Property is unique and the amount thereof limited for sale to purchasers, irreparable harm could result if the Promissory Note was not strictly enforced. Therefore, the rights and obligations of the parties hereto may be enforced by a court of equity by a decree of specific performance and/or appropriate injunctive relief. Such remedies shall be cumulative and not exclusive and shall be in addition to all other remedies which any party may have under this Promissory Note or otherwise.

Holder and Maker acknowledge and agree that the relationship between Holder and Maker is one of lender and borrower and no other. Nothing contained in this Promissory Note or the Deed of Trust shall create or be construed as creating a partnership, joint venture or any other relationship other than lender and borrower.

Maker shall have the right to lease any portion of the Real Property ("Lease Property"). Should Maker elect to lease any portion of the Real Property, Maker shall pay to Holder on or before the date the lease term commences, a Principal Installment for each acre of Lease Property. In such event, the Deed of Trust shall remain a lien against title to the Real Property only to secure Maker's payment of any CDI due Holder upon the sale of the Lease Property. Holder agrees to subordinate the Deed of Trust to: (1) deeds of trust or other security instruments recorded against the Lease Property securing construction and permanent financing obtained by Maker or any lessee of the Lease Property for the development and improvement of the Lease Property; and (2) any lease of the Lease Property.

Should Maker sell the Lease Property, any CDI due Holder from the sale of the Lease Property shall be based upon the sale of the Lease Property as bare land without any on-site improvements ("Bare Land Price"). Maker and Holder shall have fifteen (15) days from the date of written notice from Maker to Holder advising Holder of Maker's election to sell the Lease Property to agree on the Bare Land Price. Should Maker and Holder fail to agree on the Bare Land Price within said fifteen (15) day period, Maker and Holder will have ten (10) days from the end of the fifteen (15) day period to attempt to agree on a single appraiser to appraise the

"This is to certify that this is a full, true and correct copy of the original."
 AIRS AMERICAN TITLE COMPANY
 BRUCE A. AIRS

Attachment: 12-28-1999 Shared Appreciation Secured Promissory Note (\$300,533) (1768 : Successor Agency)

Lease Property and determine the Bare Land Price. Should Maker and Holder fail to agree on a single appraiser within the ten (10) day period, Maker and Holder shall have five (5) days to each select an appraiser to appraise the Lease Property and determine the Bare Land Price. If either Holder or Maker fails to select an appraiser within said five (5) day period, the appraiser selected by the other shall act as the sole appraiser to determine the Bare Land Price. Once selected, the appraiser or appraisers will have thirty (30) days to issue a final appraisal identifying the Bare Land Price. If the appraisers cannot agree on a Bare Land Price, they shall each provide an appraisal of the Bare Land Price. The Bare Land Price shown in each appraisal will be added together and divided by 2 and that number will constitute the Bare Land Price to be used to determine whether any CDI is owed to Holder. Prior to the close of escrow for the sale of the Lease Property, Holder shall provide to escrow holder, on or before the date of close of escrow, a partial reconveyance of the Deed of Trust for the Lease Property sold, subject to payment to Holder on the date of close of escrow of CDI, if any, due Holder for the sale of the Lease Property.

This Promissory Note shall be governed and construed in accordance with the laws of the State of California as those laws are applied to written contracts between residents of said jurisdiction to be performed within said jurisdiction.

Time is of the essence in the performance of the obligations of Maker under this Promissory Note.

All payments under this Promissory Note shall be made in lawful money of the United States of America to Kings County Economic Development Corporation, 1200 W. Lacey Blvd. Hanford, California 93230 or at such other address as Holder may designate in writing from time to time.

Any notices or other communication required or permitted under this Agreement shall be in writing, and shall be (a) personally delivered, or sent by certified or registered United States mail, postage prepaid, return receipt requested, to the address of the party set forth in this paragraph; or (b) telecopied to the Fax number of the party set forth below. Such notice or communication shall be deemed given when delivered in person, when the telecopy is received or, in the case of the mailed notice, at the time of deposit in the United States mail to the addresses shown below:

To Holder: Kings County Economic Development Corporation
1200 W. Lacey Blvd.
Hanford, California 93230
Fax # (559) 582-7908

With a copy to: K. Phillip Maroot,
MAROOT, HARDCASTLE & HATHERLEY
429 N. Redington
Hanford, California 93230
Fax # (559) 584-7625

 copy of the original.
 FIRST AMERICAN TITLE COMPANY
 This is to certify that this is a true and correct copy of the original.

"This is to certify that this is a true, true and correct copy of the original."
 FIRST AMERICAN TITLE COMPANY

To Maker: Community Redevelopment Agency
 of the City of Hanford
 315 N. Douty Street
 Hanford, CA 93230
 Attn: Jan Reynolds
 Fax # (559) 582-1152

With a copy to: Michael J. Noland
 KAHN, SOARES & CONWAY, LLP
 P. O. Box 1376
 Hanford, CA 93232
 Fax #(559) 584-3348

Any party may designate a new address for notice by written notice to the other properly mailed or transmitted as herein provided.

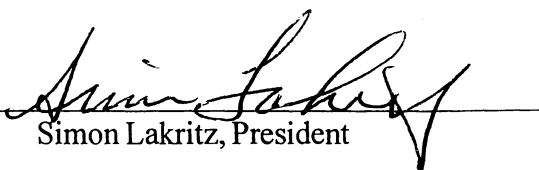
Maker expressly waives demand and presentment for payment, notice of nonpayment, protest, notice of protest, notice of dishonor, bringing of suit, and diligence in making any action to collect any amounts called for hereunder.

This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the matters set forth herein and contains all of the covenants and agreements between the parties regarding such matter. Each party to this Agreement acknowledges that no representations, inducements, promises or agreements, orally or in writing, have been made by any party or anyone acting on behalf of any party which are not embodied in this Agreement and no other agreement, statement or promises shall be valid or binding.

No change, amendment or modification of this Agreement shall be valid unless the same be in writing and signed by the parties hereto.

This Promissory Note is secured by a Deed of Trust of same date herewith.

COMMUNITY REDEVELOPMENT
 AGENCY OF THE CITY OF HANFORD

BY: 
 Simon Lakritz, President

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RECORDING REQUESTED BY:
First American Title Company

WHEN RECORDED MAIL TO:
Kings County Economic Development Corp.
120 N. Irwin Street
Hanford, CA. 93230

attn: John Lehn
escrow no. 104717RB

RECORDED IN OFFICIAL RECORDS OF
KINGS COUNTY, CALIFORNIA
AT 11 A.M.
MIN PAST
FIRST AMERICAN TITLE CO.
MAY 05 2000
GEORGE J. MASNER
County Clerk and Recorder

FEE
50

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**SHARED APPRECIATION
DEED OF TRUST WITH ASSIGNMENT OF RENTS**
(This Deed of Trust contains an acceleration clause)

This DEED OF TRUST, made December 28, 1999, between
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HANFORD, herein called TRUSTOR,

whose address is 319 N. Dooty Street Hanford California 93230
(Number and Street) (City) (State)

FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation, herein called TRUSTEE, and
KINGS COUNTY ECONOMIC DEVELOPMENT CORPORATION, herein called BENEFICIARY.

WITNESSETH: That Trustor grants to Trustee in Trust, with Power of Sale, that property in the CITY OF HANFORD
County of Kings, State of California, described as:

SEE EXHIBIT "A", which is attached hereto and made a part hereof.

together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits, for the purpose of securing (1) payment of the sum of \$300,533.00 with contingent deferred interest thereon according to the terms of a Shared Appreciation Promissory Note of same date herewith made by Trustor, payable to order of Beneficiary, and extensions or renewals thereof, (2) the performance of each agreement of Trustor incorporated by reference or contained herein and (3) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or his successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

To protect the security of this Deed of Trust, and with respect to the property above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B of the fictitious deed of trust recorded in Orange County August 17, 1964, and in all other counties August 18, 1964, in the book and at the page of Official Records in the

Attachment: 12-28-1999 Shared Appreciation Deed of Trust (1768 : Successor Agency)

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office of the county recorder of the county where said property is located, noted below opposite the name of such county, namely.

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Kings	858	713	Placer	1028	379	Sierra	38	187
Alpine	3	130-31	Lake	437	110	Plumas	166	1307	Siskiyou	506	762
Amador	133	438	Lassen	192	367	Riverside	3778	347	Solano	1287	621
Butte	1330	513	Los Angeles	1-3878	874	Sacramento	5039	124	Sonoma	2067	427
Calaveras	185	338	Madera	91	136	San Benito	300	405	Stanislaus	1970	56
Colusa	323	391	Marin	1849	122	San Bernardino	6213	768	Sutter	655	585
Contra Costa	4684	1	Mariposa	90	453	San Francisco	A-804	596	Tehama	457	183
Del Norte	101	549	Mendocino	667	99	San Joaquin	2855	283	Trinity	108	595
El Dorado	704	635	Merced	1660	753	San Luis Obispo	1311	137	Tulare	2530	108
Fresno	5052	623	Modoc	191	93	San Mateo	4778	175	Tuolumne	177	160
Glen	469	76	Mono	69	302	Santa Barbara	2065	881	Ventura	2607	237
Humboldt	801	83	Monterey	357	239	Santa Clara	6626	664	Yolo	769	16
Imperial	1189	701	Napa	704	742	Santa Cruz	1638	607	Yuba	398	693
Inyo	165	672	Nevada	363	94	Shasta	800	633			
Kern	3756	690	Orange	7182	18	San Diego	SERIES 5 Book 1964, Page 149774				

shall inure to and bind the parties hereto, with respect to the property above described. Said agreements, terms and provisions contained in said subdivisions A and B, (identical in all counties, and printed on pages 3 and 4 hereof) are by the within reference thereto, incorporated herein and made a part of this Deed of Trust for all purposes as fully as if set forth at length herein, and Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge therefor does not exceed the maximum allowed by law.

If the trustor shall sell, convey or alienate said property, or any part thereof, or any interest therein, or shall be divested of his title or any interest therein in any manner or way, whether voluntarily or involuntarily, without the written consent of the beneficiary being first had and obtained, beneficiary shall have the right, at its option, except as prohibited by law, to declare any indebtedness or obligations secured hereby, irrespective of the maturity date specified in any note evidencing the same, immediately due and payable.

The undersigned Trustor, requests that a copy of any notice of default and any notice of sale hereunder be mailed to him at his address hereinbefore set forth.

Signature of Trustor

STATE OF CALIFORNIA ss.
COUNTY OF Kings

On DECEMBER 28, 1999, before me,
KAREN MC ALISTER, Notary Public
personally appeared SIMON LAKRITZ
personally known to me (or proved to me on the basis of satisfactory evidence) to be
the person(s) whose name(s) are subscribed to the within instrument and
acknowledged to me that he/she/they executed the same in his/her/their authorized
capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or
the entity upon behalf of which the person(s) acted, executed the instrument

WITNESS my hand and official seal.

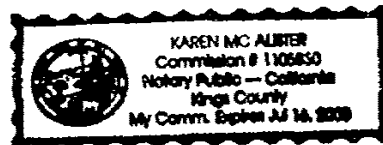
Signature

Karen McAlister

COMMUNITY REDEVELOPMENT AGENCY OF THE
CITY OF HANFORD

BY:

Simon Lakritz
Simon Lakritz, President



(This area for official notarial seal)

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Attachment: 12-28-1999 Shared Appreciation Deed of Trust (1768 : Successor Agency)

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PARCEL 1:

Parcel B of Parcel Map, Document number 8811900 in the City of Hanford, filed August 26, 1988, in Book 11 at Page 10 of Parcel Maps in the Office of the County Recorder of Kings County, State of California, EXCEPTING THEREFROM THE FOLLOWING:

BEGINNING at the Southwest corner of Parcel A, as shown on that certain Parcel Map recorded in Book 11 at Page 10 of Parcel Maps, in the Office of the Kings County Recorder, State of California, said corner being 40.00 feet Northerly of the South line of the Southwest Quarter of Section 13, Township 19 South, Range 21 East, Mount Diablo Base and Meridian, thence North 89°47'05" West along a line 40.00 feet Northerly of and parallel with last said South line of said Southwest Quarter a distance of 205.75 feet, to a 1/2" rebar, 30" long, down 6", tagged LS 4375, thence North 00°12'55" East, a distance of 421.75 feet to a 1/2" rebar, 30" long, down 6", tagged LS 4375; thence South 89°47'05" East, a distance of 205.75 feet to the Northwest corner of last said Parcel A, thence South 00°12'55" West, along the Westerly line of last said Parcel A, a distance of 421.75 feet to the Point of Beginning.

PARCEL 2:

Parcels C and D of Parcel Map, Document No. 8811990 in the City of Hanford, filed August 26, 1988, in Book 11 at Page 10 of Parcel Maps in the Office of the County Recorder of Kings County, State of California.

EXHIBIT "A"

[REDACTED]

Attachment: 12-28-1999 Shared Appreciation Deed of Trust (1768 : Successor Agency)