



**CITY COUNCIL/SUCCESSOR AGENCY/
FINANCING/POWER/
CALIFORNIA CHOICE ENERGY AUTHORITY
REGULAR MEETING
AGENDA**

Tuesday

May 8, 2018

Regular Meeting – **5:00 p.m.**

Council Chambers – Lancaster City Hall

The City Clerk/Agency/Authority Secretary hereby declares the agenda was posted
by 5:00 p.m. on Friday, May 4, 2018

at the entrance to the Lancaster City Hall Council Chambers.

44933 Fern Avenue, Lancaster, CA 93534

LEGISLATIVE BODY

City Council/Successor Agency/Financing/Power/ California Choice Energy Authority

Mayor/Chair R. Rex Parris

Vice Mayor/Vice Chair Marvin Crist

Council Member/Agency Director/Authority Member Raj Malhi

Council Member/Agency Director/Authority Member Ken Mann

Council Member/Agency Director/Authority Member Angela Underwood-Jacobs

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AGENDA ITEMS TO BE REMOVED

Sometimes it is necessary to remove items from the agenda. We apologize for any inconvenience this may cause you.

PUBLIC BUSINESS FROM THE FLOOR - AGENDIZED ITEMS

Any person who would like to address the Legislative Bodies on any agendized item is requested to complete a speaker card for the City Clerk/Agency/Authority Secretary and identify the agenda item you would like to discuss. Each person will be given an opportunity to address the Legislative Body at the time such item is discussed. Speaker cards are available at the rear of the Council Chambers and your speaker card must be filled out *prior* to the agenda item being called. We respectfully request that you fill the cards out completely and print as clearly as possible. Following this procedure will allow for a smooth and timely process for the meeting and we appreciate your cooperation. *Individual speakers are limited to three (3) minutes each.*

Consent Calendar items under the Legislative Body may be acted upon with one motion, a second and the vote. If you desire to speak on an item or items on the Consent Calendar, you may fill out one speaker card for the Consent Calendar. You will be given three minutes to address your concerns before the Legislative Body takes action on the Consent Calendar.

CALL TO ORDER

City Council/Successor Agency/Financing/Power/ California Choice Energy Authority

ROLL CALL

City Council Members /Agency Directors /Authority Members: Malhi, Mann, Underwood-Jacobs;
Vice Mayor/Vice Chair Crist, Mayor/Chair Parris

INVOCATION

Pastor Dwayne Jones, Living Water Worship Center

PLEDGE OF ALLEGIANCE

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PRESENTATIONS

1. Recognition of Los Angeles County Sheriff Department, Lancaster Station's 1st place finish in the Baker to Vegas relay
Presenter: Mayor Parris and Captain Weber

2. State Designated Cultural District Presentation
Presenter: Andi Campognone

3. Recognition of Tracey Davis with Davis Communications
Presenters: Mayor Parris and City Manager Bozigian

4. Antelope Valley College Facilities Plan and Construction Update
Presenter: Antelope Valley College President, Ed Knudson

MINUTES

M 1. Approve the City Council/Successor Agency/Financing/ Power/ California Choice Energy Authority Regular Meeting Minutes of April 24, 2018.

CONSENT CALENDAR

CCEA CC 1. Adopt **Resolution No. CCEA 02-18**, granting authority to the Executive Director to enter into certain contracts on behalf of California Choice Energy Authority ("CCEA") and repealing Resolution No. CCEA 04-17.

On March 28, 2017, the CCEA Board adopted a resolution to amend the JPA to better reflect its purpose, which is to utilize staff expertise in supporting member cities with the formation, implementation support services, and on-going operation of each member city's Community Choice Aggregation ("CCA") program. Because CCEA agreements often require swift execution and/or do not raise policy considerations that require CCEA Board approval, it is appropriate for CCEA management to have discretion to execute certain CCEA energy, energy product, and professional services agreements.

CC 1. Waive further reading of any proposed ordinances. (This permits reading the title only in lieu of reciting the entire text.)

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CC 2. Approve the Check and Wire Registers for April 8, 2018, through April 21, 2018 in the amount of \$4,801,141.76. Approve the Check Registers as presented.

At each regular City Council Meeting, the City Council is presented with the financial claims (invoices) against the City for purchase of materials, supplies, services, and capital projects for checks and Automated Clearing House (ACH) payments issued the prior two to three weeks. This process provides the City Council the opportunity to review the expenses of the City. The justifying backup information for each expenditure is available in the Finance Department.

CC 3. Adopt **Ordinance No. 1042**, adding chapter 3.37 to the Lancaster Municipal Code establishing a Hotel Stimulus Program; and authorizing the City Manager or his designee to execute all related documents.

The proposed Hotel Stimulus Program (HSP) holds the potential to generate substantial revenue to the City in the form of both TOT and property tax for decades to come, as well as create new jobs for members of our local community.

CC 4. Approve the reimbursement agreement with BLVD Renewal, LP for the construction of high-quality improvements to the public realm; and authorize the City Manager or his designee to execute all related documents.

InSite Development, long-standing partners in the effort to revitalize and continuously refresh the BLVD, are working to bring a 105-room Marriott Residence Inn to the heart of the downtown area. The proposed agreement would facilitate construction of the hotel while also providing high-quality improvements to the public realm.

CC 5. Adopt **Resolution No. 18-13**, approving a disposition strategy for the sale of single-family residences acquired under the approved Neighborhood Stabilization Program.

The City of Lancaster purchased and rehabilitated three properties under the Neighborhood Stabilization Program. The Neighborhood Stabilization Program helps to eliminate blight in the neighborhoods, and assists the community by providing much needed affordable homeownership for families.

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PUBLIC HEARINGS

PH 1. Real Estate Purchase Option Agreement(s) with Sustainable Property Holdings, LLC

Recommendations:

- a. Adopt **Resolution No. 18-14** authorizing the City Manager to negotiate and execute an option to purchase agreement with Sustainable Property Holdings LLC (Sustainable Holdings), for APN 3268-025-900 and APN 3268-018-900.
- b. Authorize the City Manager, or his designee, to execute all related documents with Sustainable Holdings.

Sustainable Holdings intends to build solar facilities which will generate energy for a California Utility or Community Choice Aggregator in the State on each parcel.

PH 2. Community Development Block Grant (CDBG) 2018 Program Year Action Plan

Recommendation:

Approve the proposed projects described herein for the City of Lancaster's 2018 One-Year Action Plan application to be submitted to the United States Department of Housing and Urban Development.

The City of Lancaster has been a CDBG entitlement community since 1986 and receives an annual grant for developing viable urban communities that encompasses decent housing and a suitable living environment, and expanded economic opportunities, primarily for low- and moderate-income persons. The proposed One-Year Action Plan is intended to provide a summary of proposed program activities, eligibility criteria, and funding levels for the 2018 CDBG program year. All programs and/or projects submitted in the Plan are in compliance with the U.S. Department of Housing and Urban Development (HUD) guidelines for eligible activities.

PH 3. Operating Covenant Agreement with BLVD Renewal, LP

Recommendation:

Adopt **Resolution No. 18-15**, approving an Operating Covenant Agreement with BLVD Renewal, LP.; and authorize the City Manager or his designee to execute all related documents.

This agreement will enable the construction of a high-quality, high-density hotel which will bring millions of dollars in property and transient occupancy tax revenue to the City of Lancaster during its operation, in addition to new jobs for local residents.

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NEW BUSINESS

SA NB 1. Purchase and Sale Agreement with AVMC, LLC for the sale of an 8-acre portion of APN 3125-009-904

Recommendation:

Approve the purchase and sale agreement with AVMC, LLC for the sale of an 8-acre portion of APN 3125-009-904.

The property in question was initially acquired by the Lancaster Redevelopment Agency for future growth of the Lancaster Auto Mall. Toyota of Lancaster has made an offer of appraised value for 8 acres of the existing 19-acre parcel, of which a new parcel will be created prior to the opening of escrow. Following the sale of the land, Toyota of Lancaster will construct a collision center as well as improvements for extra vehicle storage to serve the dealership.

SA NB 2. Purchase and Sale Agreement with Fraber Properties II, LLC for the sale of APNs 3105-001-915 and 3105-001-916, comprising a 10.46-acre site in the Fox Field Industrial Corridor

Recommendation:

Adopt **Resolution No. SA 03-18** approving a purchase and sale agreement with Fraber Properties II, LLC for the sale of APNs 3105-001-915 and 3105-001-916, comprising a 10.46-acre site in the Fox Field Industrial Corridor; and authorize the City Manager, or his designee, to execute all related documents.

In 2014, the State of California's Department of Finance (DOF) approved the City of Lancaster's Long-Range Property Management Plan (LRPMP), designating the disposition plans for real estate assets owned by the former Lancaster Redevelopment Agency. Staff has received an offer for the purchase of two of these parcels, APNs 3105-001-915 and 3105-001-916. Together, these parcels comprise a 10.46-acre site located on the northeast corner of 47th Street West and Avenue G in the Fox Field Industrial Corridor.

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NB 1. Acceptance of Funds from Southern California Edison’s Energy Efficiency Portfolio Budget for Administration of Energy Efficiency Program Plan

Recommendations:

- a. Accept funding from Southern California Edison as directed by the California Public Utilities Commission for Administration of Energy Efficiency Program Plan and recognize revenue in the amount of \$1,174,996 over the course of the three-year plan to Revenue Account No. 490-3470-100.
- b. Appropriate funds to Lancaster Choice Energy Expenditure Account No. 490-4370-770.

On May 9, 2017, Council approved Lancaster’s Energy Efficiency Program Plan for submittal to the California Public Utilities Commission requesting funding for administration of the programs. The plan includes two programs that would benefit both residential and business customers. The Energy Advisor program offers Lancaster Choice Energy residential customers energy efficiency information and evaluation services to connect participants with applicable programs for energy upgrade measures. The Small Commercial Direct Install program will provide no- and low-cost energy efficiency retrofits through approved installation contractors to reduce overall energy usage costs.

NB 2. Lancaster TV Update

Recommendation:

Receive update on Lancaster TV.

COUNCIL AGENDA

CA 1. Approve a reward of \$10,000 for information leading to the arrest and conviction of person(s) responsible in the Double Murder Case of Andrew Chavez and Clotee Reyes.

Presenter: Mayor Parris

CA 2. Consider nomination and appointment of Liza Rodriguez as Deputy Mayor – Public Safety

Presenter: Mayor Parris

COUNCIL REPORTS

CR 1. Council Reports

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LANCASTER HOUSING AUTHORITY

No action required at this time.

LANCASTER FINANCING AUTHORITY

No action required at this time.

LANCASTER POWER AUTHORITY

No action required at this time.

CITY MANAGER / EXECUTIVE DIRECTOR ANNOUNCEMENTS

CITY CLERK / AGENCY / AUTHORITY SECRETARY ANNOUNCEMENT

PUBLIC BUSINESS FROM THE FLOOR - NON-AGENDIZED ITEMS

This portion of the agenda allows an individual the opportunity to address the Legislative Bodies on any item ***NOT ON THE AGENDA*** regarding City/Agency/Authority business and speaker cards must be submitted ***prior*** to the beginning of this portion of the Agenda. Please complete a speaker card for the City Clerk/Agency/Authority Secretary and identify the subject you would like to address. We respectfully request that you fill the cards out completely and print as clearly as possible. Following this procedure will allow for a smooth and timely process for the meeting and we appreciate your cooperation. State law prohibits the Legislative Body from taking action on items not on the agenda and your matter may be referred to the City Manager/Executive Director. ***Individual speakers are limited to three (3) minutes each.***

COUNCIL / AGENCY / AUTHORITY COMMENTS

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CLOSED SESSION

1. Conference with Legal Counsel – Anticipated Litigation: significant exposure to litigation pursuant to Government Code Section 54956.9(d) (2) – two potential cases.
2. Conference with Legal Counsel – Anticipated Litigation: consideration of initiation of litigation pursuant to Government Code Section 54956.9(d) (4) - two potential cases.
3. Conference with Legal Counsel--Existing Litigation - Government Code Section 54956.9(d) (1)
4. Estarella v. City of Lancaster, LASC Case No.BC527749
5. Dunnagan v. City of Lancaster, LASC Case No. BC 615917
6. Simmons v. City of Lancaster, LASC Case No. BC 615471
7. Celebron v. City of Lancaster, LASC Case No. BC 615587
8. Bootleggers 2 v. City of Lancaster, LASC Case No. BS169660
9. Byrd v. City of Lancaster, LASC Case No. MC 026025
10. Smith v. Lancaster, LASC Case No. MC 027485
11. Antelope Valley Groundwater Cases
Included Actions:
Los Angeles County Waterworks District No. 40 v. Diamond Farming Co.
Superior Court of California, County of Los Angeles, Case No. BC325201;
Los Angeles County Waterworks District No. 40 v. Diamond Farming Co.
Superior Court of California, County of Kern, Case No. S-1500-CV-254-348
Wm. Bolthouse Farms, Inc. v. City of Lancaster, Diamond Farming Co. v. City of Lancaster,
Diamond Farming Co. v. Palmdale Water District
Superior Court of California County of Riverside, consolidated actions;
Case Nos. RIC 353 840, RIC 344 436, RIC 344 668
Santa Clara Case No. 1-05-CV 049053

ADJOURNMENT

Next Regular Meeting:

Tuesday, May 22, 2018 - 5:00 p.m.

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MEETING ASSISTANCE INFORMATION

In compliance with the Americans with Disabilities Act, this meeting will be held at a location accessible to persons with disabilities; if you need special assistance to participate in this meeting, please contact the City Clerk at (661)723-6020. Services such as American Sign Language interpreters, a reader during the meeting, and/or large print copies of the agenda are available. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting/event you wish to attend. Due to difficulties in securing sign language interpreters, five or more business days notice is strongly recommended. For additional information, please contact the City Clerk at (661)723-6020.

AGENDA ADDENDUM INFORMATION

On occasion items may be added after the agenda has been mailed to subscribers. Copies of the agenda addendum item will be available at the City Clerk Department and are posted with the agenda on the windows of the City Council Chambers. For more information, please call the City Clerk Department at (661) 723-6020.

All documents available for public review are on file with the City Clerk Department.

M 1
05/08/18
MVB

**LANCASTER
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April 24, 2018**

CALL TO ORDER

Mayor/Chair Parris called the meeting of the Lancaster City Council/Successor Agency/Financing/ Power/California Choice Energy Authority to order at 5:01 p.m.

ROLL CALL

PRESENT: City Council Members /Agency Directors /Authority Members: Malhi, Underwood-Jacobs; Vice Mayor/Vice Chair Crist, Mayor/Chair Parris

EXCUSED: Council Member/Agency Director/Authority Member Underwood-Jacobs

On a motion by Council Member Mann and seconded by Vice Mayor Crist, the City Council/Successor Agency/Financing/Power/California Choice Energy Authority excused Council Member/Agency Director/Authority Member Underwood-Jacobs from the meeting, by the following vote: 4-0-0-1; AYES: Malhi, Mann, Crist; Parris; NOES: None; ABSTAIN: None; ABSENT: Underwood-Jacobs

STAFF MEMBERS:

City Manager/Executive Director; Deputy City Manager/Deputy Executive Director; City Attorney/Agency/Authority Counsel; City Clerk/Agency/Authority Secretary; Administrative and Community Services Director; Parks, Recreation and Arts Director; Development Services Director; Finance Director; Housing Director; Public Safety Director

INVOCATION

Associate Pastor Jerry Ferrso, Lancaster Baptist Church

PLEDGE OF ALLEGIANCE

Vice Mayor Crist

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PRESENTATION TO THE CITY

OFFICIAL CANVASS OF THE APRIL 10, 2018 GENERAL MUNICIPAL ELECTION

The City Clerk presented the staff report on this item.

On a motion by Council Member Mann and seconded by Council Member Malhi, the City Council adopted **Resolution No. 18-10**, reciting the facts of the General Municipal Election held on Tuesday, April 10, 2018, declaring the results and such other matters as provided by law regarding the election of two Council Members, by the following vote: 4-0-0-1; AYES: Malhi, Mann, Crist; Parris; NOES: None; ABSTAIN: None; ABSENT: Underwood-Jacobs

The Oath of Office was administered at this time.

The Mayor requested a recess at this time.

Mayor Parris reconvened the meeting at 5:48 p.m.

PRESENTATION

1. GFOA Distinguished Budgeting Award
Presenter: Pam Statsmann

M 1. MINUTES

On a motion by Vice Mayor Crist and seconded by Council Member Mann, the City Council/Successor Agency/Financing/Power/California Choice Energy Authority approved the City Council/Successor Agency/Financing/Power/California Choice Energy Authority Regular Meeting Minutes of March 27, 2018, by the following vote: 4-0-0-1; AYES: Malhi, Mann, Crist; Parris; NOES: None; ABSTAIN: None; ABSENT: Underwood-Jacobs

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CONSENT CALENDAR

Council Member Mann stated he needs to recuse himself from Item No. CC 9 due to the proximity of the project to property he owns.

Mayor Parris stated he needs to recuse himself from Item No. CC 11 because the party involved is a client.

On a motion by Vice Mayor Crist and seconded by Council Member Malhi, the City Council approved the Consent Calendar with the exception of Item No.'s CC 9 and CC 11, by the following vote: 4-0-0-1; AYES: Malhi, Mann, Crist; Parris; NOES: None; ABSTAIN: None; ABSENT: Underwood-Jacobs

Council Member Mann left the dais at this time.

On a motion by Vice Mayor Crist and seconded by Council Member Malhi, the City Council approved Item No. CC 9, by the following vote: 3-0-1-1; AYES: Malhi, Crist; Parris; NOES: None; RECUSED: Mann; ABSENT: Underwood-Jacobs

Council Member Mann returned to the dais this time.

Mayor Parris left the dais at this time.

On a motion by Vice Mayor Crist and seconded by Council Member Malhi, the City Council approved Item No. CC 11, by the following vote: 3-0-1-1; AYES: Malhi, Mann, Crist; NOES: None; RECUSED: Parris; ABSENT: Underwood-Jacobs

Mayor Parris returned to the dais at this time.

JCC 1. AMENDMENT 2 TO PROFESSIONAL SERVICES AGREEMENT BETWEEN CITY OF LANCASTER AND CALIFORNIA CHOICE ENERGY AUTHORITY

Approved Amendment 2 to professional services agreement with California Choice Energy Authority ("CCEA") for support provided by city staff and regulatory services for all CCEA administrative service agreements; and authorized the City Manager, or his designee, to approve amendments up to 10% annually.

Approved Amendment 2 to professional services agreement with the City of Lancaster ("the City") for support provided by city staff and regulatory services for all CCEA administrative support agreements; and authorized the Executive Director, or his designee, to approve amendments up to 10% annually.

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JCC 2. ADMINISTRATIVE SERVICES AGREEMENT BETWEEN CITY OF LANCASTER AND CALIFORNIA CHOICE ENERGY AUTHORITY

Approved Amendment 2 to Administrative Services Agreement with California Choice Energy Authority (“CCEA”); and authorized the City Manager, or his designee, to approve amendments up to 10% annually.

Approved Amendment 2 to Administrative Services Agreement with the City of Lancaster (“Lancaster”); and authorized the Executive Director, or his designee, to approve amendments up to 10% annually.

CC 1. ORDINANCE WAIVER

Waived further reading of any proposed ordinances. (This permits reading the title only in lieu of reciting the entire text.)

CC 2. CHECK REGISTERS

Approved the Check and Wire Registers for March 11, 2018 through April 7, 2018 in the amount of \$8,369,647.73; approved the Check Register as presented.

CC 3. INVESTMENT REPORT

Accepted and approved the March 2018 Monthly Report of Investments as submitted.

CC 4. PROFESSIONAL SERVICES AGREEMENT WITH PAVEMENT ENGINEERING, INC., OF SANTA CLARITA, CALIFORNIA

Approved a professional services agreement with Pavement Engineering, Inc., of Santa Clarita, California, in the amount of \$324,465.00 (including Optional Task 11), with a 10% contingency, for citywide pavement evaluation and analysis, and authorized the City Manager or his designee to sign all documents. The consultant selection process was made in accordance with Government Code 4526 and 53060.

CC 5. CONTRACT FOR TASK ORDER NO. 23 IN ACCORDANCE WITH THE 2016-2018 MULTI-YEAR PROFESSIONAL SERVICES AGREEMENT

Awarded contract to Stantec Consulting Ltd. of Lancaster, California, for Task Order No. 23 in accordance with the 2016-2018 Multi-Year Professional Services Agreement in the amount of \$499,718.00, authorized contingency in the amount of \$49,971.80, for a total contract amount not-to-exceed \$549,689.80, and authorized the City Manager, or his designee, to sign all documents. The contract will cover Engineering Design (Plans, Specifications and Estimates, PS&E’s) and Environmental Services under Service Group Category 1 for Roadway and Structures Engineering for **Public Works Construction Project (PWCP) 17-005 – 2020 SRTS Pedestrian Improvements.**

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CC 6. PUBLIC WORKS CONSTRUCTION PROJECT NO. 18-005, MAINTENANCE YARD RECYCLING CENTER IMPROVEMENTS.

Rejected all bids for **Public Works Construction Project No. 18-005, Maintenance Yard Recycling Center Improvements**. Two of the three bids received were determined to be non-responsive, and all bids significantly exceeded the project budget.

CC 7. DOWNTOWN LANCASTER PROPERTY-BASED IMPROVEMENT DISTRICT (PBID)

Designated the City Manager as the signatory representing the City (in its capacity as a property owner) on documents related to the renewal of the Downtown Lancaster Property-Based Improvement District (PBID) for the 2018 and all future renewals of the PBID; and authorized the City Manager or his designee to execute related documents, as and to the extent authorized by the City Council.

CC 8. FIVE-YEAR LEASE PURCHASE AGREEMENT WITH GM FINANCIAL (ANTELOPE VALLEY CHEVROLET)

Entered into a five-year lease purchase agreement with GM Financial (Antelope Valley Chevrolet) to replace seven (7) light duty fleet vehicles in FY 17-18.

CC 9. RESOLUTION NO. 18-11

Adopted **Resolution No. 18-11**, adopting a list of projects for fiscal year 2018-2019 funded by Senate Bill 1 (SB 1), the Road Repair and Accountability Act of 2017.

CC 10. RESOLUTION NO. 18-12

Adopted **Resolution No. 18-12**, approving a third amendment to Disposition and Development Agreement by and among the City of Lancaster, BYD Energy, LLC and BYD Coach & Bus LLC.

CC 11. TAX SHARING RESOLUTION FOR PROPOSED ANNEXATION NO. 40-151 INTO LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 40, ANTELOPE VALLEY

Adopted the Tax Sharing Resolution for proposed Annexation No. 40-151 into Los Angeles County Waterworks District No. 40, Antelope Valley.

CCEA NB 1. RESOLUTION NO. CCEA 01-18

It was the consensus of the City Council to waive the Staff Report for this item.

On a motion by Vice Chair Crist and seconded by Authority Member Mann, the California Choice Energy Authority adopted **Resolution No. CCEA 01-18**, approving and authorizing the City of Pico Rivera and the City of Rancho Mirage to enter into the Joint Exercise Powers Agreement for the California Choice Energy Authority, by the following vote: 4-0-0-1; AYES: Malhi, Mann, Crist; Parris; NOES: None; ABSTAIN: None; ABSENT: Underwood-Jacobs

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NB 1. HOTEL STIMULUS PROGRAM

The Economic Development Manager presented the Staff Report for this item.

Addressing the City Council on this item:

Fran Sereseres – discussed the need for retail in the City.

Discussion among the City Council and staff included discussion of creation of jobs, pursuing sales tax revenue and creating partnerships with businesses operating in the City. Additionally, discussion of Transient Occupancy Tax (TOT) rates took place.

On a motion by Vice Mayor Crist and seconded by Council Member Mann, the City Council introduced **Ordinance No. 1042**, adding chapter 3.37 to the Lancaster Municipal Code establishing a Hotel Stimulus Program; and authorizing the City Manager or his designee to execute all related documents, by the following vote: 4-0-0-1; AYES: Malhi, Mann, Crist; Parris; NOES: None; ABSTAIN: None; ABSENT: Underwood-Jacobs

NB 2. LEASE OF LAND TO SULLY III AVP, LLC

Mayor Parris stated he needs to recuse himself from this item due to the proximity of the project to property he owns and left the dais at this time.

It was the consensus of the City Council to waive the Staff Report for this item.

On a motion by Council Member Mann and seconded by Council Member Malhi, the City approved the proposed rental agreement between the City of Lancaster and Sully III AVP, LLC, by the following vote: 3-0-1-1; AYES: Malhi, Mann, Crist; NOES: None; RECUSED: Parris; ABSENT: Underwood-Jacobs

Mayor Parris returned to the dais at this time.

NB 3. REVIVE 25 UPDATE

The Development Services Director and Development Services staff presented the update for Revive 25.

Discussion among the City Council and staff included discussion of Measure R funds, funding sources for projects, and the timing of future construction projects in the City. Additionally, discussion took place regarding the air quality near the freeway and ensuring apartments and schools are not built near the freeway. Discussion took place regarding the various products used to build and repair roadways.

Addressing the City Council on this matter:

George Beatty – discussed the Autobahn and the products used to maintain that roadway.

Received and filed update on Revive 25.

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CR 1. REPORT ON THE ACTIVITIES OF THE BOARD OF DIRECTORS FOR THE ANTELOPE VALLEY TRANSIT AUTHORITY

Vice Mayor Crist discussed new transportation centers being built which will include charging stations.

CR 2. COUNCIL REPORTS

Vice Mayor Crist discussed a recent meeting with Cal Trans regarding the amount of time it takes to complete a project in our area. Additionally, Vice Mayor Crist discussed the recent volunteer appreciation dinner for sheriff volunteers, the AVAQMD budget, and the recent Sheriff Boosters Casino Night event.

LANCASTER HOUSING AUTHORITY

No action required at this time.

LANCASTER FINANCING AUTHORITY

No action required at this time.

LANCASTER POWER AUTHORITY

No action required at this time.

LANCASTER SUCCESSOR AGENCY

No action required at this time.

CITY MANAGER / EXECUTIVE DIRECTOR ANNOUNCEMENTS

The City Manager discussed the status of the City Council's request for a video to show where jobs are available, the City's new citizen input page titled "Lancaster Engaged," the upcoming library services community meeting and the library services study. Two brief videos highlighting the reopening of the Elyze Clifford Interpretive Center and the Poppy Festival were shown.

CITY CLERK / AGENCY / AUTHORITY SECRETARY ANNOUNCEMENT

The City Clerk provided the public with the procedure to address the City Council/Successor Agency/Authority regarding non-agendized item.

PUBLIC BUSINESS FROM THE FLOOR - NON-AGENDIZED ITEMS

Addressing the City Council at this time:

Scott Ely – congratulated Vice Mayor Crist and Council Member Malhi for their successful election and requested the Council consider taking action regarding SB 54.

Fran Sereseres- discussed the Poppy Festival, casino night and checking in with neighbors who are seniors or disabled.

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COUNCIL / AGENCY / AUTHORITY COMMENTS

Council Member Malhi thanked staff for a wonderful Poppy Festival.

Deputy Mayor Dorris discussed progress being made with the Community Center and the upcoming 'Makers Space' opening with the Community Center.

Planning Commission Chairman Vose stated he does not believe the City's current General Plan allows residential projects to be built near the freeway and stated the Planning Commission will be reconsidering the project at 20th Street West and Avenue L at their meeting being held in May.

ADJOURNMENT

Mayor/Chair Parris stated the City Council meeting will be adjourned in memory of Dr. Ken Santarelli a U.S. Air Force Veteran and the man who is credited with "revolutionizing engineering education as the architect of the Antelope Valley Engineering Program at CSULB's satellite campus in Lancaster." "He is responsible for the early design and development of photovoltaic power modules that are part of the electric power system for the International Space Station." "His honors include the Boeing Leadership Excellence Award and he was a three-time recipient of the NASA Space Flight Awareness Award."

Mayor/Chair Parris adjourned the meeting at 7:36 p.m. and stated the next City Council/Successor Agency/Financing/Power/California Choice Energy Authority meeting will be held on Tuesday, May 8, 2018 at 5:00 p.m.

PASSED, APPROVED and ADOPTED this 8th day of May, 2018, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

APPROVED:

BRITT AVRIT, MMC
CITY CLERK
AGENCY/AUTHORITY SECRETARY

R. REX PARRIS
MAYOR/CHAIRMAN

LANCASTER CITY COUNCIL/ SUCCESSOR AGENCY/
FINANCING/POWER/CALIFORNIA CHOICE ENERGY AUTHORITY
MINUTES
April 24, 2018

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES }ss
CITY OF LANCASTER }

CERTIFICATION OF MINUTES
CITY COUNCIL/SUCCESSOR AGENCY/FINANCING/HOUSING/POWER/CALIFORNIA
CHOICE ENERGY AUTHORITY

I, _____, _____ of the City of Lancaster, CA, do hereby certify that this is a true and correct copy of the original City Council/Successor Agency/Financing/Housing/Power/California Choice Energy Authority Minutes, for which the original is on file in my office.

WITNESS MY HAND AND THE SEAL OF THE CITY OF LANCASTER, CA on this _____ day of _____, _____.

(seal)

STAFF REPORT
California Choice Energy Authority

CCEA CC 1
05/08/18
MVB

Date: May 8, 2018

To: Chairman Parris and Authority Members

From: Jason Caudle, Deputy City Manager
Cathy DeFalco, Lancaster Choice Energy Manager

Subject: **Adopt Resolution No. CCEA 02-18 Granting the Executive Director of the Authority to Enter into Contracts on Behalf of California Choice Energy Authority and Repealing Resolution No. CCEA 04-17**

Recommendation:

Adopt **Resolution No. CCEA 02-18**, granting authority to the Executive Director to enter into certain contracts on behalf of California Choice Energy Authority (“CCEA”) and repealing Resolution No. CCEA 04-17.

Fiscal Impact:

None.

Background:

The City of Lancaster and the City of San Jacinto created and entered into a Joint Powers Authority (“JPA”) on August 14, 2012. On March 28, 2017, the CCEA Board adopted a resolution to amend the JPA to better reflect its purpose, which is to utilize staff expertise in supporting member cities with the formation, implementation support services, and on-going operation of each member city’s Community Choice Aggregation (“CCA”) program. Because CCEA agreements often require swift execution and/or do not raise policy considerations that require CCEA Board approval, it is appropriate for CCEA management to have discretion to execute certain CCEA energy, energy product, and professional services agreements. Accordingly, staff recommends that the Board grant the Executive Director authority to enter into certain contracts while requiring CCEA Board approval for long-term energy and energy product contracts and professional service agreements that exceed \$125,000.

Attachment:

Resolution No. CCEA 02-18

RESOLUTION NO. CCEA 02-18

RESOLUTION OF THE CALIFORNIA CHOICE ENERGY
AUTHORITY GRANTING AUTHORITY TO THE
EXECUTIVE DIRECTOR TO ENTER INTO CERTAIN
CONTRACTS ON BEHALF OF CALIFORNIA CHOICE
ENERGY AUTHORITY AND REPEALING RESOLUTION
CCEA 04-17

WHEREAS, the California Choice Energy Authority (“CCEA”) is a Joint Powers Authority created and entered into by and between the City of Lancaster, California and the City of San Jacinto, California under the Joint Exercise of Powers Act (California Government Code Section 6500, *et seq.*); and

WHEREAS, other cities may from time to time elect to become member cities of CCEA to utilize its expertise in formation, implementation support services, and on-going operation of Community Choice Aggregation (“CCA”) programs; and

WHEREAS, CCEA has been granted certain authorities, including procurement authority on behalf of each member city’s CCA through resolutions passed by the governing agencies of each member city; and

WHEREAS, the CCEA Board finds and declares that for both shorter-term transactions involving energy, resource adequacy capacity and/or renewable energy certificates, for which such transactions time is often of the essence as well as lower dollar value transactions, it is appropriate for CCEA management to have discretion in contracting, consistent with its responsibilities and expertise in efficiently operating the CCEA program; and

WHEREAS, the CCEA Board, finds and declares that these transactions are unlikely to raise policy considerations that require CCEA Board input; and

WHEREAS, the CCEA Board finds and declares that for longer-term or high dollar value commitments, it is appropriate for the CCEA Board to continue to exercise a greater degree of oversight; and

WHEREAS, Resolution No. CCEA 04-17 granted certain authorities to the Executive Director; and

WHEREAS, the CCEA Board finds and declares it is appropriate to expand those authorities to include certain contracts not to exceed \$125,000.

NOW, THEREFORE, THE BOARD OF THE CALIFORNIA CHOICE ENERGY AUTHORITY, DOES HEREBY RESOLVE, DETERMINE AND ORDER, AS FOLLOWS:

Section 1. The foregoing recitals are true and correct.

Section 2. The Executive Director, or his or her designee, (collectively, the “Executive Director”) is hereby authorized to enter into contracts on CCEA’s behalf as follows:

- A. Short-Term Agreements: The Executive Director may enter into Power Purchase Agreements (“PPAs”) (energy, resource adequacy capacity and/or renewable energy certificates) with terms of twelve (12) months or fewer. The Executive Director shall report all such agreements to the CCEA Board on a monthly basis.
- B. Medium-Term Agreements: The Executive Director, in conjunction with the CCEA Counsel, may enter into PPAs (energy, resource adequacy capacity and/or renewable energy certificates) with terms of greater than twelve (12) months but not more than five (5) years. The Executive Director shall report all such agreements to the CCEA Board on a monthly basis.
- C. Long-Term Agreements: Approval by the CCEA Board is required before the Executive Director may enter into PPAs (energy, resource adequacy capacity and/or renewable energy certificates) with terms of greater than five (5) years.
- D. Other Agreements: The Executive Director may enter into agreements not to exceed \$125,000. Approval by the CCEA Board is required before the Executive Director may enter into agreements that exceed \$125,000.

Section 3. This resolution shall take effect immediately upon its adoption and retroactively apply to agreements executed beginning April 2017.

PASSED, APPROVED, and ADOPTED this 8th day of May, 2018, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

APPROVED:

BRITT AVRIT, MMC
Secretary
California Choice Energy Authority

R. REX PARRIS
Chair
California Choice Energy Authority

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF LANCASTER)

CERTIFICATION OF RESOLUTION
CALIFORNIA CHOICE ENERGY AUTHORITY

I, _____, _____ City of Lancaster, CA, do hereby certify that this is a true and correct copy of the original Resolution No. CCEA 02-18 for which the original is on file in my office.

WITNESS MY HAND AND THE SEAL OF THE CITY OF, on this ____ day of _____, ____.

(seal)

STAFF REPORT
City of Lancaster

Date: May 8, 2018
To: Mayor Parris and City Council Members
From: Pam Statsmann, Finance Director
Subject: **Check Registers – April 8, 2018 through April 21, 2018**

CC 2
05/08/18
MVB

Recommendation:

Approve the Check Registers as presented.

Fiscal Impact:

\$ 4,801,141.76 as detailed in the Check Registers.

Background:

At each regular City Council Meeting, the City Council is presented with check and ACH/wire registers listing the financial claims (invoices) against the City for purchase of materials, supplies, services, and capital projects issued the prior three to four weeks. This process provides the City Council the opportunity to review the expenditures of the City. Claims are paid via checks, Automated Clearing House (ACH) payments, or federal wires. The justifying backup information for each expenditure is available in the Finance Department.

Check Nos.:	7394878-7395181	\$ 4,155,945.70
ACH/Wire Check Nos.:	101010027-101010034	<u>\$ 645,196.06</u>
		\$ 4,801,141.76
Voided Check No.:	N/A	
Voided ACH/Wire No.:	N/A	

PS:sp

Attachments:

Check Register
ACH/Wire Register

City of Lancaster Check Register



From Check No.: 101010027 - To Check No.: 101010034

From Check Date: 04/08/18 - To Check Date: 04/21/18

Printed: 4/24/2018 17:16

Check No	Supplier	Supplier Name	Invoice Description	Invoice Amt	Charge Code	GL Amount
101010027	04867	CITY OF LANCASTER-PARKS	PETTY CASH-TOURNAMENT	10,500.00	101 1020004	10,500.00
101010028	A7515	U S BANK	DEBT SERVICES DUE-LNC PA BONDS	449,370.37	486 4200982	449,370.37
101010029	07101	CALPINE ENERGY SOLUTIONS LLC	INV #CALP2018-06PREPAY	2,535.00	490 4370653	2,535.00
101010030	C9589	U S BANK CORP PAYMENT SYSTEMS	04/10/18-CALCARD STATEMENT	83,329.69	101 2601000	83,329.69
101010031	04867	CITY OF LANCASTER-PARKS	PF-CHANGE FUND	45,400.00	101 1020004	45,400.00
101010032	04867	CITY OF LANCASTER-PARKS	PAC-ATM CASH REQUEST	20,000.00	101 1020006	20,000.00
101010033	08557	SILICON VALLEY POWER	07/18-ENERGY PROCUREMENT	11,711.00	490 4370653	11,711.00
101010034	08688	HIGH DESERT POWER PROJECT, LLC	04/18-ENERGY PROCUREMENT	22,350.00	490 4370653	22,350.00

Chk Count 8

Check Report Total 645,196.06

City of Lancaster Check Register



From Check No.: 7394878 - To Check No.: 7395181

From Check Date: 04/08/18 - To Check Date: 04/21/18

Printed: 4/24/2018 17:20

Check No	Supplier	Supplier Name	Invoice Description	Invoice Amt	Charge Code	GL Amount
7394878	00156	A V HOSPITAL	RFND-TOT-BOWERSOX-6/25-1/4/18	1,743.60	101 3103100	1,743.60
7394879	D3925	BRADLEY, JERRY E OR JAN M	RFND-PARKING CIT-#30016392	38.00	101 3310200	38.00
7394880	3563	CEDAR STREET THEATRE	TCKT PRCDs-CARNAGE-3/23-4/1/18	240.14	101 2107000 402 3405127 402 3405302 402 3405303	3,484.00 (2,787.50) (95.01) (361.35)
				<u>240.14</u>		<u>240.14</u>
7394881	D1722	CRIST, MARVIN	RFND-CANDIDATE FEE OVERCHARGE	732.55	101 4110262	732.55
7394882	D3792	DEFALCO, CATHY	CD-PR DM-SACRAMNTO-04/15-17/18	160.00	490 4370201	160.00
7394883	D3482	DEPT OF ALCOHOLIC BEVRG CONTRL	PAC-ALCOHOL LICENSE RENEWAL	976.00	106 4100301	976.00
7394884	D3476	DIVISION OF STATE ARCHITECT	JAN-MAR 18-SB1186 FEES	1,239.95	101 2179004 101 2179004	211.50 1,028.45
				<u>1,239.95</u>		<u>1,239.95</u>
7394885	D4076	EUBANKS, STACY	RFND-TICKET-BODYTRAFFIC-4/27/18	15.00	402 3405100	15.00
7394886	07369	FRONTIER COMMUNICATIONS CORP	03/28-04/27/18-CIRCUIT SVC	360.19	101 4315651	360.19
7394887	07369	FRONTIER COMMUNICATIONS CORP	03/25-04/24/18 TELEPHONE SVC	741.36	101 4633651	741.36
7394888	02536	GRACE RESOURCES CENTER	ANNUAL DINNER TABLE SPONSORSH	1,000.00	101 4100301	1,000.00
7394889	C2250	HEARNS, ANGELA	BISHOP HEARNS CELBRTN ATTNDDEES	280.00	101 4100202	280.00
7394890	D0412	KATZ, BRUCE	BK-PR DM-VISTA-04/17-18/18	96.00	101 4320256	96.00
7394891	1214	L A CO SHERIFF'S DEPT	02/18-PRISONER MAINTENANCE	165.70	101 4820355	165.70
7394892	1214	L A CO SHERIFF'S DEPT	02/18-SPECL EVENT-SATRTRN PATRL	2,059.48	101 4820355 101 4820357	1,872.25 187.23
				<u>2,059.48</u>		<u>2,059.48</u>
7394893	1214	L A CO SHERIFF'S DEPT	02/18-SPECL EVENT-DSPNSRY CMPL	4,525.03	101 4820355 101 4820357	4,185.36 339.67
				<u>4,525.03</u>		<u>4,525.03</u>
7394894	1215	L A CO WATERWORKS	02/01/18-04/03/18 WATER SVC	2,724.88	203 4636654 306 4542684 482 4636654	1,155.29 45.87 1,523.72
				<u>2,724.88</u>		<u>2,724.88</u>

City of Lancaster Check Register



From Check No.: 7394878 - To Check No.: 7395181

From Check Date: 04/08/18 - To Check Date: 04/21/18

Printed: 4/24/2018 17:20

Check No	Supplier	Supplier Name	Invoice Description	Invoice Amt	Charge Code	GL Amount
7394895	D2287	LANCASTER CODE ENFRMNT ASSN	UNION DUES-PP 07-2018	360.00	101 2171000	360.00
7394896	A2073	LANCASTER PERF ARTS CNTR FNDTN	REIMB-PAC-ADOBE RENEWAL	359.88	402 4650302	359.88
7394897	A2073	LANCASTER PERF ARTS CNTR FNDTN	TCKT PRCDZ-ZEPPELIN-03/17/18	21,065.25	402 3405100	21,065.25
7394898	D0852	MALHI, RAJ	RFND-CANDIDATE FEE OVERCHARGE	732.55	101 4110262	732.55
7394899	A7221	P E R S LONG TERM CARE PROGRAM	LONG TERM CARE PREM-PP 07-2018	1,642.29	101 2170200	1,642.29
7394900	A7221	P E R S LONG TERM CARE PROGRAM	04/18-RETIREE LONG TERM CARE	4,341.14	109 1101000	4,341.14
7394901	A6770	PURSLEY, DENNIS	PM72266-ACCEPTANCE OF IMP	1,550.00	101 2503000	1,550.00
7394902	08816	RESSAC	RFND-BUS LIC FEE-BUSA18-00179	89.00	101 3102200	89.00
7394903	03154	SO CA EDISON	02/27/18-04/04/18 ELECTRIC SVC	552.27	203 4636652 482 4636652 483 4755652 483 4785652 483 4785660	24.86 178.53 52.58 276.71 19.59
				552.27		552.27
7394904	1907	SO CA GAS COMPANY	03/02/18-04/02/18 GAS SVS	15.29	101 4631655	15.29
7394905	C9314	SPRAGUE, MICHAEL	MS-CREDIT ADJUSTMENT	349.95	101 2159000	349.95
7394906	06771	STATE WATER RESOURCES BOARD	BK-SWRCB OPERATOR CERT RNWL	60.00	480 4755206	60.00
7394907	C8822	SWAN, HEATHER	HS-PR DM-VISTA-04/17-18/18	96.00	101 4320256	96.00
7394908	08293	THE LONG RUN	BAL-THE LONG RUN-04/14/18	2,750.00	402 4650318	2,750.00
7394909	C2555	TIME WARNER CABLE	04/18-TV SVC-LCE/EXERCISE RM	11.14	101 4315651	11.14
7394910	C2555	TIME WARNER CABLE	04/18-TV SERVICE-VICE MAYOR	21.64	101 4315651	21.64
7394911	C2555	TIME WARNER CABLE	04/18-BUSINESS-MAYORS OFFICE	144.04	101 4315651	144.04
7394912	C2555	TIME WARNER CABLE	04/18-ROADRUNNER SERVICE	232.46	101 4315651	232.46
7394913	08809	VARGAS, KAITLYN	01/18-03/18-VOLNTR MEAL ALLWNC	342.00	101 4305301 101 4305301 101 4305301	72.00 126.00 144.00
				342.00		342.00
7394914	751	A V BOARD OF TRADE	LUNCHEON ATTENDEES(4)	80.00	101 4305205	80.00
7394915	06576	A V CHEVROLET	SENSOR-EQ3838	48.51	203 4752207	48.51

City of Lancaster Check Register



From Check No.: 7394878 - To Check No.: 7395181

From Check Date: 04/08/18 - To Check Date: 04/21/18

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Check No	Supplier	Supplier Name	Invoice Description	Invoice Amt	Charge Code	GL Amount
7394916	03854	A V JANITORIAL SUPPLY	T PPR/DSNFCTNT/CN LNR/TWLS LMS-AEROSAL	821.52	101 4631406	821.52
				151.11	101 4632406	151.11
				<u>972.63</u>		<u>972.63</u>
7394917	07489	ACCESSO SHOWARE	PAC-03/18-TICKET SALES	996.70	402 4650302	996.70
7394918	04618	ADAMS METALIZING & GRINDING	SHAFT/YOKES(2)-EQ3775	418.70	203 4752207	418.70
7394919	D0990	ADMIT ONE PRODUCTS	PF-SPONSOR TICKETS(18720)	1,409.68	101 4682222	1,409.68
7394920	C8745	ADVANCE ELECTRIC	15W/J12-IRRIGATN CABINET RPRS	3,350.00	203 4636460	3,350.00
7394921	06352	AGILITY RECOVERY SOLUTIONS	04/18-READYSUITE	665.00	101 4315302	665.00
7394922	C8962	ALTA LANGUAGE SERVICES, INC	LISTENING/SPEAKING TEST	62.00	101 4320301	62.00
7394923	C6143	AMERICAN BUSINESS MACHINES	PRINT HEADS(2) STAPLE CARTRIDGE	965.25	101 4310254	965.25
				44.90	101 4310259	44.90
				<u>1,010.15</u>		<u>1,010.15</u>
7394924	D1663	AMERICAN IRON WORK	NSC-FENCE REPAIRS TBP-BENCH/SIGN REPAIRS NSC-FENCE REPAIRS	465.85	101 4635402	465.85
				995.00	101 4631402	995.00
				650.00	101 4635402	650.00
				<u>2,110.85</u>		<u>2,110.85</u>
7394925	D3147	AMERICAN PLUMBING SERVICES, INC	LMS-MOP SINK FAUCET RPLCMNTS	886.66	101 4632402	886.66
7394926	C9032	AMERICAN WATER WORKS INC	HOT WATER PRESSURE WASHER	3,944.36	203 4752295	3,944.36
7394927	04190	AMERIPRIDE SERVICES	UNIFORM CLEANINGS	45.54	101 4753209	45.54
7394928	05251	AMTECH ELEVATOR SERVICES	04/18-ELEVATOR SERVICE	986.11	101 4632301	265.83
					101 4633301	265.83
					402 4650301	454.45
				<u>986.11</u>		<u>986.11</u>
7394929	02693	ANDY GUMP, INC	RDP-FENCE RNTL-03/23-04/19/18 AIR-PORTAPTTY RNTL-03/20-26/18	33.51	101 4634602	33.51
				2,194.33	101 4680225	2,194.33
				<u>2,227.84</u>		<u>2,227.84</u>
7394930	04151	AXES FIRE INC	FIRE CERTS(7)/HYD TST	95.50	101 4753207	10.50
					101 4810207	10.50
					101 4810207	10.50
					203 4752207	10.50
					480 4755207	10.50
					480 4755207	10.50
					480 4755207	10.50
					480 4755207	10.50
					483 4785207	22.00
		<u>95.50</u>	<u>95.50</u>			

City of Lancaster Check Register



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From Check Date: 04/08/18 - To Check Date: 04/21/18

Printed: 4/24/2018 17:20

Check No	Supplier	Supplier Name	Invoice Description	Invoice Amt	Charge Code	GL Amount
7394931	07523	B & V FIELD SERVICE	LMS-REEL REPAIR/SHARPENING	619.10	101 4632402	619.10
7394932	D0879	B'S EMBROIDERY ETC	LMS-UNIFORM SHIRTS(21)	514.99	101 4632209	514.99
7394933	06799	BRAUN BLAISING SMITH WYNNE PC	02/18-LCE-LEGAL CONSULTING	27,961.74	490 4370303	27,961.74
7394934	07274	BUNDY, JACOB	RFND-RNTL DEPOSITS-03/31/18	100.00	101 2182001	100.00
7394935	08094	BURRELLESLUCE	03/18-MONTHLY MEDIA CHARGES	336.80	101 4305301	336.80
7394936	08118	BYD ENERGY LLC	LED STREET LIGHTS(12)	2,225.04	483 4755460	2,225.04
			LED STREET LIGHTS(2)	457.71	483 4755460	457.71
			LED STREET LIGHTS(4)	909.95	483 4755460	909.95
			LED STREET LIGHT	170.82	483 4755460	170.82
				<u>3,763.52</u>		<u>3,763.52</u>
7394937	04827	C & M OVERHEAD DOORS, INC	MTNC YD-SHOP DOOR REPAIRS	2,261.00	101 4753402	2,261.00
7394938	05129	C P S CARE PEST SOLUTIONS	LMS-03/18 PEST CONTROL	125.00	101 4632301	125.00
7394939	08754	CA MUNICIPAL COMPLNCE CNSLTNTS	03/18-PS-CONSULTING SVCS	10,000.00	101 4820301	10,000.00
7394940	08940	CARQUEST	THERMOSTAT/THRMST GSKT-EQ3307	24.93	484 4752207	24.93
7394941	04636	CAYENTA/N HARRIS COMPUTER CORP	JOB COSTING AUDIT	300.00	101 4310301	300.00
7394942	04742	CENTURY DRAPERIES	MOAH-CARRIES/PULLEY RPLCMNTS	130.00	101 4644251	130.00
7394943	D0631	CLASSIC TOUCH UPHOLSTERY	LMS-FIELD PAD REPAIRS	857.00	101 4632402	857.00
7394944	05128	CLEANSTREET	03/18 MONTHLY STREET SWEEP	40,237.52	203 4751450	39,237.52
					484 4751450	1,000.00
				<u>40,237.52</u>		<u>40,237.52</u>
7394945	07545	COSTAR REALTY INFORMATION INC	04/18-PROFESSIONAL SERVICES	958.26	101 4540301	958.26
7394946	07131	DE LAGE LANDEN FINANCIAL SVCS	04/15-05/14/18 NETWORK PRINTER	168.95	101 4810254	168.95
7394947	01047	DESERT INDUSTRIAL SUPPLY	MICROLOK/TAPE	186.76	101 4633403	186.76
			ALUMINUM ELBOWS/PIPE JACKETS	277.49	101 4633403	277.49
			PIPE/COUPLINGS/WD40	96.90	101 4633403	96.90
				<u>561.15</u>		<u>561.15</u>
7394948	00414	DESERT LOCK COMPANY	KEYS(27)	96.09	101 4633403	96.09
			VHCL KEYS(4)-EQ3752	10.95	203 4752207	10.95
				<u>107.04</u>		<u>107.04</u>
7394949	03072	DONNELL PRINTING	BUSINESS CARDS(2250)	837.68	101 4545259	372.30
					101 4631259	186.14

City of Lancaster Check Register



From Check No.: 7394878 - To Check No.: 7395181

From Check Date: 04/08/18 - To Check Date: 04/21/18

Printed: 4/24/2018 17:20

Check No	Supplier	Supplier Name	Invoice Description	Invoice Amt	Charge Code	GL Amount
					101 4633259	93.08
					101 4635259	93.08
					101 4810253	93.08
				837.68		837.68
7394950	06857	ENTERTAINMENTMAX, INC	COMMISSION-JOHN MCEUEN-3/23/18	700.00	402 4650301	700.00
			COMMISSION-CLICK MOO-04/04/18	400.00	402 4650301	400.00
				1,100.00		1,100.00
7394951	D2427	ENVIRONMENTAL SOUND SOLUTIONS	04/18-MUSIC SERVICE	65.00	101 4633301	65.00
7394952	06380	EWING IRRIGATION PRODUCTS, INC	LMS-TURFACE(280 BAGS)	3,893.82	101 4632404	3,893.82
			LMS-FIELD FERTLZR/CLEAT CLNR	352.09	101 4632404	352.09
				4,245.91		4,245.91
7394953	C6890	E Z DIRECT, INC	2018 SPRING OUTLOOK(82796)	1,763.40	101 4305253	1,058.04
					101 4643253	705.36
				1,763.40		1,763.40
7394954	00617	FEDERAL EXPRESS CORPORATION	EXPRESS MAILINGS	68.01	101 4400212	26.57
					306 4542212	16.60
					402 4650212	24.84
				68.01		68.01
7394955	05819	FENCECORP INC	60/AVE I-GUARDRAIL REPLACEMENT	7,238.00	203 4752460	7,238.00
			K8 BIKE PATH-FENCE REPAIRS	8,614.00	203 4752460	8,614.00
				15,852.00		15,852.00
7394956	07124	FIRST AMERICAN DATA TREE, LLC	02/18-PROFESSIONAL SERVICES	500.00	101 4400301	500.00
			03/18-PROFESSIONAL SERVICES	500.00	101 4400301	500.00
				1,000.00		1,000.00
7394957	D1793	FISH WINDOW CLEANING	LMS-WINDOW CLEANING	720.00	101 4632402	720.00
7394958	04721	GET TIRES, INC	TIRE/BLNC/MNT-EQ5662	408.72	101 4634207	408.72
7394959	C9535	HILLYARD/LOS ANGELES	CAN LINER(6 CASES)	283.38	101 4633406	283.38
			TOWELS(10 CASES)	297.62	101 4633406	297.62
				581.00		581.00
7394960	01260	HONDA LANCASTER	BATTERY-EQ1739	3,320.31	101 4620207	3,320.31
7394961	D4004	J P POOLS	WPL-CONSULTING/SERVICE	700.00	101 4631301	700.00
			EPL-CONSULTING/SERVICE	800.00	101 4631301	800.00
				1,500.00		1,500.00
7394962	01419	JOHNSTONE SUPPLY	TYLON/TEMP TRMNLS/GAS IGNTN	237.86	101 4633403	237.86
7394963	08749	JUST GO GREEN INCORPORATED	PDW-WALL/GATE/SD WLK/POLE RPRS	9,253.08	101 4634402	9,253.08

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7394964	D1903	KERN MACHINERY INC-LANCASTER	FTTNG/WSHRS/PCKNG-EQ3772 LMS-CVR/RLLR KT/SUPPRTS-EQ5603	108.26 <u>1,268.04</u> 1,376.30	484 4752207 101 4632207	108.26 <u>1,268.04</u> 1,376.30
7394965	A8656	KIMLEY-HORN & ASSOCIATES INC	CP15006-PROFESSIONAL SERVICES CP15006-PROFESSIONAL SERVICES CP15006-PROFESSIONAL SERVICES	6,777.50 8,602.50 <u>6,250.00</u> 21,630.00	209 15SW015924 209 15SW015924 209 15SW015924	6,777.50 8,602.50 <u>6,250.00</u> 21,630.00
7394966	1203	LANCASTER PLUMBING SUPPLY	FLUSH VALVES/SPUD NUTS MOAH-C0NNCTRS/VLVS/SCKT	675.07 <u>383.79</u> 1,058.86	101 4633403 101 4633403	675.07 <u>383.79</u> 1,058.86
7394967	D3426	LAW OFFICES CHRISTOPHER RAMSEY	CLAIM 058-15/A/CLGL-0005A1/6A2	7,632.00	109 4330300	7,632.00
7394968	05599	LEE, WATSON W S	03/18-FINGERPRINT ANALYSIS	646.67	101 4820301	646.67
7394969	04351	LYN GRAFIX	PF-LAPEL PINS(300) UNIFORM POLOS(6)	905.21 <u>215.13</u> 1,120.34	101 4682222 101 4320251	905.21 <u>215.13</u> 1,120.34
7394970	07126	MAILFINANCE INC.	02/01-04/30/18 LEASE PAYMENT	965.40	101 4620211	965.40
7394971	C1198	MC PHERSON CONSULTING	OMP-LIGHTS/BALLASTS RPLCMNTS	225.00	101 4634402	225.00
7394972	1397	METRO FLOORS	LMS-CARPET REPLACEMENT	8,025.00	213 12BS014924	8,025.00
7394973	01184	MONTE VISTA CAR WASH	CAR WASHES(14)	210.50	101 4545207 101 4545207 101 4633207 101 4633207 101 4640207 101 4662207 101 4753207 101 4810207 101 4810207 101 4810207 101 4810207 101 4810207 203 4752207 251 4783207 251 4783207	15.00 15.00 15.00 15.00 13.00 15.00 18.50 14.00 15.00 15.00 15.00 15.00 15.00 15.00
				<u>210.50</u>		<u>210.50</u>
7394974	C8944	MSC INDUSTRIAL SUPPLY CO	WHL WGHTS/WSHRS/PNS/TUBE CLPS	347.83	101 4753214	347.83
7394975	07622	MULLIGAN PALMDALE CORPORATION	CARES-MINIMUM DAY-03/13/18 CARES-MINIMUM DAY-04/24/18	487.50 <u>487.50</u> 975.00	101 4670270 101 4670270	487.50 <u>487.50</u> 975.00

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7394976	D0217	NATIONAL PAYMENT CORPORATION	10/17-DOCULIVERY ITEM CHARGE	182.41	101 4310301	182.41
			11/17-DOCULIVERY ITEM CHARGE	255.35	101 4310301	255.35
			12/17-DOCULIVERY ITEM CHARGE	153.30	101 4310301	153.30
			01/18-DOCULIVERY ITEM CHARGE	1,099.66	101 4310301	1,099.66
			02/18-DOCULIVERY ITEM CHARGE	410.29	101 4310301	410.29
			03/18-DOCULIVERY ITEM CHARGE	176.67	101 4310301	176.67
				<u>2,277.68</u>		<u>2,277.68</u>
7394977	07215	NEWTON, CRAIG	CARES-HISTORICL MUSIC-04/24/18	250.00	101 4670270	250.00
7394978	06148	NIK-O-LOK, INC	04/18-MONTHLY COIN LOCK LEASE	39.00	101 4633301	39.00
7394979	08007	O S T S INC	BUCKET SAFETY TRAING-04/03/18	1,295.00	101 4320301	1,295.00
7394980	D2634	O'REAR, JEFFREY R	03/18-PRODUCTION SERVICES	400.00	101 4680225	400.00
7394981	C3052	OXFORD INN AND SUITES	PAC-LDGNG-STUNT DOGS-03/13/18	216.20	402 4650257	216.20
7394982	05741	P P G ARCHITECTURAL FINISHES	PBP-PAINT/CLOTHS/HANDLES	155.50	101 4631403	155.50
			LMS-HANDRAIL PAINT	49.46	101 4632403	49.46
			MOAH-PAINT	82.95	101 4644251	82.95
			NSC-FIELD PAINT	1,192.32	101 4635404	1,192.32
				<u>1,480.23</u>		<u>1,480.23</u>
7394983	07249	PATRIOT PLUMBING	PAC-SHOWER/DRNKNG FNTN RPRS	203.87	402 4650402	203.87
			CDR ST-UNCLOG URINAL	110.00	101 4651402	110.00
				<u>313.87</u>		<u>313.87</u>
7394984	05998	PAVING THE WAY FOUNDATION	CMMNTY SPPRT/GOOD CTZNSHP PRGM	500.00	101 4820301	500.00
			CMMNTY SPPRT/GOOD CTZNSHP PRGM	1,968.00	101 4820301	1,968.00
				<u>2,468.00</u>		<u>2,468.00</u>
7394985	05864	QUINN COMPANY	ELMNTS(3)/FLTR/KIT-EQ3840	307.04	484 4752207	307.04
			LATCH-EQ3778	182.11	203 4752207	182.11
			HOSE-EQ3774	279.04	203 4752207	279.04
				<u>768.19</u>		<u>768.19</u>
7394986	05747	RICK SHIPP TRUCK & EQUIP REPR	LBR/TRNS SHFTR BSTR-EQ3769	1,372.02	203 4752207	1,372.02
			TRNS CNTRL MDL-EQ3834	2,869.96	203 4752207	2,869.96
				<u>4,241.98</u>		<u>4,241.98</u>
7394987	C4435	ROACH'S TERMITE PEST CONTROL	NSC-02/18-PEST CONTROL SVCS	185.00	101 4635301	185.00
			NSC-03/18-PEST CONTROL SVC	185.00	101 4635301	185.00
				<u>370.00</u>		<u>370.00</u>
7394988	05943	ROBERTSON'S	CONCRETE	695.83	484 4752410	695.83
7394989	D3947	S G A CLEANING SERVICES	OMP-WALL REPAIRS/PAINTING	598.00	207 4634402	598.00

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7394990	A8260	SAGE STAFFING	GK-PUBLIC SFTY STFF-03/12-16/18	438.28	101 4820308	438.28
			SM-PARKS STAFF-03/19-23/18	674.25	101 4620308	674.25
			GK-PUBLIC SFTY STFF-03/19-23/18	373.00	101 4820308	373.00
			SB/RV-FINANCE STFF-03/19-23/18	1,953.00	101 4310308	1,953.00
			AT-LCE STAFF-03/19-23/18	751.50	490 4370308	751.50
			RSM-DEV SVC STAFF-03/19-23/18	744.00	251 4762308	744.00
				<u>4,934.03</u>		<u>4,934.03</u>
7394991	1919	SAV-ON FENCE COMPANY	TENSION BANDS/BOLTS	5.91	101 4633403	5.91
7394992	08740	SFG RETIREMENT PLAN CONSULTING	03/18-ADVISORY FEE	3,500.00	101 4320301	3,500.00
7394993	06174	SHAWNS PAINTING	LMS-REPAINT FLOORING	7,500.00	213 12BS014924	7,500.00
7394994	05934	SHI INTERNATIONAL CORP	LICENSE UPGRADES(4)	271.88	109 4315302	271.88
7394995	05149	SIERRA DOOR SYSTEMS	NSC-DOOR REPAIRS	565.00	101 4635402	565.00
7394996	1894	SIGNS & DESIGNS	JV-NAMEPLATE	17.88	101 4310259	17.88
			AN-FACEPLATE	13.14	101 4200259	13.14
				<u>31.02</u>		<u>31.02</u>
7394997	08337	SILVER LINING SOLUTIONS LLC	01/18-CONSULTING SERVICES	1,500.00	101 4783301	1,500.00
7394998	08808	SKIPPER, JAMES D	MOAH CDR-DJ SVCS-03/29/18	250.00	101 4651251	250.00
7394999	01816	SMITH PIPE & SUPPLY INC	NSC-POP UPS/CAPS	362.12	101 4635404	362.12
			TBP-POP UPS/NOZZLES	421.73	101 4631404	421.73
			OMP-SOD KNIVES/WATER KEYS	49.91	101 4634404	49.91
			OMP-COUPPLINGS/CONNECTORS/CAPS	16.02	101 4634404	16.02
				<u>849.78</u>		<u>849.78</u>
7395000	A2089	SO CA EDISON-ACCTS REC	CP17008-10TH ST GAP CLOSURE	1,323.54	206 15ST026924	1,323.54
7395001	04688	SPARKLETTS	WATER(6-24PKS)	114.29	101 4100205	114.29
7395002	D2380	STANLEY ACCESS TECH	CH-DOOR INSPECTIONS	253.00	101 4633402	253.00
7395003	06429	STANTEC CONSULTING SRVCS INC	CP1507-RFQ 64616 MULTI YEAR-8	26,490.35	220 4761301	26,490.35
7395004	05413	STATEWIDE TRAFFIC SAFETY/SIGNS	RVTS/PDS/BRCKTS/FLGS/SCRWS/NTS	2,586.65	203 4785455	2,586.65
7395005	D3733	STOTZ EQUIPMENT	SEALS/CONES/RETNR/CUPS/SPRINGS	219.10	101 4632207	219.10
7395006	C8057	SUNBELT RENTALS	OMP-SOD CUTTR RNTL-03/28/18	181.33	101 4634602	181.33
			OMP-CNCRT GRND RNTL-03/29/18	273.75	101 4634602	273.75
			OMP-TAMPER RNTL-03/29/18	189.87	101 4634602	189.87
				<u>644.95</u>		<u>644.95</u>

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7395007	06763	SUPPLYWORKS	NSC-HAND SOAP LMS-GLVS/DSNFCTNT/ST CVRS/TPPR	259.59 1,298.20 <u>1,557.79</u>	101 4635406 101 4632406	259.59 1,298.20 <u>1,557.79</u>
7395008	08717	TABORDA SOLUTIONS, INC	ADOBE ACROBAT LICENSES(70)	2,537.50	251 4315302	2,537.50
7395009	08177	TEKWERKS	04/18-AIRWORKS WIRELESS SVC	1,575.00	101 4305753	1,575.00
7395010	04239	TIM WELLS MOBILE TIRE SERVICE	TIRE/SVC CLL/MNT/DSMNT-EQ3752 MNTS/DSMNTS-EQ2386	493.49 300.00 <u>793.49</u>	203 4752207 101 4753207	493.49 300.00 <u>793.49</u>
7395011	2003	TIP TOP ARBORISTS, INC	VARIOUS TREE TRIMMING/REMOVAL LMS-CROWN RAISE/THIN/CLEAN	8,027.50 6,351.00 <u>14,378.50</u>	101 4634267 101 4634267	8,027.50 6,351.00 <u>14,378.50</u>
7395012	D1594	TOUCHPOINT ENERGIZED COMM	04/18-E NEWSLETTER SVC	375.00	101 4305302	375.00
7395013	08319	TRIEPEI SMITH & ASSOCIATES INC	CCEA-03/18-MARKETING/SALES	6,350.00	491 4370205	6,350.00
7395014	02977	TURBO DATA SYSTEMS INC	02/18-PARKNG CITATN PROCESSING 02/18-COLLECTION SERVICES 02/18-ADMIN CITATN PROCESSING	9,411.23 17.63 3,781.88 <u>13,210.74</u>	101 4810301 101 4810301 101 4310301	9,411.23 17.63 3,781.88 <u>13,210.74</u>
7395015	A7515	U S BANK	02/18-ADMIN FEE	231.21	101 4310301	231.21
7395016	08812	UC FACTORS	PUMP DRIVES MAINTENANCE(3)	1,950.00	485 4755402	1,950.00
7395017	A2124	UNDERGROUND SERVICE ALERT/SC	03/18-TICKETS(183)	311.95	484 4752301	311.95
7395018	31009	UNIVERSAL ELECTRONIC ALARMS	CDR ST-04/18-SECURITY ALARM LUC-04/18-FIRE ALARM MOAH-04/18-FIRE ALARM PAC-04/18-SECURITY ALARM WH-04/18-SECURITY ALARM MOAH-04/18-SECURITY ALARM CH-04/18-SECURITY ALARM LUC-04/18-SECURITY ALARM	37.00 75.00 27.00 27.00 27.00 27.00 27.00 81.00 <u>328.00</u>	101 4651301 101 4633301 101 4633301 402 4650301 101 4633301 101 4633301 101 4633301 101 4633301	37.00 75.00 27.00 27.00 27.00 27.00 27.00 81.00 <u>328.00</u>
7395019	08815	URBAN, HEATHER	RFND-RNTL DEP-PDW-03/30/18	100.00	101 2182001	100.00
7395020	2228	VALLEY CONSTRUCTION SUPPLY INC	LUMBER	98.48	203 4752410	98.48
7395021	04496	VULCAN MATERIAL WESTERN DIV	ASPHALT COLD MIX COLD MIX COLD MIX	687.74 106.65 116.62 830.26	484 4752410 484 4752410 484 4752410 484 4752410	687.74 106.65 116.62 830.26

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				1,741.27		1,741.27
7395022	C5433	WADE, RICHARD	CARES-VOLCANO PRESENTN-4/24/18 CARES-VOLCANO PRESENTN-5/29/18	275.00 275.00 550.00	101 4670270 101 4670270	275.00 275.00 550.00
7395023	31026	WAXIE SANITARY SUPPLY	DISPENSERS TWLS/SP/FRSHNR/DSNFCTNT/BRSHS TOWELS/CLEANER/SOAP DISPENSER	49.58 698.86 115.85 12.40 876.69	101 4633406 101 4633406 203 4752406 101 4633406	49.58 698.86 115.85 12.40 876.69
7395024	D0298	WILLDAN FINANCIAL SERVICES	CFD 89-1-COMMNTY FACLTS ADMIN AD 93-3-LOCAL IMPROVMNT ADMIN	2,038.11 1,219.99 3,258.10	830 4300301 811 4100301	2,038.11 1,219.99 3,258.10
7395025	2400	XEROX CORPORATION	03/18-COPIER LEASE-GYA 112199	2,029.85	101 4310254	2,029.85
7395026	05449	ACCELA, INC	CIVIC PLATFRM USRS-02/18-02/19 CIVIC PLATFRM RNWL-09/17-09/18	70,888.28 56,715.00 127,603.28	251 4315302 101 4315302	70,888.28 56,715.00 127,603.28
7395027	01933	AMERON	LIGHT POLE REPLACEMENT CRDT-TAX ADJUSTMENT-INV 110420 LIGHT POLE REPLACEMENTS LIGHT POLE REPLACEMENT CRDT-TAX ADJUSTMENT-INV 110724	12,388.08 (114.00) 54,473.70 14,545.08 (136.80) 81,156.06	483 4755460 483 4755460 483 4755460 483 4755460 483 4755460	12,388.08 (114.00) 54,473.70 14,545.08 (136.80) 81,156.06
7395028	A6479	TAFT ELECTRIC COMPANY	POLE REPLACEMENTS(6) INSTALL STREET LIGHT POLES(2) 25W/J-POLE REPLACEMENT 20W/AVE L-POLE REPLACEMENT LBP-POLE REPLACEMENT 25W/AVE J8-POLE REPLACEMENT STREETLIGHT POLE INSTLLTNS(4) STREELIGHT POLE REPLACEMENT	17,579.27 5,859.76 3,456.72 3,693.62 4,244.51 3,456.72 11,719.51 11,160.47 61,170.58	483 4755460 483 4755460 483 4785460 483 4785460 483 4785460 483 4785460 483 4755460 483 4755665	17,579.27 5,859.76 3,456.72 3,693.62 4,244.51 3,456.72 11,719.51 11,160.47 61,170.58
7395029	06066	A T & T	DOJ-03/18-TELEPHONE SERVICE	113.16	101 4315651	113.16
7395030	00107	A V PRESS	03/18-ON THE NET ADS	1,050.00	101 4305205	1,050.00
7395031	00107	A V PRESS	03/18-LEGAL ADS	3,751.61	101 4110262 101 4110263 101 4310263 101 4782263	978.28 1,285.98 300.28 1,187.07 3,751.61
7395032	D2325	ALL ABOUT ANIMALS	PF-ALL ABOUT ANMLS-04/21-22/18	2,500.00	101 4682222	2,500.00

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7395033	C4080	AVRIT, BRITT	BA-REIMB-ICE	13.12	101 4110262	13.12
7395034	06699	BOOKER, MELVIN JR	PF-MEL BOOKER-04/21/18	600.00	101 4682222	600.00
7395035	06013	BRENNAN, RYAN	BAL-PF-BMX PERF-04/21-22/18	4,000.00	101 4682222	4,000.00
7395036	08794	BROTHERS PRODUCTS	RFND-POPPY BOOTH OVERPAYMENT	150.00	101 3401900	150.00
7395037	08810	BUDGET BALLIN TOURS INC	BAL-PF-CHRIS LANE-04/22/18	5,160.00	101 4682222	6,000.00
					402 2177000	(840.00)
				5,160.00		5,160.00
7395038	08810	BUDGET BALLIN TOURS INC	DEP-PF-CHRIS LANE-04/22/18	6,000.00	101 4682222	6,000.00
7395039	07381	BULLOCK, AMY	PF-JUKEBOX BLENDER-04/22/18	600.00	101 4682222	600.00
7395040	08817	BURROWS, SAVANNAH	PF-SAVANNAH BURROWS-04/22/18	1,000.00	101 4682222	1,000.00
7395041	C2060	CA WATER SERVICE COMPANY	03/08/18-04/10/18 WATER SVC	109.25	482 4636654	109.25
7395042	A9368	CASITA LOPEZ	ELECTION DINNER-04/09/18	1,008.00	101 4110262	1,008.00
7395043	03450	COSTCO	PF-SUPPLIES	162.48	101 4820251	162.48
7395044	D3792	DEFALCO, CATHY	CD-PR DM-SN DGO-04/23-26/18	224.00	491 4370201	224.00
7395045	06150	DIRECTV	MOAH-04/18-BUSINESS INFO	98.99	101 4315651	98.99
7395046	08551	EMPLOYMENT DEVELOPMENT DEPT	EARNINGS WITHHOLDING ORDER	50.00	101 2159000	50.00
7395047	08117	FIGUEROA, ERIKA	EF-PR DM-LONG BCH-04/24-25/18	96.00	490 4370201	96.00
7395048	02108	FRANCHISE TAX BOARD	TAX WITHHOLDING ORDER	100.00	101 2159000	100.00
7395049	02108	FRANCHISE TAX BOARD	TAX WITHHOLDING ORDER	240.00	101 2159000	240.00
7395050	02108	FRANCHISE TAX BOARD	TAX WITHHOLDING ORDER	300.00	101 2159000	300.00
7395051	08824	HYNDS, VIVIANA	RFND-ADMIN CITE FEES-17110007	100.00	101 3310400	100.00
7395052	08825	KIMBERLYS JANITORIAL CLEANING	RFND-HME OCC FEE-BUSA18-001310	62.00	101 3203100	62.00
7395053	08249	KINGSIZED ENTERTAINMENT LLC	GBOR-PUDDL PITY PRY-04/06/18	2,895.73	402 4650318	2,895.73
7395054	05422	L A CO SHERIFF'S DEPT	CASE #M-1502-CL-20260	98.98	101 2159000	98.98
7395055	D3448	L A CO SHERIFF'S DEPT	FILE #3631801190021	300.00	101 2159000	300.00
7395056	1215	L A CO WATERWORKS	02/05/18-04/10/18 WATER SVC	6,950.94	101 4633654	145.23
					203 4636654	3,041.46

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					363 4542770	45.45
					482 4636654	3,718.80
				6,950.94		6,950.94
7395057	07459	LEFEBVRE, KEVIN M	PF-METALSHOP-04/21/18	200.00	101 4682222	200.00
7395058	08811	MARSHALL, JEFFERY	PF-BLEEDING HARP-04/22/18	1,900.00	101 4682222	1,900.00
7395059	1348	MATALON, LEON	TCKT PRCDS-AV JAZZ-03/03/18	1,256.94	101 2107000	3,519.25
					402 3405100	(1,250.00)
					402 3405102	(50.00)
					402 3405127	(879.81)
					402 3405303	(82.50)
				1,256.94		1,256.94
7395060	08772	MCKAY, JOHN G	PF-LEGENDS OF ROCK-04/21/18	2,000.00	101 4682222	2,000.00
7395061	C4587	PACIFIC ANIMAL PRODUCTIONS	PF-ANIMAL EXHIBIT-04/21-22/18	4,500.00	101 4682222	4,500.00
7395062	1705	QUARTZ HILL WATER DISTRICT	03/01/18-04/02/18 WATER SVC	835.18	101 4634654	34.47
					203 4636654	393.72
					482 4636654	406.99
				835.18		835.18
7395063	06407	RITMAR PRODUCTIONS INC	GBOR-RITA RUDNER-04/07/18	1,605.80	402 4650318	1,605.80
7395064	08826	SCOGGINS, CHRISTOPHER	RFND-RNTL DEP-OMP-04/07/18	100.00	101 2182001	100.00
7395065	03154	SO CA EDISON	03/01/18-04/01/18 ELECTRIC SVC	212.44	483 4755660	212.44
7395066	03154	SO CA EDISON	03/05/18-04/04/18 ELECTRIC SVC	1,647.20	483 4785652	1,647.20
7395067	03154	SO CA EDISON	03/05/18-04/04/18 ELECTRIC SVC	2,067.67	203 4636652	506.32
					482 4636652	1,561.35
				2,067.67		2,067.67
7395068	03154	SO CA EDISON	02/12/18-04/13/18 ELECTRIC SVC	3,240.69	203 4636652	415.23
					482 4636652	2,596.35
					484 4755652	229.11
				3,240.69		3,240.69
7395069	03154	SO CA EDISON	02/16/18-04/06/18 ELECTRIC SVC	6,700.78	483 4785652	6,664.18
					483 4785660	36.60
				6,700.78		6,700.78
7395070	03154	SO CA EDISON	03/07/18-04/10/18 ELECTRIC SVC	7,243.19	101 4631652	1,155.24
					101 4633652	4,126.45
					482 4636652	154.28
					483 4785652	91.35
					483 4785660	1,715.87

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Check No	Supplier	Supplier Name	Invoice Description	Invoice Amt	Charge Code	GL Amount
				7,243.19		7,243.19
7395071	03154	SO CA EDISON	03/05/18-04/05/18 ELECTRIC SVC	22,870.29	101 4631652	7,929.74
					101 4633652	2,525.07
					101 4634652	3,900.31
					101 4635652	7,759.33
					101 4810403	140.77
					483 4785660	615.07
				<u>22,870.29</u>		<u>22,870.29</u>
7395072	08827	SOOY, MARTHA E	RFND-INSPECTION FEE-RHA18-0034	103.00	101 3102401	103.00
7395073	C2554	SUPERIOR COURT OF CA-CO OF L A	03/18-ALLCTN OF PRKG PENALTIES	26,203.40	101 3310200	89.40
					101 3310200	2,688.00
					101 3310200	2,691.00
					101 3310200	2,691.00
					101 3310200	3,588.00
					101 3310200	3,704.00
					101 3310200	5,376.00
					101 3310200	5,376.00
				<u>26,203.40</u>		<u>26,203.40</u>
7395074	08784	THRASHEDKIDS INC	PF-THRASHEDKIDS-04/21/18	8,700.00	101 4682222	8,700.00
7395075	C2555	TIME WARNER CABLE	04/14-05/13/18-BROADBND SVC	144.99	101 4820651	144.99
7395076	C8046	U S DEPT OF EDUCATION	LEVY PROCEEDS	283.50	101 2159000	283.50
7395077	08828	VALLEYLINE INC	RFND-CANNABIS CULTIVATION FEES	12,876.00	101 3102420	1,201.00
					101 3201420	11,675.00
				<u>12,876.00</u>		<u>12,876.00</u>
7395078	C2434	VINSA INSURANCE ASSOCIATES	PF-GENERAL LIABILITY INSURANCE	9,075.00	101 4682222	9,075.00
7395079	08830	WASTE MANAGEMNT PROPANE SEPTI	RFND-BL PNLTY FEE-BUSA18-00293	35.60	101 3102300	35.60
7395080	C0077	A V E K	BACTERIOLOGICAL TESTS(2)	46.00	485 4755402	46.00
7395081	00116	A V ENGINEERING	EPL-SKYLIGHT DESIGN SVCS	260.00	101 4631670	260.00
7395082	C0523	A V HISPANIC CHAMBER OF COMMRC	2018 AVHCC GALA TICKETS(2)	130.00	101 4100202	130.00
7395083	03854	A V JANITORIAL SUPPLY	GLVS/T PPR/TWLS/ST CVRS/BROOM	853.28	101 4631406	853.28
7395084	06294	A V WEB DESIGNS	NSC-04/18-MONTHLY HOSTING CHGS	99.95	101 4660301	99.95
			PAC-04/18-MONTHLY HOSTING CHGS	99.95	402 4650301	99.95
				<u>199.90</u>		<u>199.90</u>
7395085	08820	ACCOUNTING PRINCIPALS INC	ME-FINANCE STAFF-03/19-23/18	1,892.00	101 4310308	1,892.00
			ME-FINANCE STAF-04/02-06/18	1,909.74	101 4310308	1,909.74

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				3,801.74		3,801.74
7395086	06123	ACE AIR CONDITIONING & HEATING	MTNC YD-HVAC SYSTEMS SVC LMS-UTILITIES SERVICING LMS-HVAC UNIT REPAIRS	6,500.00 950.00 450.00 <u>7,900.00</u>	480 4755402 101 4632402 101 4632402	6,500.00 950.00 450.00 <u>7,900.00</u>
7395087	05445	ADELMAN BROADCASTING, INC	PAC-03/18 ADS-RITA RUDNER	60.00	402 4650205	60.00
7395088	05694	ADVANTEC CONSULTING ENGINEERS	CP16007-TRAFFIC SIGNAL UPGRADE CP17019-2018 TRFFC SGNL UPGRDE	6,572.00 6,540.00 <u>13,112.00</u>	217 16TS029924 217 16TS030924	6,572.00 6,540.00 <u>13,112.00</u>
7395089	00127	ALL GLASS & PLASTICS LLC	JRP-BOARD UP/WINDOW REPAIRS	511.57	101 4631402	511.57
7395090	C6143	AMERICAN BUSINESS MACHINES	IMAGE RUNNER ADV COPIER	12.01	101 4310254	12.01
7395091	D1663	AMERICAN IRON WORK	NSC-FENCE REPAIRS	995.00	101 4635402	995.00
7395092	D3147	AMERICAN PLUMBING SERVICES, INC	OMP-FLUSH VALVE REPAIRS OMP-UNCLOG DRAIN JRP-TOILET REPAIRS	548.63 213.75 339.75 <u>1,102.13</u>	101 4634402 101 4634402 101 4631402	548.63 213.75 339.75 <u>1,102.13</u>
7395093	05179	ARAMARK UNIFORM SVCS	UNIFORM CLEANINGS	114.27	480 4755209	114.27
7395094	08822	AXIOM FORENSIC	CLAIM #004-17/CLGL-1383A2	217.00	109 4330300	217.00
7395095	07523	B & V FIELD SERVICE	LMS-REEL REPAIR/SHARPENING	600.00	101 4632207	600.00
7395096	06992	BREMER WHYTE BROWN & O'MEARA	CLAIM #062-15/CLGL-0002A2 CLAIM #062-15/CLGL-0002A2 CLAIM #062-15A/CLGL-0003A2 CLAIM #062-15A/CLGL-0003A2 CLAIM #048-15/CLGL-0004A2	2,328.90 3,709.47 5,177.93 11,328.93 47.00 <u>22,592.23</u>	109 4330300 109 4330300 109 4330300 109 4330300 109 4330300	2,328.90 3,709.47 5,177.93 11,328.93 47.00 <u>22,592.23</u>
7395097	D0812	C S A C EXCESS INSURANCE AUTH	INSURANCE PROGRAM CERTS(18)	225.00	101 4330260	225.00
7395098	06243	C S A PARTNERS LTD	NEXT 50 PRJCT-PHASE 2 SERVICES	31,500.00	109 4200301	31,500.00
7395099	07612	CA COMMUNITY CHOICE ASSOC	LCE-PUBLIC RELATNS FIRM ENGMNT	25,000.00	490 4370301	25,000.00
7395100	A9249	CA DEPT OF CORRCTNS/REHAB	02/18-CUSTODY SUPRVSN AGREEMNT	5,800.00 <u>5,800.00</u>	203 4752308 224 4752308	3,712.00 2,088.00 <u>5,800.00</u>
7395101	08940	CARQUEST	SERP BELT-EQ3833 ACTUATOR-EQ3301	16.68 133.36 <u>150.04</u>	203 4752207 203 4752207	16.68 133.36 <u>150.04</u>

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7395102	02197	CARROT TOP INDUSTRIES INC	GASKETS(20)	58.32	101 4633403	58.32
7395103	05938	CENTERSTAGING LLC	PAC-INSTRUMENT RNTLS-03/23/18	610.00	402 4650602	610.00
7395104	04677	D C F SOILS	OMP-DECOMPOSED GRANITE(40 YDS)	503.70	207 4634402	503.70
			OMP-DECOMPOSED GRANITE(10 YDS)	350.40	101 4634404	350.40
				<u>854.10</u>		<u>854.10</u>
7395105	A9377	DAVIS COMMUNICATIONS	LCE-BILLBOARD DESIGN SVCS	350.00	490 4370205	350.00
7395106	00432	DEPT OF JUSTICE	03/18-FINGERPRINT APPS	1,199.00	101 4320301	1,199.00
7395107	A0925	DESERT HAVEN ENTERPRISES	02/18-NSP1 MONTHLY SERVICE	449.44	363 4542770	449.44
			44923 TREVOR-DEBRIS REMOVAL	45.00	101 4545940	45.00
			TREVOR/MILLING-DEBRIS REMOVAL	45.00	101 4545940	45.00
			AVE H-I/10TH W-DEBRIS REMOVAL	45.00	101 4545940	45.00
			03/18-JANITORIAL SERVICES	910.00	101 4633301	910.00
			44359 BENALD-BOARD UP/SECURE	1,195.00	101 4545940	1,195.00
			218 NEWGROVE-DEBRIS REMOVAL	45.00	101 4545940	45.00
			709 W AVE H2-DEBRIS REMOVAL	125.00	101 4545940	125.00
			03/18-NSP1 MONTHLY SERVICE	449.44	363 4542770	449.44
				<u>3,308.88</u>		<u>3,308.88</u>
7395108	00414	DESERT LOCK COMPANY	JRP-FRONT DOOR REPAIRS	55.00	101 4631402	55.00
			KEYS(10)	21.90	101 4633403	21.90
			KEYS(3)	14.78	101 4633403	14.78
			KEYS(3)	11.50	101 4633403	11.50
			NSC-KEYS(10)	32.85	101 4635402	32.85
			LBP-REKEY/KEYS	81.21	101 4636402	81.21
			AHP-DEADBOLT REPLACEMENT	420.07	101 4631402	420.07
			LMS-CLOSER REPLACEMENTS	654.43	101 4632402	654.43
				<u>1,291.74</u>		<u>1,291.74</u>
7395109	05473	DEWEY PEST CONTROL	MTNC YD-04/18-PEST CONTROL	137.00	203 4752301	137.00
			MLS-04/18-PEST CONTROL	90.00	101 4633301	90.00
			WH-04/18-PEST CONTROL	70.00	101 4633301	70.00
			PAC-04/18-PEST CONTROL	50.00	402 4650301	50.00
			CH-04/18-PEST CONTROL	140.00	101 4633301	140.00
			CDR ST-04/18-PEST CONTROL	90.00	101 4651301	90.00
			LUC-04/18-PEST CONTROL	75.00	101 4633301	75.00
			LBP-04/18-PEST CONTROL	95.00	101 4636301	95.00
				<u>747.00</u>		<u>747.00</u>
7395110	08643	EARTH SYSTEMS PACIFIC	AVE I CREATIVE HOUSING PROJECT	4,000.00	361 4541900	4,000.00
7395111	01048	ECONOLITE CONTROL PROD INC	METER PARTS	7,191.96	483 4785460	7,191.96
7395112	06857	ENTERTAINMENTMAX, INC	COMMSNS-PUDDLES PITY-04/06/18	500.00	402 4650301	500.00
			COMMISSNS-RITA RUDNER-04/07/18	1,000.00	402 4650301	1,000.00

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				1,500.00		1,500.00
7395113	D1793	FISH WINDOW CLEANING	MTNC YD-WINDOW CLEANING	34.00	203 4752402	34.00
7395114	08245	GOLDEN STATE LABOR COMPLIANCE	CP16003-SENIOR CENTER RENOVATN	10,544.00	261 11BS025924	10,544.00
			CP16003-SENIOR CENTER RENOVATN	1,690.00	261 11BS025924	1,690.00
			CP16003-SENIOR CENTER RENOVATN	1,690.00	261 11BS025924	1,690.00
				<u>13,924.00</u>		<u>13,924.00</u>
7395115	08818	HERMUS, BRYAN	PAC-MCT-PIANO ACCMPANIMENT	350.00	402 4650301	350.00
7395116	D0501	HIESL CONSTRUCTION INC	43741 GADSDEN-REPAIRS	1,020.00	363 4542770	1,020.00
			43741 GADSDEN-ROOF REPAIRS	425.00	363 4542770	425.00
			43741 GADSDEN-COOLER INSTLLTN	1,400.00	363 4542770	1,400.00
				<u>2,845.00</u>		<u>2,845.00</u>
7395117	C4032	HOUSING RIGHTS CENTER	01/18-FAIR HOUSING PROGRAM	2,251.71	361 4541301	2,251.71
7395118	08831	HUDSON, LINDA	CONSULTING SERVICES	601.52	101 4110262	601.52
7395119	01419	JOHNSTONE SUPPLY	FILTERS(18)	96.51	203 4752403	96.51
7395120	08749	JUST GO GREEN INCORPORATED	OMP-WALL REPAIR	3,000.00	101 4634402	3,000.00
7395121	D1903	KERN MACHINERY INC-LANCASTER	LMS-WEED WHIP LINE/OIL	85.28	101 4632230	85.28
7395122	03575	LANCASTER AUTO INTERIORS	LBR/SEAT REPAIR-EQ7603	495.00	101 4761207	495.00
7395123	C7873	LANCASTER AUTO MALL ASSOC	04/18-AUTO MALL SIGN EXPENSES	930.67	101 4540340	930.67
7395124	01201	LANCASTER CHAMBER OF COMMERC	MB-QRTLQ LEGISLATIVE BREAKFAST	10.00	101 4200202	10.00
7395125	1203	LANCASTER PLUMBING SUPPLY	THERMOCOUPLES/TUBING	21.93	101 4633403	21.93
7395126	D3426	LAW OFFICES CHRISTOPHER RAMSEY	CLAIM #021-15/CLGL-1372A1	2,322.00	109 4330300	2,322.00
7395127	08728	LEISURE CRAFT INC	LMS-TRASH CANS(20)	9,233.30	101 2175000	(769.50)
					213 12BS014924	10,002.80
				<u>9,233.30</u>		<u>9,233.30</u>
7395128	08387	LOOMIS	03/18-ARMORED CAR SERVICE	2,076.02	101 3501110	2,076.02
7395129	07086	LUCKY LUKE BREWING COMPANY	FOD-KEGS(3)/RNTLS	583.00	101 4680225	583.00
7395130	04351	LYN GRAFIX	40TH ANNVSRY-LAPEL PINS(100)	339.45	101 4110262	339.45
			WIRELESS CHARGING PADS(150)	1,242.69	101 4540340	1,242.69
				<u>1,582.14</u>		<u>1,582.14</u>
7395131	06663	MASON, MELINDA	VETS COFFEE-PHOTO SERVICES	75.00	101 4305301	75.00
			READY LANC-PHOTO SERVICES	75.00	101 4305301	75.00

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			COUNCIL MTG-PHOTO SERVICES	50.00	101 4305301	50.00
				200.00		200.00
7395132	D3578	MINUTEMAN PRESS	EPL-EMAIL FILES/SCANS	23.64	101 4631254	23.64
			LCE-CONF OPT OUT MAILER	0.91	490 4370213	0.91
			LCE-00N1 WEEK 127/128 NOTICES	317.14	490 4370213	317.14
			LCE-00N2 WEEK 127/128 NOTICES	167.48	490 4370213	167.48
			LCE-LPMT NOTICES(2537)	1,206.14	490 4370213	1,206.14
			LCE-TLPM NOTICES(1036)	573.85	490 4370213	573.85
			LCE-LETTERHEAD(5000)	382.63	490 4370213	382.63
			LCE-SCWP OPT UP MAILER	1.81	490 4370213	1.81
			LCE-CONF OPT OUT MAILER	0.91	490 4370213	0.91
			LCE-00N1 WEEK 129/1 NOTICES	327.87	490 4370213	327.87
				3,002.38		3,002.38
7395133	31007	MOTION INDUSTRIES, INC	PRESSURE WASHER ASSYS(3)	213.89	101 4753402	213.89
7395134	C9177	MUNISERVICES, LLC	LTC DISCOVERY-03/18	2,279.08	101 4310301	2,279.08
7395135	05741	P P G ARCHITECTURAL FINISHES	OMP-FIELD MARKING PAINT	95.92	101 4634404	95.92
			NSC-FIELD PAINT	1,192.32	101 4635404	1,192.32
				1,288.24		1,288.24
7395136	06984	PACIFIC DESIGN & INTEGRATION	03/18-BROADCAST MANAGER SVCS	3,981.00	101 4305302	3,981.00
7395137	07249	PATRIOT PLUMBING	PAC-UNCLOG SINK	110.00	402 4650402	110.00
7395138	05602	PETROLEUM EQUIPMENT CONST SRV	02/18-03/18-OPERATOR INSPECTN	250.00	101 4753402	250.00
7395139	08832	PLASTICMART	MOAH-DRAWER COVERS(4)	446.68	101 4644251	446.68
			PDW-CUSTOM GEODE DISPLAY	391.33	101 4644251	391.33
				838.01		838.01
7395140	05532	PLAYPOWER LT FARMINGTON INC	TBP-SWING BEARINGS(4)	470.62	101 4631404	470.62
7395141	07287	PRINTING BOSS	STP-PLAYGROUND SIGN	27.38	101 4631404	27.38
			PF-BANNERS(4)	175.20	101 4682222	175.20
				202.58		202.58
7395142	06087	PRIORITY AUTO GLASS	LABOR-EQ3778	200.00	203 4752207	200.00
7395143	06607	PUMPMAN INC	07/17-06/18-QRTLTY PUMP MTNC	1,665.00	484 4755409	1,665.00
7395144	07002	READYREFRESH BY NESTLE	03/18-WTR COOLER RENTAL/WATER	29.37	402 4650301	29.37
7395145	05943	ROBERTSON'S	CONCRETE	245.59	484 4752410	245.59
7395146	D3947	S G A CLEANING SERVICES	NSC-PRESSURE WASH FLOOR	750.00	101 4635402	750.00
			OMP-FLOOR CLEANING	720.00	207 4634402	720.00
			LMS-RESTROOM COUNTERS DETAIL	135.00	101 4632402	135.00

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			JRP-EMERGENCY CLEAN UP	685.00	101 4631402	685.00
				2,290.00		2,290.00
7395147	03962	SAFETY KLEEN	HAZ WASTE PARTS WASHER	141.41	101 4753657	141.41
7395148	A8260	SAGE STAFFING	MS-CAP ENG STAFF-03/19-23/18	1,116.00	251 4762308	1,116.00
			CM-CAP ENG STAFF-03/19-23/18	806.00	251 4762308	806.00
			MM-CAP ENG STAFF-03/19-23/18	1,240.00	251 4762308	1,240.00
			LM-CAP ENG STAFF-03/19-23/18	627.75	251 4762308	627.75
			SM-PARKS STAFF-03/26-30/18	703.31	101 4620308	703.31
			AH-DEV SVCS STAFF-03/26-30/18	537.60	251 4762308	537.60
			GK-PUBLIC SFTY STFF-03/26-30/18	373.00	101 4820308	373.00
			MS-CAP ENG STAFF-03/26-30/18	1,085.00	251 4762308	1,085.00
			SB/RV-FINANCE STFF-03/26-30/18	1,767.00	101 4310308	1,767.00
			AT-LCE STAFF-03/26-30/18	764.03	490 4370308	764.03
			CM-CAP ENG STAFF-03/26-30/18	806.00	251 4762308	806.00
			MM-CAP ENG STAFF-03/26-30/18	992.00	251 4762308	992.00
			LM-CAP ENG STAFF-03/26-30/18	627.75	251 4762308	627.75
				11,445.44		11,445.44
7395149	08785	SEA LION SPLASH LLC	PF-SEA LION SPLASH-04/21-22/18	15,000.00	101 4682222	15,000.00
7395150	D2568	SEQUOIA PACIFIC SOLAR I, LLC	CH-03/18(75400.16 KWH)	7,544.02	101 4633652	7,544.02
			MTNC YD-03/18(33592.68 KWH)	3,359.27	101 4633652	3,359.27
			OMP-03/18(22737.92 KWH)	2,273.79	101 4634652	2,273.79
			PAC-03/18(25021.84 KWH)	2,502.18	402 4650652	2,502.18
			LMS-03/18(42320.08 KWH)	4,232.01	101 4632652	4,232.01
				19,911.27		19,911.27
7395151	1894	SIGNS & DESIGNS	CHAMBER DAIS SIGN	13.14	101 4782253	13.14
7395152	5210	SLATER PIANO SERVICE	PAC-PIANO TUNNG-FRANKIE AVALON	100.00	402 4650301	100.00
			PAC-PIANO COVER	256.10	101 4631403	256.10
				356.10		356.10
7395153	01816	SMITH PIPE & SUPPLY INC	OMP-VALVE BOXES(2)	56.06	101 4634404	56.06
			OMP-ROTORS/PVC	365.47	101 4634404	365.47
			STP-VALVE/PVC	62.47	101 4631404	62.47
				484.00		484.00
7395154	06999	SPORTS FIELD SERVICES	LMS-INFIELD/TRACK IMPROVEMENTS	21,850.00	213 12BS014924	21,850.00
7395155	D3506	STAMSEK, JAMES	PF-PHOTOGRAPHY SVCS	575.00	101 4682222	575.00
7395156	06429	STANTEC CONSULTING SRVCS INC	CP16009-PAVEMENT MANAGMNT PRGM	88.50	206 12ST034924	88.50
			CP13016-AVE J8 GAP CLOSURE	1,741.50	232 15ST046924	1,741.50
			CP17012-STREET IMPROVEMENTS	16,540.00	209 16ST007924	16,540.00
			CP13016-AVE J8 GAP CLOSURE	6,158.31	232 15ST046924	6,158.31
			CP1406-10W/I-ROAD DIET DESIGN	1,237.50	209 15ST042924	1,237.50
				25,765.81		25,765.81

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From Check Date: 04/08/18 - To Check Date: 04/21/18

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Check No	Supplier	Supplier Name	Invoice Description	Invoice Amt	Charge Code	GL Amount
7395157	D2143	STREAMLINE AUDIO VISUAL, INC	PF-STAGE/SOUND SERVICES	29,695.00	101 4682222	29,695.00
7395158	08087	THE BAYSHORE CONSULTING GROUP	CCEA-03/18-CONSULTING SVCS	2,665.68	491 4370004I	165.68
			CCEA-03/18-CONSULTING SVCS	2,500.00	491 4370004I	2,500.00
				<u>2,500.00</u>	491 4370002P	<u>2,500.00</u>
				5,165.68		5,165.68
7395159	07945	THE LIGHTHOUSE INC	LGHTHD/MNTG BRCKT-EQ4337	138.34	203 4785207	138.34
7395160	07372	THE MODERN TEA ROOM, LLC	LAEDC MTG-CATRNG SVCS-04/12/18	861.47	101 4540340	861.47
7395161	C5522	THOMSON REUTERS-WEST PMT CENT	03/18-INFORMATION CHARGES	492.82	101 4400301	492.82
			03/18-INFORMATION CHARGES	278.61	101 4820301	278.61
			03/18-INFORMATION CHARGES	794.69	101 4545301	794.69
				<u>1,566.12</u>		<u>1,566.12</u>
7395162	04239	TIM WELLS MOBILE TIRE SERVICE	TIRES(2)-EQ3313	112.74	203 4752207	112.74
			TIRES(2)-EQ3310	112.74	203 4752207	112.74
				<u>225.48</u>		<u>225.48</u>
7395163	2003	TIP TOP ARBORISTS, INC	03/18-TREE TRIMMING/REMOVAL	3,518.00	203 4636267	3,518.00
			03/18-TREE TRIMMING/REMOVAL	8,212.50	483 4636267	8,212.50
				<u>11,730.50</u>		<u>11,730.50</u>
7395164	D4104	TROUTMAN SANDERS LLP	01/18-CCEA-PROFESSIONAL SVCS	19,530.00	490 4370303	525.00
					491 4370303	19,005.00
			02/18-CCEA-PROFESSIONAL SVCS	6,405.00	490 4370303	945.00
					491 4370303	5,460.00
				<u>25,935.00</u>		<u>25,935.00</u>
7395165	08726	TURF FACTORY DIRECT LLC	LMS-TURF(2100 PADS)	4,620.00	101 2175000	(438.90)
					213 12BS014924	5,058.90
				<u>4,620.00</u>		<u>4,620.00</u>
7395166	08783	UNIFIRST CORPORATION	UNIFORM CLEANINGS	176.52	480 4755209	176.52
7395167	05551	UNITED SITE SRVCS OF CA,SO DIV	LUC-FENCE RNTL-03/23-04/19/18	61.32	101 4633602	61.32
			FENCE RENTAL-03/29-04/25/18	19.72	101 4633602	19.72
				<u>81.04</u>		<u>81.04</u>
7395168	08829	VASQUEZ, CHRISTINA	RFND-CLASS REGISTRATION	100.00	101 2182001	100.00
7395169	D3370	VERIZON WIRELESS	03/18-WIRELESS SERVICE	1,523.49	101 4315651	1,523.49
7395170	04496	VULCAN MATERIAL WESTERN DIV	COLD MIX	121.98	484 4752410	121.98
			COLD MIX	241.67	484 4752410	241.67
			COLD MIX	238.60	484 4752410	238.60
			COLD MIX	233.13	484 4752410	233.13
			COLD MIX	112.79	484 4752410	112.79

City of Lancaster Check Register



From Check No.: 7394878 - To Check No.: 7395181

From Check Date: 04/08/18 - To Check Date: 04/21/18

Printed: 4/24/2018 17:20

Check No	Supplier	Supplier Name	Invoice Description	Invoice Amt	Charge Code	GL Amount
			COLD MIX	162.61	484 4752410	162.61
				1,110.78		1,110.78
7395171	D2816	WASTE MANAGEMENT OF A V	03/18-615 W H(TIRE)-TRASH SVC	2,746.57	330 4542656	2,746.57
7395172	31026	WAXIE SANITARY SUPPLY	RFND-DISPENSERS(4)	(49.58)	101 4633406	(49.58)
			TOWELS/SHIELDS/SOAP/SEAT COVRS	1,003.36	101 4633406	1,003.36
				953.78		953.78
7395173	D0578	WEST SIDE EQUIPMENT RENTALS	OMP-CONCRETE	174.68	101 4634602	174.68
7395174	08559	ZELDA'S 750 WEST	40TH ANNV-BEVERAGES/SERVICE	2,489.00	101 4330251	2,489.00
7395175	1214	L A CO SHERIFF'S DEPT	03/18 LAW ENFORCEMENT SVCS	2,103,511.65	101 4820354	1,917,489.93
					101 4820357	186,021.72
				2,103,511.65		2,103,511.65
7395176	03154	SO CA EDISON	03/01/18-04/01/18 ELECTRIC SVC	115,773.97	483 4755652	21.32
					483 4755660	115,752.65
				115,773.97		115,773.97
7395177	02357	A V TRANSIT AUTHORITY	4TH QTR BILLING-FY18	374,666.34	207 4330301	47,879.31
					207 4330301	326,787.03
				374,666.34		374,666.34
7395178	06211	HARDY & HARPER INC	CP17010-BLVD BIKWY/ROAD DT-RET	84,966.80	209 15ST038924	25,000.00
					210 15ST038924	30,072.75
					232 15ST038924	18,732.70
					399 15ST038924	11,161.35
				84,966.80		84,966.80
7395179	06681	PACIFIC ENERGY ADVISORS, INC	03/18-CCEA CONSULTING SERVICES	19,476.32	491 4370003P	19,476.32
			03/18-CCEA CONSULTING SERVICES	19,288.98	491 4370002P	288.98
					491 4370002P	19,000.00
			03/18-CCEA CONSULTING SERVICES	11,875.00	491 4370001I	11,875.00
			03/18-CCEA CONSULTING SERVICES	12,000.00	491 4370004I	12,000.00
				62,640.30		62,640.30
7395180	06313	R C BECKER & SON, INC	CP17011-20TH ST W IMPROVMNTS-3	167,618.25	209 12ST032924	167,618.25
7395181	05834	VENCO WESTERN, INC	LBP-LANDSCAPE RENOVATIONS	9,100.00	101 4636402	9,100.00
			03/18-PERIMETER AREAS MTNC	24,448.14	203 4636264	24,448.14
			03/18-MAINTENANCE SERVICES	43,217.02	482 4636402	43,217.02
			03/18-LBP-LANDSCAPE MTNC	3,626.23	482 4636401	3,626.23
			03/18-IRRIGATION REPAIRS	457.41	203 4636404	457.41
			03/18-IRRIGATION REPAIRS	1,594.18	203 4636404	1,594.18
				82,442.98		82,442.98

Chk Count 304

Check Report Total 4,155,945.70

STAFF REPORT
City of Lancaster

CC 3
05/08/18
MVB

Date: May 8, 2018

To: Mayor Parris and City Council Members

From: Britt Avrit, MMC, City Clerk

Subject: **Consideration of adoption of Ordinance No. 1042**

Recommendation:

Adopt **Ordinance No. 1042**, adding chapter 3.37 to the Lancaster Municipal Code establishing a Hotel Stimulus Program; and authorizing the City Manager or his designee to execute all related documents.

Fiscal Impact:

The City of Lancaster receives approximately \$1.8 million in transient occupancy tax (TOT) revenue annually from the nine Destination Lancaster hotels alone. Thus, each new qualifying hotel represents an estimated minimum of \$200,000 in additional TOT to the City's General Fund, in addition to increased property tax revenues from newly developed property.

Background:

The proposed Hotel Stimulus Program (HSP) holds the potential to generate substantial revenue to the City in the form of both TOT and property tax for decades to come, as well as create new jobs for members of our local community. In addition, it will help provide much-needed accommodations for local industry, thus attracting an increased number of visitors who will in turn further boost the Lancaster economy. With the elimination of redevelopment in California, staff believes the proposed HSP will provide a prudent level of incentives to attract high quality hotels and additional hospitality industry jobs to Lancaster.

At the April 24, 2018 City Council meeting, the City Council approved the introduction of Ordinance No. 1042 by the following vote:

AYES: Council Members Malhi, Mann, Vice Mayor Crist, Mayor Parris
NOES: None
ABSTAIN: None
ABSENT: Council Member Underwood-Jacobs

Attachment:

Ordinance No. 1042

ORDINANCE NO. 1042

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LANCASTER, CALIFORNIA ADDING CHAPTER 3.37 TO THE LANCASTER MUNICIPAL CODE RELATING TO A HOTEL STIMULUS PROGRAM

WHEREAS, the general welfare and material well-being of the residents of the City of Lancaster depend, in part, upon serving the existing needs of businesses and visitors and families within the City as well as promoting tourism in the City; and

WHEREAS, the operation, maintenance, and expansion of the inventory of AAA Three Diamond Hotels which meet certain additional criteria (as all or more particularly set forth in Exhibit "A" hereto) in the City will serve the existing needs of businesses and visitors and families within the City as well as promote and enhance the economy of the City, promote employment, promote an expanded range of lodging facilities, and assist the City in serving growing needs of commercial and industrial business and promoting tourism by providing attractive and desirable visitor serving facilities and experiences that will serve the needs of visitors to the City, provide employment opportunities for the residents of the City and provide additional benefits to the City by virtue of the City Benefit Package, as described in Chapter 3.37 of Title 3 of the Lancaster Municipal Code, as described below; and

WHEREAS, it is in the best interest of the City to induce and encourage the operation of new AAA Three Diamond Hotels meeting the additional criteria set forth in Exhibit "A" ("Qualifying Hotels") that, but for the hotel stimulus program, would not operate within the City; and

WHEREAS, the authority granted and the purposes to be accomplished by Chapter 3.37 as described herein is a municipal affair for which public funds can be expended and that the operation, maintenance, and expansion of the inventory of Qualifying Hotels is of paramount importance to the City of Lancaster, its residents, and businesses; and

WHEREAS, the City Council desires to adopt Chapter 3.37 to Title 3 of the Lancaster Municipal Code to adopt a hotel stimulus program, as described in Exhibit "A" hereto.

THE CITY COUNCIL OF THE CITY OF LANCASTER, CALIFORNIA, DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. **Enactment.** Chapter 3.37 is added to Title 3 to the Lancaster Municipal Code, as set forth in Exhibit "A" hereto.

Section 2. **Severability.** If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this ordinance, or any part thereof is for any reason held to be unconstitutional, such decision shall not affect the validity of the remaining portion of this ordinance or any part thereof. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase thereof, irrespective of the fact that any one or more section, subsection, subdivision, paragraph, sentence, clause or phrase be declared unconstitutional.

Section 3. **Certification.** The City Clerk shall certify the passage of this ordinance and shall cause the same to be processed as required by law.

Section 4. **CEQA.** This Ordinance is exempt from CEQA pursuant to Section 15061(b)(3) under the general rule that CEQA does not apply to activities which can be seen with certainty to have no effect on the environment.

Section 5. **Ordinance.** This ordinance shall become effective on the thirty-first day after passage.

I, Britt Avrit, CMC, City Clerk of the City of Lancaster, do hereby certify that the foregoing ordinance was regularly introduced and placed upon its first reading on the 24th day of April, 2018, and placed upon its second reading and adopted at a regular meeting of the City Council on the 8th day of May, 2018 by the vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

BRITT AVRIT, MMC
City Clerk
City of Lancaster

R. REX PARRIS
Mayor
City of Lancaster

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF LANCASTER)

CERTIFICATION OF ORDINANCE
CITY COUNCIL

I, _____, _____ City of Lancaster, California, do hereby certify that this is a true and correct copy of the original Ordinance No. 1042, for which the original is on file in my office.

WITNESS MY HAND AND THE SEAL OF THE CITY OF LANCASTER, on this _____ day of _____, _____.

(seal)

EXHIBIT "A"

HOTEL STIMULUS PROGRAM

Lancaster Municipal Code
TITLE 3 (Revenue and Finance)

TITLE 3

Chapter 3.37 HOTEL STIMULUS PROGRAM

3.37.000 Short Title. This Chapter shall be known as the Hotel Stimulus Program.

3.37.010 Purpose. The purpose of this Chapter is to provide an incentive program for the operation of Hotels which meet criteria set forth in this Chapter and which, as and when opened for business, will be Qualifying Hotels and thereafter continuously operate as AAA Three Diamond Hotels. In the implementation of this Hotel Stimulus Program, the City Council finds:

The general welfare and material well-being of the residents of the City of Lancaster depend, in part, upon serving the existing needs of businesses and visitors and families within the City as well as promoting tourism in the City.

The establishment of Qualifying Hotels and the operation, maintenance, and expansion of the inventory of AAA Three Diamond Hotels in the City will serve the existing needs of businesses and visitors and families within the City as well as promote and enhance the economy of the City and assist the City in serving growing needs of commercial and industrial businesses and promoting tourism by providing attractive and desirable visitor serving facilities and experiences that will serve the needs of visitors to the City, provide employment opportunities for the residents of the City, and provide additional benefits to the City by virtue of the City Benefit Package, as defined below.

It is in the best interest of the City to induce and encourage the establishment of Qualifying Hotels and the operation of AAA Three Diamond Hotels that, but for the Hotel Stimulus Program, would not operate within the City.

The authority granted and the purposes to be accomplished by this Chapter is a municipal affair for which public funds can be expended and that the establishment of Qualifying Hotels and the operation, maintenance, and expansion of the inventory of AAA Three Diamond Hotels is of paramount importance to the City of Lancaster, its residents, and businesses.

3.37.020 Definitions. For the provisions of this Chapter, the following definitions shall apply:

“AAA Three Diamond Hotel(s)” means a Hotel(s) which provides physical features and operational services which meet or exceed the rating criteria established for AAA Three Diamond Hotels by the American Automobile Association, as such compliance is determined by the American Automobile Association, and the Minimum Development Standards. AAA Three Diamond Hotel(s) does not include Hotels operating on or before January 1, 2018, other than Renovated Qualifying Hotel(s), nor does it include property, including both Existing Hotels and/or undeveloped land, that is/are currently the subject of an agreement with the City of Lancaster which agreement provides a subsidy or financing mechanism for the construction and/or operation of a Hotel or which involved an agreement of the former Lancaster Redevelopment Agency.

“Administrative Fee” means such fee, if any, as the City of Lancaster may establish from time to time; any amounts received by the City as an application fee will be retained by the City, whether the Application is approved or disapproved, to defer the administrative costs of reviewing each Application and otherwise administering the Hotel Stimulus Program.

“Applicable Transient Occupancy Tax Rate” means the lesser of the rate of Transient Occupancy Tax as applicable from time to time or eleven percent (11%). The Applicable Transient Occupancy Tax Rate shall apply for the calculation of any and all Incentive Payments pursuant to Section 3.37.050 hereof without regard to any increases, at any time, in the rate of the Transient Occupancy Tax.

“Applicant” means a person or entity submitting an Application pursuant to Section 3.37.040 hereof.

“Application” means the application submitted to the City Manager by an Applicant pursuant to Section 3.37.040 hereof, in the form prescribed from time to time by the City Manager.

“Base Transient Occupancy Tax” means the average annualized Transient Occupancy Tax paid to the City with respect to an Existing Hotel for the last thirty-six months prior to the date on which an Existing Hotel becomes Pre-Approved under the Qualified Renovation Program. Base Transient Occupancy Tax shall be adjusted annually on January 1 of each year based on increases in the CPI.

“Brand” means the distinctive name of a Hotel that, by virtue of its distinctive name, is identified by specific physical and operational features so that guests are assured that they will receive a specified level of service and amenities wherever the property is located.

“City Benefit Package” means a compendium of goods or services made available to City having substantial value; the City Benefit Package shall be determined as to each Hotel in connection with the negotiation and preparation of the applicable Operating Covenant Agreement. An illustrative example of what the City Manager may approve as a City Benefit Package is as follows:

Owner shall make available to City without charge throughout that period required under the Operating Covenant Agreement for the ongoing operation of the Hotel as a Qualifying Hotel as follows; City shall be entitled to reserve and utilize rooms for official City business, including without limitation use by visiting consultants, artists/crews for the Lancaster Performing Arts Center, attorneys, consultants, as well as business prospects which City staff is seeking to attract to locate within the city limits of the City of Lancaster for up to fifteen (15) nights per month. The following parameters shall apply to the reservation and use of rooms under this Section 501.1: (i) up to five (5) room nights, valid Friday through Sunday nights only, are to be booked up to thirty (30) days in advance; (ii) an additional five (5) room nights, valid any night of the week, are to be booked up to twenty four (24) hours in advance; and (iii) an additional five (5) room nights, valid any night of the week, are to be booked the same day as use. Reservations shall be made by the City Manager. In the event the allotted number of rooms is not utilized during a particular month, the unused nights shall not carry forward. No room rent or charges (including parking) shall apply with respect to the rooms reserved under this provision (“City Rooms”) and no transient occupancy tax will be payable with respect to the City Rooms as utilized under this provision. Hotel guests using City Rooms shall be subject to payment of meals and incidentals, as applicable.

“City Code” means the Municipal Code of the City of Lancaster as may be amended from time to time, and includes, without limitation, the Uniform Codes.

“City Manager” means the City Manager of the City of Lancaster or his/her designee.

“CPI” means the Consumer Price Index-Urban for the Los Angeles-Orange-Riverside County Average, Subgroup “All Items,” (1982-1984 = 100) as established by the Bureau of Labor Statistics of the U.S. Department of Labor.

“Deferred Developer Impact Fees” means those Developer Impact Fees as to which an Owner, as a participant under this Hotel Stimulus Program, elects to have payment deferred until the earlier to occur of (i) issuance by City of a certificate of occupancy as to a Hotel or other improvements as to the Site or (ii) the second anniversary of the issuance of building permits as to the Hotel or other improvements as to the Site; provided that any Development Impact Fees so deferred shall bear interest at the Designated Interest Rate. The payment of Deferred Developer Impact Fees shall also be subject to Section 3.37.050 D hereof.

“Deferred Permit, Plan Check, and Inspection Fees” means those Permit, Plan Check and Inspection Fees as to which an Owner, as a participant under this Hotel Stimulus Program, elects to have payment deferred until the earlier to occur of (i) issuance by City of a certificate of occupancy as to a Hotel or other improvements as to the Site or (ii) the second anniversary of the issuance of building permits as to the Hotel or other improvements as to the Site; provided that any Development Impact Fees so deferred shall bear interest at the Designated Interest Rate.

“Deposit” means such amount, if any, as may be required by resolution of the City as adopted from time to time. Should a Deposit be made, such Deposit shall be (i) returned to the Applicant, if the Application is rejected, (ii) retained by the City in the event that the Application is terminated pursuant to subsection B of Section 3.37.040, or (iii) refunded within thirty (30) days after a Pre-Approved Qualifying Hotel Opens for Business. The City shall have no obligation to earn interest or apply interest or earnings with respect to the Deposit.

“Designated Interest Rate” means a rate equal to the rate of interest applicable to the construction loan for the Hotel and, if there is no construction loan, then a rate of interest designated by the City Manager as representing a market rate of interest for such deferral.

“Development Impact Fees” means such developer impact fees as are imposed by City from time to time under the City Code and any implementing resolutions or Entitlements.

“Eligibility Phase” means the period commencing on the effective date of this Chapter and terminating on the earlier to occur of (i) December 31, 2022, subject to Section 3.37.100 hereof, or (ii) the date on which there are a total of Five Thousand (5,000) Guestrooms comprised of Guestrooms of New Qualifying Hotels which have been Pre-Approved and have Opened for Business.

“Entitlements” means the City approvals for the development or renovation of a Hotel, including without limitation all conditions of land use, building, and environmental approvals.

“Existing Hotel” means a building that was constructed, occupied, and used as a facility referenced in Title 5, Chapter 5.20, Section 5.20.010 of the City Code on or before January 1, 2018.

“Financing” refers to the combination of debt and equity sufficient to construct and operate the Qualifying Hotel for which an Application has been filed with the City Manager.

“Flag” means the entity whose Brand is used to identify the Hotel.

“Governmental Requirements” means all laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the state, the county, the City, or any other political subdivision in which the Hotel is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over the City, the Owner or the Site, including, without limitation, all applicable state labor standards, the Code, the entitlements, all applicable disabled and handicapped access requirements, including, without limitation all applicable federal, state, and local public works requirements, including if and to the extent required as a matter of law the payment of prevailing wages and hiring of apprentices pursuant to Labor Code Section 1720 et seq., the Americans With Disabilities Act, 42 U.S.C. Section 12101, et seq., Government Code Section 4450, et seq., Government Code Section 11135, et seq., the Unruh Civil Rights Act, Civil Code Section 51, et seq., and all other applicable federal, state, and local laws.

“Guestroom(s)” means a room or suite within a Hotel intended for Transient Occupancy by guests for compensation.

“Hotel” means a building which (i) operates as a facility referenced in Title 5, Chapter 5.20, Section 5.20.010 of the City Code, (ii) directly generates Transit Occupancy Tax to the City, and (iii) meets the Minimum Required Density.

“Hotel Operator” means franchisee, manager, lessee, or licensee with whom an Owner has a contract to open as a Qualifying Hotel and thereafter to operate the Qualifying Hotel as a AAA Three Diamond Hotel pursuant to a franchise, management, lease, or license arrangement.

“Hotel Stimulus Program” means the program set forth in this ordinance to encourage the granting and operation of Qualifying Hotels and their ongoing operation as AAA Three Diamond Hotels.

“Incentive Payments” are the payments made by the City to the Owner pursuant to Section 3.37.050 hereof.

“Initial Milestone” means the date which is the earlier to occur of (i) twelve (12) months following the date of approval of the Application or (ii) December 31, 2023 subject to Section 3.37.100 hereof.

“Minimum Development Standards” means development which complies with all of the following: (i) all fees shall have been paid by Owner or, in the case of a deferral of Deferred Development Impact Fees pursuant to Section 3.37.050 D, so deferred, (ii) all development shall conform to the City Code, all applicable Governmental Requirements, and the Entitlements, and (iii) all development shall satisfy the requirements for a Qualifying Hotel.

“Minimum Required Density” means a minimum density measured by hotel rooms for occupancy of (i) 110 rooms per acre, or (ii) 90 rooms per acre as part of a Hotel that includes improved meeting space of not less than three thousand (3,000) square feet and a restaurant of not less than one thousand (1,000) square feet.

“New Qualifying Hotel(s)” means a Qualifying Hotel(s) that was not operating in the City (as a Qualifying Hotel) as of January 1, 2018.

“Open(s)(ing)(ed) for Business” or **“Opening”** means the day on which a Hotel opens or re-opens for business to the general public as a Qualifying Hotel or a date mutually agreed upon by City and Owner which date occurs within the Hotel’s first year of operation. In the case of a Qualifying Renovated Hotel, the reopening of such Hotel as a Qualifying Hotel shall be treated as the Opening.

“Operating Covenant Agreement” means an agreement containing covenants as referenced in Section 3.37.060 of this Chapter.

“Owner” means the person or entity who is the owner of a Hotel or a Site, whether in the capacity of fee simple owner, lessee, sub-lessee, mortgagee in possession, licensee, franchisee, or any other capacity, or the assignee or designee of such Owner.

“Ownership” means fee simple, lease, license, franchise or other interest in property or a contract to purchase any such interest, which would entitle the Owner to construct a Qualifying Hotel or to substantially rehabilitate an Existing Hotel to satisfy all criteria as a Qualifying Hotel.

“Permit, Plan Check, and Inspection Fees” means permit, plan check, and inspection fees as imposed by City from time to time under the City Code and any implementing regulations or Entitlements.

“Pre-Approved” or **“Pre-Approved Qualifying Hotel”** means a Qualifying Hotel whose Application has been approved by the City Manager pursuant to Section 3.37.040 hereof.

“Qualifying Hotels” means a Hotel which satisfies all of the following: (i) it opens as an Upscale, Upper Upscale or Luxury Hotel as designated under the Applicable STR Chain Scale; (ii) it is approved during the Eligibility Phase; (iii) it opens and operates with a Three Diamond Hotel designation by the American Automobile Association during the Eligibility Phase; and (iv) it meets the Minimum Required Density.

“Qualified Renovation Program” means a property improvement program undertaken by the Owner of an Existing Hotel which proposes to convert from a Hotel which is not a Qualifying Hotel to a Qualifying Hotel.

“Renovated Qualifying Hotel” means a Hotel which qualifies as a Qualifying Hotel under the Qualified Renovation Program.

“Second Milestone” means, in each case, the first anniversary of the First Milestone, subject to Section 3.37.100 hereof.

“Site” means a parcel or parcels of land upon which a Qualifying Hotel will open.

“Site Control” means fee ownership of an Existing Hotel or a Site on which a Qualifying Hotel is proposed.

“Transient Occupancy” means an uninterrupted stay of no more than twenty-eight consecutive calendar days.

“**Transient Occupancy Tax**” means the transient occupancy tax levied and collected pursuant to Chapter 3.16 of Title 3 of the Lancaster Municipal Code, as it may be amended from time to time and held in the City’s general fund for unrestricted use. Chapter 3.16 of the Lancaster Municipal Code, as it may be amended from time to time, is referred to therein as the “Transient Occupancy Tax Code.”

“**Transient Occupancy Tax Increment**” means the annual difference between the Transient Occupancy Tax Base and the amount of Transient Occupancy Tax paid to the City based on the Applicable Transient Occupancy Tax Rate with respect to a Renovated Qualifying Hotel after its Opening (as a Qualifying Hotel).

“**Under Construction**” means that all necessary discretionary entitlements have been approved by the City of Lancaster, grading and building permits have been issued, and that inspection approvals by the City of Lancaster of grading and foundations to grade level have been obtained, vertical construction of Guestrooms has begun, and the Operating Covenant Agreement has been recorded.

“**Uniform Codes**” means each of the following as in effect from time to time as approved by City: the Uniform Building Code, the Uniform Housing Code, the National Electrical Code, the Uniform Plumbing Code, the Uniform Mechanical Code, and the Uniform Code for the Abatement of Dangerous Buildings.

“**Year**” means a calendar year or such fiscal year as may be designated under the applicable Operating Covenant Agreement.

3.37.040 Eligibility for Participation in Hotel Stimulus Program.

A. Application Process. To become eligible for the Hotel Stimulus Program as a Qualifying Hotel, the Owner shall:

1. Complete and submit to the City Manager, the Application for the Hotel Stimulus Program, which shall contain, at a minimum:
 - (i) Evidence of Site Control.
 - (ii) Description of development team, including, the development entity, the architect(s), interior designer, landscape architect, and other professional disciplines related to the construction and operation of a Qualifying Hotel for the purposes of confirming that the Hotel will be an a Qualifying Hotel when Opened for Business.
 - (iii) The operating plan for a Qualifying Hotel which sets forth with reasonable particularity the operational characteristics of the hotel focusing on those matters which are intended to result in the Hotel being rated as a Qualifying Hotel and thereafter operated as a AAA Three Diamond Hotel.

- (iv) Conceptual design of a Qualifying Hotel for the purpose of confirming that the Hotel will be a Qualifying Hotel when Opened for Business.
- (v) Timeline for the commencement of operation.
- (vi) Evidence of Three Million Five Hundred Thousand Dollars (\$3,500,000) cash or its equivalent or more equity capital in the developer entity.
- (vii) References from financial institutions.
- (viii) Description of the City Benefit Package as proposed.
- (ix) Independent, third-party certification, acceptable to the City, that the proposed Hotel will Open as a Qualifying Hotel;

2. Execute or agree to execute an Operating Covenant Agreement which shall include provisions regarding continuing use, maintenance, indemnification regarding prevailing wage, a City Benefit Package approved by the City Manager in his/her discretion, and such other provisions as the City Manager, in his/her sole discretion, may reasonably determine are necessary or appropriate to preserve the goals and intent of this Chapter.

3. Pay the Administrative Fee, if any, and the Deposit, if any.

B. Consideration of the Application by the City Manager. The City Manager shall approve or disapprove Applications based on the above within sixty (60) days after a complete submittal.

C. Treatment of the Administrative Fee and the Deposit. If the Application is rejected, the City shall retain the Administrative Fee, if any, and return the Deposit, if any, to the Applicant. If the Application is approved, the City shall retain the Administrative Fee and Deposit. The Deposit shall be refunded within thirty (30) days after a Qualifying Hotel Opens (or re-opens) for Business or retained by the City if the Application is terminated pursuant to subsection D.below.

D. Termination of Approved Application. An approved Application shall be automatically terminated without further notice and the Deposit, if any, shall be retained by the City unless (i) on or before the Initial Milestone, Owner provides the City with written evidence, acceptable to the City Manager acting in his/her sole and absolute discretion, that a Brand and/or Flag, Hotel Operator, and commitment to provide Financing for a Qualifying Hotel is likely, and (ii) on or before the Second Milestone, Owner shall have entered into written agreements with respect to the Brand and/or Flag, and Hotel Operator and Financing shall have closed and the Qualifying Hotel shall be Under Construction. The Application shall also terminate and the Deposit retained by the City if, at any time prior to Opening for Business, any material factual representation(s) made in the Application by the Owner was not true when made or has become not true, as determined by the City Manager acting in his/her reasonable discretion.

E. Effect of Termination of Pre-Approved Qualifying Hotel. If and to the extent an Application for a Hotel that was Pre-Approved as a Qualifying Hotel(s) is terminated pursuant to subsection D of this Section 3.37.040 prior to Opening, the next Application in order of submittal shall be considered by the City Manager for Pre-Approval as a Qualifying Hotel.

F. Vesting of Pre-Approved Qualifying Hotel. The right of an Owner to receive Incentive Payments shall vest upon Pre-Approval subject only to voluntary withdrawal of an Application by the Owner or termination pursuant to subsection D of this Section 3.37.040 hereof.

3.37.050 Incentive Payments.

A. Confirmation of the fulfillment of the Requirements of Subsection A of Section 3.37.040. Upon completion of a Hotel for which an Application has been approved pursuant to Section 3.37.040, the Applicant shall provide the City with an independent third party audit confirming that the requirements in subsection A of Section 3.37.040 have been met. The City Manager shall approve or reject the results of such audit acting in his/her reasonable discretion.

B. Mechanics Regarding Incentive Payments. Subject to subsection E of this Section 3.37.050, the City shall pay Incentive Payments to an Owner of a Hotel which Opens as a Qualifying Hotel and is thereafter continuously operated as a AAA Three Diamond Hotel in compliance with the Operating Covenant Agreement (including without limitation the continuous implementation of the City Benefit Package) as follows: (i) as to a New Qualifying Hotel, an amount equal to fifty percent (50%) of the Transient Occupancy Tax collected and remitted to the City for the preceding Year based on the Applicable Transient Occupancy Tax Rate with respect to such Qualifying Hotel pursuant to Chapter 3.16 of this Code; such Incentive Payments shall be calculated and made for the ten (10) year annual period commencing on the Opening and terminating on the tenth (10th) anniversary date of the Opening; and (ii) as to a Renovated Qualifying Hotel, an amount equal to fifty percent (50%) of the Transient Occupancy Tax Increment collected and remitted to the City for the Preceding Year based on the Applicable Transient Occupancy Tax Rate with respect to such Qualifying Hotel pursuant to Chapter 3.16 of this Code; such Incentive Payments shall be calculated and made for the ten (10) year annual period commencing on the Opening and terminating on the tenth (10th) anniversary date of the Opening. The City shall endeavor to make payments which become applicable hereunder within a reasonable time following receipt of information and verification, to be more specifically set forth under the applicable Operating Covenant Agreement.

C. Termination of Incentive Payments. Incentive Payments under this Section 3.37.030 shall terminate upon the expiration of the terms described above or at such time as the Hotel ceases to operate as a Qualifying Hotel for reasons other than temporary closure due to repair, casualty loss, or maintenance issues.

D. Deferred Developer Impact Fees. In the event an Owner causes a Hotel to Open as a Qualifying Hotel and operate as a AAA Three Diamond Hotel as described in Section 3.37.020, the City shall waive collection of the Deferred Developer Impact Fees, including any interest applicable with respect thereto. This Section 3.37.050 D shall not apply to Permit, Plan Check and Inspection Fees or any other fees.

E. Setoff as to Unpaid Fees. As to any Permit, Plan Check and Inspection Fees, Developer Impact Fees (excepting to the extent a waiver of Developer Impact Fees has been made by City pursuant to subsection D of this Section 3.37.050), and any other fees collected by City in connection with the development undertaken by an Applicant or Owner, City shall setoff against any payments otherwise provided under subsection B of this Section 3.37.050 any amounts which have not been paid to City together with interest determined using the Designated Interest Rate.

3.37.060 Operating Covenant Agreement.

Each Owner eligible to participate in the Hotel Stimulus Program shall execute an Operating Covenant Agreement. An illustrative form of the Operating Covenant Agreement will be maintained on file with the City Clerk. Each Operating Covenant Agreement or a memorandum thereof approved by the City Manager, may be recorded by the corresponding Owner or the City among the official land records of the County Recorder of the County of Los Angeles; provided that the failure to record such Operating Covenant Agreement or memorandum thereof shall not affect the validity of any such Operating Covenant Agreement. Any fees associated with the recording of such an Operating Covenant Agreement or memorandum shall be borne by the Owner. Each Operating Covenant Agreement shall include a City Benefit Package approved by the City Manager.

3.37.070 General Fund Revenues.

All Transient Occupancy Tax Revenues or Transit Occupancy Tax Increment remitted to the City with respect to a Qualifying Hotel shall be deemed general fund revenues of the City and shall be deposited in the City's general fund.

3.37.080 Administrative Rules and Regulations.

Consistent with the intent and goals of this chapter, the City Manager may interpret the provisions of this Chapter and may adopt administrative rules and regulations for implementation and furtherance of the requirements of this Chapter including, without limitation, the form of the Application, the form of the Operating Covenant Agreement and the manner of compliance with Government Code Section 53083.

3.37.090 Annual Administrative Review.

The City Manager shall cause a review of the Hotel Stimulus Program each year and if amendment or termination is warranted present a proposed amendment to this Chapter to the City Council for its consideration.

3.37.100 Term

The provisions of this Chapter shall be suspended as of the last day of the Eligibility Phase; provided that notwithstanding anything otherwise set forth in this Chapter, the City may modify or terminate the Hotel Stimulus Program at any time.

STAFF REPORT
City of Lancaster

CC 4
05/08/18
MVB

Date: May 8, 2018

To: Mayor Parris and City Council Members

From: Chenin Dow, Economic Development Manager

Subject: **Approval of Reimbursement Agreement with BLVD Renewal, LP**

Recommendation:

Approve the reimbursement agreement with BLVD Renewal, LP for the construction of high-quality improvements to the public realm; and authorize the City Manager or his designee to execute all related documents.

Fiscal Impact:

The fiscal impact is two-fold: construction of a new upscale hotel will serve as a significant contributor to the City’s General Fund in the form of both property and transient occupancy tax well into the future, while an immediate cost not to exceed \$1,050,000 in capital funding for the construction of public improvements will enhance the walkability, aesthetic appeal, and drainage of the surrounding public realm.

Background:

In 2010, the City of Lancaster completed construction on “The BLVD Transformation Project,” a comprehensive initiative to revitalize the City’s downtown core. Since then, more than 60 new businesses have chosen to call the downtown district home. The BLVD has drawn well over \$130 million in private investment, and more than 200,000 square feet of commercial space has been constructed or rehabilitated.

Today, the BLVD continues to evolve and adapt to residents’ wishes and needs. Recent additions include a Regency Theatres, which has purchased and renovated BLVD Cinemas; Don Sal, an upscale Mexican cantina; Buckle & Boots, a country western bar; and more.

Each of these uses is in keeping with the City’s target tenant mix, which envisions the downtown area as an increasingly vibrant, thriving urban core rich in entertainment and dining options. A key component of this long-term vision is the addition of an upscale hotel.

Now, the City has the opportunity to attract such a hotel. InSite Development, long-standing partners in the effort to revitalize and continuously refresh the BLVD, are working to bring a 105-room Marriott Residence Inn to the heart of the downtown area.

The Marriott will join the existing Homewood Suites and Springhill Suites as one of three hotels in Lancaster classified as “upscale” by Smith Travel Reports (STR), long recognized as a beacon in the industry. The proposed hotel will also provide the highest level of density of any hotel in the Antelope Valley. Recent analyses by independent fiscal resiliency firm Urban 3 have illustrated that high-density development, particularly in the urban core, yields significantly greater value to the community over the long term. In addition, travelers attracted by the hotel will further contribute to Lancaster’s economy via spending at restaurants and other local businesses.

The proposed agreement would facilitate construction of the hotel while also providing high-quality improvements to the public realm. These will include street improvements, sidewalks, and landscaping in keeping with the BLVD theme, as well as storm drainage improvements to alleviate the flooding on Kildare that typically results from heavy rains. The improvements will also lay the foundation for further infill development in the vicinity in the future.

This agreement represents an ideal opportunity for the public sector to partner with the private sector for the good of the community. Not only does the proposed Marriott Residence Inn represent the realization of a long-standing goal that will greatly enrich the heart of our City; the public improvements and the hotel alike will generate a positive impact for decades to come.

CD

Attachment:

Reimbursement Agreement with BLVD Renewal, LP

REIMBURSEMENT AGREEMENT

THIS REIMBURSEMENT AGREEMENT (this “Agreement”) is made and entered into as of May 8, 2018, by and between the **CITY OF LANCASTER**, a municipal corporation and charter city (the “City”), and **BLVD RENUAL, LP**, a California limited partnership (“Developer”). The City and Developer are sometimes individually referred to as a “Party” and collectively as the “Parties.”

RECITALS

A. The Developer is a long-standing partner in the ongoing development of the City’s urban core. Plans are now well underway for the Developer to construct an upscale Marriott Residence Inn in the heart of the downtown area

B. The proposed Marriott will be one of two hotels in Lancaster classified as “upscale” by Smith Travel Reports (STR). It will also provide the highest level of density of any hotel in the Antelope Valley. Recent analyses by independent fiscal resiliency firm Urban 3 have illustrated that high-density development, particularly in the urban core, yields significantly greater value to the community over the long term.

C. Subject to the terms and conditions of this Agreement, the City desires to reimburse the Developer up to One Million Fifty Thousand Dollars (\$1,050,000.00) for certain public improvements.

NOW, THEREFORE, in consideration of the above recitals and other good and valuable consideration, the parties hereby agree as set forth below.

1. Developer’s Obligation to Construct Public Improvements. Developer shall construct or cause construction of certain public improvements as described and within the times specified in the Public Improvements Scope of Development attached hereto as Exhibit “A” and incorporated herein (“Public Improvements”).

2. City’s Reimbursement Obligation. Upon completion and City’s acceptance of the Public Improvements, the City shall reimburse Developer up to One Million Fifty Thousand Dollars (\$1,050,000.00) (the “Maximum Reimbursement”) of the actual cost of construction; provided, however, that the City shall only be obligated to reimburse the Developer to the extent the Developer provides documentary evidence satisfactory to the City showing that the amount requested was incurred as a cost of constructing the Public Improvements (including planning, design and hard and soft construction costs) and actually paid by the Developer.

3. Issuance of Public Improvements Contract. Subject to applicable laws, the Developer shall select all companies to bid on the construction of the Public Improvements, determine which bids qualify and select the lowest, qualified bid. The Developer shall present the bid it has selected to the City for review and approval. The scope of work to be constructed and bid on, as well as all other documents the Developer uses in soliciting and/or advertising for bids shall be reviewed and approved by the City prior to the Developer commencing such solicitation and/or advertising.

4. Conformity with State Labor and Work Safety Laws. The Developer shall carry on the design and construction of the Public Improvements in a timely manner and in conformity with all applicable laws, including but not limited to all applicable state labor and work safety laws and regulations, including the provisions of Labor Code Sections 1770, *et seq.* relating to prevailing wages, to the extent applicable to the Public Improvements, as to which the City makes no representations. Without limiting the general indemnity provided in Section 5 of this Agreement, the Developer agrees to hold the City harmless and to indemnify and defend the City from all claims arising under the provisions of Labor Code §§ 1720, *et. seq.*, including, but not limited to the provisions of Labor Code Section 1726 and 1781.

5. Indemnification. The Developer agrees to indemnify, defend and hold the City and its officers, employees, agents, representatives, and assigns (“City Indemnitees”) harmless from and against any losses, claims, demands, actions, or causes of action, of any nature whatsoever, arising out of or in any way connected with the performance of the Developer, its officers, employees, agents, or representatives under this Agreement, including costs of suit and reasonable attorneys’ fees. In the event the City Indemnitees are made a party to any action, lawsuit, or other adversarial proceeding in any way involving such losses, claims, demands, actions, or causes of action, the Developer shall provide a defense to the City Indemnitees (with legal counsel selected by the City), including reasonable attorneys’ fees, incurred in defense of such claim. In addition, the Developer shall be obligated to promptly pay any final judgment or portion thereof rendered against the City Indemnitees.

6. Officers and Employees. No officer or employee of the City or Developer shall be personally liable to the other Party in the event of any default or breach or for any amount which may become due for breach of any obligation of the terms of this Agreement.

7. Notice. Any notice, demand, request, consent, approval, or communication either party desires or is required to give to the other party or any person shall be in writing and either served personally or sent by prepaid, first-class mail to the address set forth below. Notice shall be deemed communicated forty-eight (48) hours from the time of mailing if mailed as provided in this Section.

To City: City of Lancaster
44933 N. Fern Avenue
Lancaster, CA 93534
Attn: Mark Bozigian, City Manager

To Developer: InSite Development, LLC
6330 Variel Avenue, Suite 201
Woodland Hills, CA 91367
Attn: Steve Eglash, Managing Member

8. Assignment of Agreement. Neither Party may assign its obligations hereunder to any assignee without the prior written consent of the other Party.

9. General Provisions.

(a) Except as otherwise provided herein, the terms, conditions, covenants, and agreements set forth herein shall apply to and bind the heirs, executors, administrators, assigns, and successors of the Parties hereto.

(b) The Parties to this Agreement do not rely upon any warranty or representation not contained in this Agreement.

(c) This Agreement shall be governed by and interpreted with respect to the laws of the State of California.

(d) Any failure or delay by any party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any rights or remedies provided for herein.

(e) This Agreement may be amended at any time by the mutual consent of the Parties by an instrument in writing signed by the Parties.

10. Severability. In the event that any provision or provisions of this Agreement are held unenforceable, all provisions not so held shall remain in full force and effect.

11. Authority of Signatories. The persons executing this Agreement on behalf of the Parties hereto warrant that they are duly authorized to execute this Agreement on behalf of said Parties and that by so executing this Agreement the parties are formally bound to the provisions of this Agreement.

[Signatures begin on next page.]

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

CITY:

CITY OF LANCASTER, a California municipal corporation and charter city

By: _____
Name: Mark V. Bozigian
Its: City Manager

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

DEVELOPER:

BLVD RENUAL, LP, a California limited partnership

By: Steve Eglash
Name: Steve Eglash
Its: Managing Partner

EXHIBIT "A"

PUBLIC IMPROVEMENTS SCOPE OF DEVELOPMENT

The project will encompass the installation of street improvements, including pavement, curb, gutter, driveways, and sidewalk, along Gadsden and Kildare Avenues. It will incorporate on-street angled parking along the east side of Gadsden Avenue.

Improvements will also include pavers, landscaping, and irrigation consistent with BLVD branding along Gadsden. Corner bulb-outs and Americans with Disabilities Act (ADA) compliant ramps will be installed at the corners of Kildare and Gadsden. ADA-compliant "walk arounds" will be installed at driveway locations, as well as dual ADA curb ramps at all intersections. Above-ground utilities including but not limited to fire hydrants, junction boxes, and street lights will be placed outside the sidewalk.

Adequate drainage facilities, including box culverts or similar and any needed storm drains, will be installed to eliminate nuisance water and mitigate on- and off-site drainage.

All improvements will be in compliance with the Director's Review No. 17-64 Conditions List issued on December 30, 2017, as well as the Downtown Specific Plan.

STAFF REPORT
City of Lancaster

CC 5
05/08/18
MVB

Date: May 8, 2018

To: Mayor Parris and City Council Members

From: Elizabeth Brubaker, Housing & Neighborhood Revitalization Director

Subject: **Disposition strategy for properties acquired by the City of Lancaster under the approved Neighborhood Stabilization Program.**

Recommendation:

Adopt **Resolution No. 18-13**, approving a disposition strategy for the sale of single-family residences acquired under the approved Neighborhood Stabilization Program.

Fiscal Impact:

Revenue from NSP1 home sales will be deposited into account code 363-3100-500.

Background:

In September 2008, pursuant to the Housing and Economic Recovery Act of 2008, the City Council received and appropriated \$6,983,533 for the Neighborhood Stabilization Program from the U.S. Department of Housing and Urban Development. The City Council approved the appropriation of Program Income on May 27, 2014, for \$2,997,533.00, on April 26, 2016, for \$436,458.73, on October 25, 2016, for \$1,006,756.57 and on September 26, 2017, for \$1,433,799.00, to continue to administer and implement NSP1.

The City of Lancaster purchased and rehabilitated three properties under the Neighborhood Stabilization Program. These properties will be marketed and sold to potential homeowners who agree to purchase the properties for appraised value and agree to the recording of affordability Covenants, Conditions, and Restrictions. The Affordability Covenants, Conditions, and Restrictions contain affordability requirements and restrict the resale of the property to be owner occupied for forty-five years. The properties will be listed and sold through the Greater Antelope Valley Association of Realtors members, via the local area Multiple Listing Service to qualified homebuyers.

One significant component of the removal of blight and revitalization of mature neighborhoods is the rehabilitation of older housing stock. During the current economic downturn, there has been a substantial number of foreclosures on mortgages throughout the City. The City has purchased and rehabilitated several vacant and foreclosed properties. The homes purchased are typically those in need of the most assistance and not purchased by homeowners or investors when listed on the local Multiple Listing Service. The properties have been rehabilitated with energy efficient features, such as dual pane windows, Energy Star appliances, and drought tolerant landscaping, in an effort to reduce the maintenance cost of the home to the new homeowners.

The Neighborhood Stabilization Program helps to eliminate blight in the neighborhoods, and assists the community by providing much needed affordable homeownership for families. Sale of the rehabilitated properties to homeowners will also help provide a better balance of homeowner to investor in the neighborhoods. By encouraging homeownership, the value attributed to the land as a resource increases, as the conditions of physical deterioration and blight due to poor use of the property, squatting and illegal dumping have been removed. The rejuvenation of these properties is further bolstered with the real potential of providing long-term affordable homeownership.

Attachment:

Resolution 18-13

RESOLUTION NO. 18-13

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LANCASTER, CALIFORNIA, APPROVING A DISPOSITION STRATEGY FOR THE SALE OF SINGLE-FAMILY RESIDENCES ACQUIRED UNDER THE APPROVED NEIGHBORHOOD STABILIZATION PROGRAM

WHEREAS, the City of Lancaster (the “City”) is authorized and empowered, to enter into agreements for the acquisition, disposition of real property and otherwise to assist in the redevelopment of real property within redevelopment project areas in conformity with a redevelopment plan adopted for such area, to acquire real and personal property in redevelopment project areas, to receive consideration for the provision by the City of redevelopment assistance, to make and execute contracts and other instruments necessary or convenient to the exercise of its powers; and

WHEREAS, the City owns residential property in the City of Lancaster, Los Angeles County, State of California, further described shown in Exhibit “A” (the “Subject Property”), and is engaged in activities necessary to execute and implement the Redevelopment Plans; and

WHEREAS, the City desires to enter into California Residential Purchase Agreement and Joint Escrow Instructions (the “Agreement”) in order to implement the provisions of the Redevelopment Plan by providing for the sale of the Subject Property generally, located in the City of Lancaster Redevelopment Project Areas, further described in Exhibit “B” (the Information Summary Report), and which development of the Subject Property is consistent with previous uses of the Property as well as existing uses of other real property in the surrounding neighborhood; and

WHEREAS, the Agreement does not create any new or additional environmental impacts than were considered in the Redevelopment Plans, or any environmental requirements applicable to the proposed use of the Subject Property pursuant to the City’s Zoning Ordinance. The Agreement to dispose of the Subject Property and the intended use of the real property is similar in nature to the previous uses of the Property. The use is permitted and is consistent with the General Plan land use designation. The proposed project is not expected to produce any significant impacts to the environment; and

WHEREAS, the disposition of this Subject Property within the Redevelopment Plan areas is being considered pursuant to the terms of the Agreement, is in the vital and best interest of the city, and the health, safety, morals and welfare of its residents. Furthermore, this project is in accordance with the public purposes and provisions of Redevelopment Plan and applicable state and local laws and requirements; and

WHEREAS, the City is authorized, with the approval of the City Council, to sell or lease the Subject Property for development pursuant to the redevelopment plan upon a determination by the City Council that the disposition of the property will assist in the elimination of blight and is consistent with the implementation plans adopted for the Redevelopment Project pursuant to CRL Section 33490 and that the fair consideration of such disposition is not less than either the fair market value or fair reuse value of the Subject Property in accordance with the covenants and conditions governing the disposition and the development costs required thereof; and

WHEREAS, the City has duly considered all terms and conditions of the proposed Agreement and believes that the disposition of the sites pursuant thereto is in the best interests of the City of Lancaster for the health; safety, and welfare of its residents, and is in accord with the public purposes and provisions of applicable requirements, and state and local laws.

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

Section 1. The City Council hereby finds and determines that based upon substantial evidence provided in the record before it, (i) the disposition of the Subject Properties pursuant to the Agreement is in accordance with the covenants and conditions governing the transfer of the Subject Property, and complies with the purposes of the Redevelopment Plans for the use and maintenance of the Subject Property, which is in the best interest of the community, and (ii) the consideration for the disposition of the Subject Properties pursuant to the terms and conditions of the Agreement is not less than either the fair market value or the fair reuse value in accordance with the covenants, conditions and restrictions imposed under the Agreement and the costs required under the Agreement. The City Council further finds and determines that the disposition of the Subject Property pursuant to the Agreement (i) will assist in the elimination of blight by requiring redevelopment of the Subject Property in accordance with the Agreement as residential workforce housing, including affordable housing and (ii) is consistent with the implementation plan for the Redevelopment Project adopted by the City pursuant to Health and Safety Code Section 33490.

Section 2. The disposition of the Properties by the City to potential homebuyers pursuant to the Agreements and any changes mutually agreed upon by the homebuyers and the Housing and Neighborhood Revitalization Director, in substantial conformance with the Agreements for the Subject Properties herewith, which establishes terms and conditions for the transfer of the Subject property, are hereby approved by the City Council.

Section 3. The City Council concurs in authorizing the City Manager or a designee thereof to execute the Agreements and to take all steps, and to sign all documents (including the Grant Deed) necessary to implement and carry out the Agreements on behalf of the City.

Section 4. The City Council hereby finds and determines that the environmental status of the project remains consistent with the environmental impact reports (EIR) prepared for Project Area 5 and the Agreement does not add new environmental impacts and neither a supplemental nor a subsequent EIR is required.

PASSED, APPROVED, and ADOPTED this 8th day of May, 2018, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

APPROVED:

BRITT AVRIT, MMC
City Clerk
City of Lancaster

R. REX PARRIS
Mayor
City of Lancaster

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF LANCASTER)

CERTIFICATION OF RESOLUTION
CITY COUNCIL

I, _____, _____ City of Lancaster, California, do hereby certify that this is a true and correct copy of the original Resolution No. 18-13 for which the original is on file in my office.

WITNESS MY HAND AND THE SEAL OF THE CITY OF LANCASTER, on this _____ day of _____, _____.

(seal)

EXHIBIT "A"

Property Address	Property Type	APN
1227 Pasteur Dr.	NSP 1	<u>3148-019-060</u>
123 East Ave. J-2	NSP 1	<u>3141-005-013</u>
1550 East Newgrove St.	NSP 1	<u>3147-025-025</u>

Exhibit "B"

INFORMATION SUMMARY REPORT FOR THE SALE OF REAL PROPERTY
WITH PROPOSED HOMEBUYERS

1, Cost of Project to the City:

The Sale of Real Property California Residential Purchase Agreement and Joint Escrow Instructions between the City of Lancaster and proposed homebuyers requires the City to transfer property to the homebuyer to complete acquisitions of the properties. The cost of the properties to the City is determined based on the following information:

- a. Acquisition cost of the homes in the targeted neighborhood revitalization areas range from approximately \$166,320 to \$282,150. The project homes are bank-foreclosed or short sale properties acquired for the purpose of creating affordable homeownership and revitalizing the neighborhood.
- b. There are no clearance costs for this project.
- c. There are no relocation costs for this project.
- d. Improvement costs to the project homes include rehabilitation including drought tolerant landscaping to meet the new California landscape standards, increased hardscape, energy efficient dual paned windows, and energy efficient appliances to assist and reduce the long-term costs for the new homeowners. Property rehabilitation costs range from approximately \$58,275 to \$75,050.
- e. There are no finance costs for this project.

2. Estimated value of interest to be conveyed by the City to proposed homebuyers determined at highest and best:

The estimated value of the interest to be conveyed at its "highest and best use" is based on the appraised value of each home upon entering into a California Residential Purchase Agreement and Joint Escrow Instructions. The appraised values of the homes will range from \$175,000 - \$290,000. The value is based on an independent appraisal of the property valued at the time of sale.

3. The estimated value of interest to be conveyed at the use and with the conditions, Covenants and Restrictions (CC&R's) required by the transfer of the property:

The City's properties are and will remain fully restricted for a 45-year affordability period.

4. The acquisition price which the homebuyer will be required to pay during the terms of the California Residential Purchase Agreement and Joint Escrow Instructions:

The homebuyer will receive title to the property subject to the terms and conditions as outlined within the California Residential Purchase Agreement and Joint Escrow Instructions. The disposition price of these properties, with a declaration of affordable housing and Conditions,

Covenants and Restrictions (CC&R's) limiting the future sale of these properties, may range from \$175,000 to \$350,000.

5. Explanation as to the reason why the sale of the property will assist in the elimination of blight:
 - (a) The prevalence of depreciated values, impaired investments and social and economic maladjustments.
 - (b) The improvement and expansion of the community's supply of housing (inside or outside the project area), including opportunities for very low, low and moderate-income households.

The basic goals for the project are as follows:

To retain by means of rehabilitation as many existing residences and businesses as possible.

To eliminate and prevent the spread of blight and deterioration and to conserve, rehabilitate, and redevelop the Project are in accordance with the Redevelopment Plans and the Annual Work Programs.

To achieve an environment reflecting a high level of concern for architectural, landscape, and urban design principles appropriate to the objectives of the Redevelopment Plans.

To make provisions for housing as it is required to satisfy the needs and desires of the various age, income and ethnic groups of the community, maximizing the opportunity for individual choice.

To alleviate overcrowded, substandard housing conditions and to promote the development of a sufficient number of affordable housing units for low and moderate income households.

To coordinate the revitalization efforts in the Redevelopment Project with other public programs in the city of Lancaster.

The Neighborhood Stabilization Program preserves housing and removes blight in the city's mature neighborhoods through rehabilitation. It also provides affordable homeownership opportunities for those who qualify. Without encouraging homeownership, the value attributed to the land as a resource would otherwise continue to experience conditions of physical deterioration and blight due to poor use of the property, squatting and illegal dumping.

STAFF REPORT
City of Lancaster

PH 1
05/08/18
MVB

Date: May 8, 2018

To: Mayor Parris and City Council Members

From: Jason Caudle, Deputy City Manager

Subject: **Real Estate Purchase Option Agreement(s) with Sustainable Property Holdings, LLC for APN 3268-025-900 and APN 3268-018-900**

Recommendations:

- a. Adopt **Resolution No. 18-14** authorizing the City Manager to negotiate and execute an option to purchase agreement with Sustainable Property Holdings LLC (Sustainable Holdings), for APN 3268-025-900 and APN 3268-018-900.
- b. Authorize the City Manager, or his designee, to execute all related documents with Sustainable Holdings.

Fiscal Impact:

APN 3268-025-900 and APN 3268-018-900 will be purchased from the City by Sustainable Holdings for \$599,165.

Background:

Sustainable Holdings is requesting City Council approval to purchase APN 3268-025-900 and APN 3268-018-900. Sustainable Holdings intends to build solar facilities which will generate energy for a California Utility or Community Choice Aggregator in the State on each parcel.

The real estate option agreement for APN 3268-025-900 includes a purchase price of \$15,246 per acre and option payments totaling \$30,000, for a total purchase price of \$304,920.

The real estate option agreement for APN 3268-018-900 includes a purchase price of \$13,068 per acre and option payments totaling \$30,000. A contingency is included in the agreement that will provide Sustainable Holdings with the option to terminate the purchase with the City if both parties are unable to clean title for the parcel.

Option payments made by Sustainable Holdings shall be applied against the purchase price of the parcels at the closing of the purchases. Option payments shall be non-refundable in the event that the purchase agreement(s) are terminated by Sustainable Holdings.

The agreements are also contingent upon Sustainable Holdings obtaining all required approvals and permits for the proposed solar projects.

JC:pg

Attachment:

Resolution No. 18-14

RESOLUTION NO. 18-14

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LANCASTER, CALIFORNIA, AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE AN OPTION TO PURCHASE AGREEMENT WITH SUSTAINABLE PROPERTY HOLDINGS LLC FOR APN 3268-025-900 AND APN 3268-018-900

WHEREAS, pursuant to section 101 of the Charter of the City of Lancaster, the City of Lancaster (the “City”) may take all actions and exercise all rights, powers and privileges granted under the general laws of the State of California; and

WHEREAS, the general law expressly authorizes the City to sell real property to create an economic opportunity (*see* Cal. Gov’t Code § 52200 *et seq.*); and

WHEREAS, the City owns (a) approximately twenty (20) acres of undeveloped real property located on 70th Street West, north of Avenue I (APN 3268-025-900) (“Property A”), and (b) approximately twenty-two (22) acres of undeveloped real property located on 80th Street West, south of Avenue G (APN 3268-018-900) (“Property B”) (Property A and Property B are collectively referred to as the “Property”); and

WHEREAS, Sustainable Property Holdings LLC (“SPH”), has requested that the City enter into the Real Estate Purchase Option Agreement attached as Exhibit A and incorporated herein, which grants SPH an option to purchase Property A, and the Real Estate Purchase Option Agreement attached as Exhibit B and incorporated herein, which grants SPH an option to purchase Property B, so SPH may develop the Property and operate solar facilities that will generate green energy for utilities and community choice aggregators throughout the state; and

WHEREAS, pursuant to section 52201 of the Government Code, the City Council conducted a public hearing on March 13, 2018, notice of which was published pursuant to section 52201 and 6066 of the Government Code; and

WHEREAS, the City prepared and made available to the public the reports required by section 52201(a)(2) of the Government Code, which are attached collectively as Exhibit C and incorporated herein (the “Report”); and

WHEREAS, the City has complied with and satisfied all notice, public hearing and other procedural requirements applicable to this Resolution; and

WHEREAS, the City Council has determined that granting SPH options to purchase the Property will create an economic opportunity, as described in the Report, is in the City’s best interest and will further solidify the City’s position as a world leader in the production of green solar energy.

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

Section 1. That the foregoing Recitals are true, correct and a substantive part of this Resolution.

Section 2. That the City Council, following its review of the Report prepared pursuant to section 52201(a)(2) of the Government Code and the public hearing, finds as follows: (a) that entering into the Real Estate Purchase Option Agreement attached as Exhibit A and Real Estate Purchase Option Agreement attached as Exhibit B (collectively, the “Agreements”) will create economic opportunity as more fully described in the Report; and (b) that the consideration to be paid by SPH under each of the Agreements is not less than the fair market value of the applicable property at its highest and best use.

Section 3. That the Agreements are hereby approved. The Mayor and the City Clerk are hereby authorized and directed to execute and attest the Agreements, respectively, and to execute such other documents as may be necessary to implement the Agreements.

Section 4. That the City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolutions.

PASSED, APPROVED and ADOPTED this 8th day of May, 2018, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

APPROVED:

BRITT AVRIT, MMC
City Clerk
City of Lancaster

R. REX PARRIS
Mayor
City of Lancaster

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF LANCASTER)

CERTIFICATION OF RESOLUTION
CITY COUNCIL

I, _____, _____ City of Lancaster, California, do hereby certify that this is a true and correct copy of the original Resolution No.18-14, for which the original is on file in my office.

WITNESS MY HAND AND THE SEAL OF THE CITY OF LANCASTER, on this _____ day of _____, _____.

(seal)

EXHIBIT A

REAL ESTATE PURCHASE OPTION AGREEMENT – PROPERTY A

THIS REAL ESTATE PURCHASE OPTION AGREEMENT (this “Agreement”) is made as of the Effective Date (as defined below), by and between the CITY OF LANCASTER, a Public Body, Corporate and Politic (“Seller”), and SUSTAINABLE PROPERTY HOLDINGS, LLC, a Delaware limited liability company (“Purchaser”). The latest date indicated on the signature page of this instrument shall be the “Effective Date” of this Agreement.

1. Grant of Option. For and in consideration of Purchaser’s agreement to make to Seller the payments set forth in Section 3 below (the “Option Payments”), Seller hereby grants to Purchaser an exclusive and irrevocable option (the “Option”) to purchase approximately twenty (+/- 20.00) acres of real property legally described on Exhibit A attached hereto and made a part hereof, in the county of Los Angeles, State of California (the “Property”), on the terms and conditions set forth in this Agreement.

2. Term of Option. The term of the Option (the “Term”) shall be for an eighteen (18) month period beginning on the Effective Date, provided, however, that Purchaser shall have the right at any time prior to exercising the Option to terminate this Agreement as to all or any portion of the Property by giving written notice to Seller. Upon termination of this Agreement for any reason, Purchaser’s obligations to Seller hereunder (including but not limited to Purchaser’s obligations to make any remaining Option Payments) shall become null and void and of no further force or effect.

3. Option Payments. In consideration of the rights granted hereunder, Purchaser will pay to Seller the Option Payments set forth in the table below, on the payment dates set forth in such table. If any scheduled payment date falls on a day which is not a business day in the State of Utah, then the due date for such payment shall be extended to the next succeeding business day. The Option Payments shall be non-refundable to Purchaser in the event that this Agreement is terminated, unless Seller is in default or breach of this Agreement. The amount of all Option Payments made by Purchaser shall be applied against the Purchase Price at the Closing.

<u>Option Payment Due Date</u>	<u>Amount of Option Payment Due on Such Date</u>
Effective Date	\$20,000
Three months following Effective Date	\$5,000
Six months following Effective Date	\$5,000
Nine months following Effective Date	\$5,000
Twelve months following Effective Date	\$5,000
Fifteen months following Effective Date	\$5,000
Eighteen months following Effective Date	\$5,000

It is acknowledged and understood that the table set forth above reflects that the period commencing on the Effective Date and continuing for ninety (90) days shall constitute a due diligence period for Purchaser (“Due Diligence Period”). The initial payment of twenty thousand Dollars (\$20,000) (the “Deposit”) shall be deposited into an escrow account with Escrow Holder (as defined below) along with a signed copy of this Agreement. Nothing contained in this Section shall in any way limit or otherwise affect Purchaser’s right to terminate this Agreement at any time pursuant to Section 2. If Purchaser terminates this Agreement prior to the expiration of the Due Diligence Period, the Deposit, less an amount equal to One Hundred Dollars (\$100.00) (the “Independent Consideration”), shall be immediately returned to Purchaser by Escrow Holder. If this Agreement is not so terminated, the Deposit shall be released to Seller from escrow upon expiration of the Due Diligence Period. Future Option Payments shall be made by Purchaser to Escrow Holder for credit to Seller, and Escrow Holder shall forward such future Option Payments to Seller promptly following Escrow Holder’s receipt thereof. Purchaser’s obligation to make the applicable Option Payment to Seller shall be considered complete when such payment has been made to Escrow Holder. The “Escrow Holder” shall be [REDACTED]. Escrow Holder shall execute a joinder to this Agreement evidencing Escrow Holder’s agreement to act as Escrow Holder in accordance with the provisions hereof. Concurrently with execution of this Agreement, Seller and Purchaser will execute a memorandum in the form of Exhibit B attached hereto and made a part hereof by reference, or any other reasonable form of memorandum, and Purchaser shall cause such memorandum to be recorded in the public records.

Purchaser shall indemnify, defend, protect and hold harmless Seller and its officials, officers, employees, representatives, and agents from and against any and all liability, losses, costs, fees, expense (including defense costs, expert witness fees, and legal fees), and claims for damages of any nature whatsoever, including, but not limited to, bodily injury, death, personal injury, or property damage arising from negligent acts of Purchaser or its employees, agents, representatives, contractors, or subcontractors in connection with any inspections or activities conducted at or upon the Property during the Term of this Agreement.

4. Method of Exercising Option. Purchaser may exercise the Option at any time during the Term by giving written notice to Seller (the “Exercise Notice”). Upon the timely and proper exercise of the Option, Seller agrees to sell and convey, and Purchaser agrees to purchase, the Property, in accordance with and subject to the terms and conditions of this Agreement.

5. Inspections; Use of Property. From and after the Effective Date, Purchaser or its designated agents may enter upon the Property upon reasonable prior notice to Seller to conduct, at Purchaser’s sole cost and expense, any inspections, tests, surveys, engineering, environmental, and/or market and economic feasibility studies, and due diligence matters related thereto, concerning the Property. Any activities of Purchaser on the Property shall be conducted in such a manner so as to not cause any material damage to the Property and so as to not unreasonably interfere with the current use of the Property. Purchaser shall be responsible for any such material damage to the Property caused by Purchaser in connection with Purchaser’s activities on the Property. Subject to the foregoing rights of Purchaser, prior to the Closing (as defined in Section 9 below), Seller shall be permitted to continue to use the Property in a manner consistent with its existing use. Seller shall provide Purchaser, prior to the expiration of the Due Diligence Period, with copies of all field tiling surveys, plans and other geotechnical and other site assessments, surveys, plans, entitlement-related studies, environmental assessments, reports, test results, correspondence to or from any governmental agency, and other such records of Seller relating to the Property. Seller represents and warrants to Purchaser that, to the best of Seller’s knowledge, all information contained in any such materials provided by Seller to Purchaser shall be accurate and complete.

6. Purchase Price. The price (the "Purchase Price") to be paid by Purchaser to Seller for the Property shall be fifteen thousand two hundred forty-six Dollars (\$15,246) per acre. For purposes of calculating the Purchase Price, the acreage to be used shall be (i) the acreage of the Property, less (ii) the aggregate acreage of land within the Property which as of the Effective Date is subject to any easements or dedications for roads or other purposes which materially restrict development, as determined by a registered land surveyor engaged by Purchaser.

At Closing, Purchaser shall receive a credit against the Purchase Price for any Option Payments previously made by Purchaser. The Purchase Price, as adjusted for the adjustments and prorations provided for in this Agreement, shall be paid by wire transfer or Purchaser's, cashier's, or escrow check made payable to Seller and delivered at Closing. Purchaser's delivery of the Purchase Price to Seller shall be a condition precedent to Seller's obligation to close the transaction herein described.

7. Costs; Prorations; Credits.

7.1. Seller shall pay any real estate transfer taxes and/or documentary transfer taxes applicable to the sale and purchase of the Property pursuant to this Agreement, the cost of the Title Commitment (as defined below) and the Title Policy (as defined below), and the cost of any special endorsements which Seller agrees to provide to remove Non-Permitted Exceptions. Purchaser shall pay the cost of recording the Deed (as defined below) and the cost of any special endorsements to the Title Policy that Purchaser desires to obtain. Any escrow charges of Escrow Holder shall be split equally between Seller and Purchaser. Seller shall pay the cost of recording any corrective instruments as may be required to deliver marketable and insurable title as required hereunder. Except as stated above, each party shall otherwise pay and be responsible for its own costs, expenses, and attorney's fees.

7.2. Property taxes against the Property for all tax years prior to the year in which Closing occurs shall be paid in full by Seller. Property taxes for the tax year in which Closing occurs shall be prorated based on the actual amount of taxes for such tax year, if known, otherwise on one hundred three percent (103%) of the amount of the prior tax year's property taxes (in each case, prorated as necessary to the extent the Property comprises less than an entire tax parcel). All special assessments levied or announced, or for work actually commenced, prior to Closing shall be paid by Seller, whether or not the same are payable in installments.

7.3. All receipts and disbursements relating to the Property will be prorated at Closing on the day of Closing, and the Purchase Price will be adjusted by appropriate credits on the closing statement. Unless otherwise agreed by the parties, all prorations and costs owed by Seller will be deducted from amounts owed to Seller at Closing and paid by Purchaser as a credit against amounts owed to Seller by Purchaser.

8. Title.

8.1. At Closing, Seller shall convey to Purchaser marketable and insurable fee simple title to the Property, free from any (i) mortgage, deed to secure debt, deed of trust, security agreement, judgment, lien or claim of lien, or any other title exception or defect that is monetary in nature, Seller hereby agreeing to pay and satisfy of record any such title defects or exceptions prior to or at Closing at Seller's expense, (ii) lease, rental agreement, or other right of occupancy of any kind, whether written or oral (it being acknowledged and understood that any lease, rental agreement or right of occupancy in existence as of the date hereof shall be fully and completely terminated by Seller prior to Closing), (iii) recorded or unrecorded right or interest first attaching subsequent to the Effective Date, or (iv) matter encompassed by any standard exception under the Title Commitment (other than as to matters of survey), including the standard "gap" exception, the standard mechanic's lien exception and the standard parties in possession exception (the "Non-Permitted Exceptions").

8.2. Prior to Closing, Purchaser shall obtain a current title commitment (the "Title Commitment") applicable to the Property, from the Title Company (as defined below), whereby the Title Company agrees to issue at Closing an ALTA Owner's Policy of Title Insurance (the "Title Policy"), in the amount of the Purchase Price, insuring Purchaser's marketable fee simple title to the Property, including all appurtenances thereto and improvements thereon, and including such additional title endorsements in form and content as Purchaser may reasonably request. Notwithstanding anything to the contrary contained in this Agreement, it shall be a condition precedent to Purchaser's obligation to close the transaction herein described that the Title Company shall have unconditionally indicated in writing that upon recording of the Deed and payment of its premiums (at ordinary rates), the Title Company will issue the Title Policy to Purchaser as herein required, insuring that fee simple title shall be vested in Purchaser, without exception for the Non-Permitted Exceptions. If the parties are unable to cause the satisfaction of the aforesaid condition precedent, Purchaser, in its discretion, may elect, by written notice to Seller, either to accept such title as Seller is capable of delivering or to terminate this Agreement. If this Agreement is so terminated, Seller shall immediately return to Purchaser all Option Payments previously made by Purchaser. The "Title Company" shall be .

9. Closing. The closing of the transaction contemplated by this Agreement ("Closing") shall occur through escrow at the offices of the Escrow Holder within ninety (90) days following Purchaser's delivery of the Exercise Notice on such date as Purchaser may select by advance written notice to Seller or on such other date or at such other location as the parties may mutually agree. If the Escrow Holder requires the execution of an escrow agreement, Seller and Purchaser will promptly execute and deliver the same in such form as the Title Company or such escrow agent may reasonably request.

10. Closing Deliveries. At Closing, the following shall occur:

10.1. Seller shall deliver actual possession of the Property to Purchaser and Seller shall deliver or cause to be delivered to Purchaser such documents as are reasonably required by Purchaser to close the transaction that is the subject of this Agreement, all fully executed by Seller and acknowledged as necessary, including the following enumerated documents, all of which documents shall be subject to the reasonable approval of Purchaser:

10.1.1. Counterpart of closing statement;

10.1.2. Grant Deed (the "Deed"), conveying to Purchaser the Property, including any and all water rights, and warranting title against the Non-Permitted Exceptions;

10.1.3. Certificate of Non-Foreign Status, evidencing that Purchaser shall not be liable for transfer liability under Section 1445 of the Internal Revenue Code, as amended;

10.1.4. A general assignment (the "General Assignment") assigning to Purchaser all of Seller's right, title and interest in, to and under any or all of the following intangible property relating to the Property (the "Intangible Property"), as determined by Purchaser in its sole discretion: (i) all licenses, permits, certificates of occupancy, approvals, dedications, subdivision maps and entitlements issued, approved or granted by governmental authorities or otherwise in connection with the Property; (ii) all licenses, consents, easements, rights of way and approvals required from private parties to make use of utilities and to insure vehicular and pedestrian ingress and egress to the Property; and (iii) any and all service contracts, agreements, maintenance contracts and like contracts and agreements relating to the Property, together with all supplements, amendments and modifications thereto;

10.1.5. Real Estate Withholding Certificate, if applicable;

10.1.6. Title affidavits and indemnities in form and content as may be reasonably required by Purchaser and the Title Company to delete all of the Title Commitment's standard exceptions (other than as to matters of survey), including the standard "gap" exception, the standard mechanic's lien exception, and the standard parties in possession exception and any exceptions for judgment, state or federal tax, environmental, broker, or other liens;

10.1.7. Instruments reasonably satisfactory to Purchaser and the Title Company reflecting the proper power, good standing, and authorization for the sale of the Property from Seller to Purchaser and the execution and delivery of all documents hereunder;

10.1.8. Such corrective instruments as may be required to deliver marketable and insurable title as required hereunder;

10.1.9. Seller certification confirming that all representations and warranties stated herein are in full force and effect as of Closing; and

10.1.10. Such other instruments as may be reasonably necessary to effect the conveyance of the Property in accordance with, and effectuate the other provisions of, this Agreement.

10.2. Purchaser shall deliver or cause to be delivered to Seller such documents as are reasonably required by Seller to close the transaction that is the subject of this Agreement, all fully executed by Purchaser and acknowledged as necessary, including the following enumerated documents, all of which documents shall be subject to the reasonable approval of Seller:

10.2.1. Counterpart of closing statement;

10.2.2. An acceptance of the General Assignment, if Purchaser has elected to receive assignment of any of the Intangible Property; and

10.2.3. Such other instruments as may be reasonably necessary to effect the conveyance of the Property in accordance with, and effectuate the other provisions of, this Agreement.

11. Brokers. Seller and Purchaser each warrant and represent to the other that neither has employed or dealt with a real estate broker or agent in connection with the transaction contemplated hereby. Seller and Purchaser covenant and agree, each to the other, to indemnify the other against any loss, liability, costs, claims, demands, damages, actions, causes of action, and suits arising out of, or in any manner related to, the alleged employment, engagement or use by the indemnifying party of any real estate broker or agent. The foregoing obligation shall survive Closing.

12. Seller Representations, Warranties, and Covenants. Seller represents, warrants, and covenants, as follows:

12.1. Seller holds the fee simple interest in and has the exclusive right to purchase and sell the Property as of the Effective Date. Seller shall not enter into, permit, or suffer, nor purport to enter into or permit, any encumbrance of the Property that is not subordinate to the Option and Purchaser's rights under this Agreement and the title conveyed to Purchaser at Closing. There are no leases, rental agreements, or other rights of occupancy of any kind, whether written or oral, currently affecting the Property, except as follows: _____ **[to be completed by Seller]**. Seller shall terminate any leases, rental agreements or other rights of occupancy (whether such leases, rental agreements or rights of occupancy are presently in existing or are hereafter created) prior to Closing.

12.2. No condemnation proceeding is pending or, to Seller's knowledge, threatened with respect to any part of the Property.

12.3. Seller has not used, generated, treated, stored, released, discharged, or disposed of Hazardous Substances on or from the Property at any time; nor, to the knowledge of Seller, has any such event occurred upon or within the Property. To the knowledge of Seller, no notification of release of a Hazardous Substance has been filed as to the Property, nor is the Property listed or formally proposed for listing on the National Priority List promulgated pursuant to federal law or on any state list of hazardous substance sites requiring investigation or clean-up. Seller has complied with all reporting requirements under any applicable federal, state, or local environmental laws and there are no existing violations by Seller of any such environmental laws. To the knowledge of Seller, there are no claims, actions, suits, proceedings, or investigations related to the presence, release, discharge, spillage, or disposal of any Hazardous Substance or contamination of soil or water by any Hazardous Substance pending or threatened with respect to the Property or otherwise against Seller in any court or before any state, federal, or other governmental agency or private arbitration tribunal. To the knowledge of Seller, no PCB, PCB-contaminated, friable asbestos, or formaldehyde-based insulation items are present at the Property. Seller shall indemnify and hold harmless Purchaser from and against any and all losses arising from or related to the breach by Seller of any warranties or representations contained in this subsection. "Hazardous Substance" shall refer to any hazardous or toxic substance or waste as those terms are defined by any applicable federal or state law or regulation, including, without limitation, the Comprehensive Environmental Recovery Compensation and Liability Act, 42 U.S.C. 9601 et seq. and the Resource Conservation and Recovery Act, 42 U.S.C. 6901 et seq., and petroleum, petroleum products, and oil.

12.4. Seller has no knowledge, nor has Seller received any notice of any actual or pending litigation or proceeding by any organization, person, individual, or governmental agency against Seller with respect to the Property or any portion thereof or with respect thereto, nor does Seller know of any basis for any such action; and Seller has no knowledge, nor has Seller received any notice, of any violations of law, municipal or county ordinances, or other legal requirements with respect to the Property (or any part thereof) or with respect to the use or occupancy of the Property nor does Seller know of any basis for such violations.

12.5. No assessments have been made against the Property (or any part thereof) that are unpaid (except property taxes or special assessments which will be paid in full or prorated as an adjustment to the Purchase Price at the time of Closing in accordance with this Agreement), whether or not they have become liens.

12.6. Seller shall cooperate with Purchaser in Purchaser's efforts to seek governmental approvals desired by Purchaser for Purchaser's intended use and acquisition of the Property including (i) the granting to Purchaser of full authority to seek any and all permits, entitlements, licenses, and approvals (collectively, "Approvals") necessary or convenient for the development of the Property for Purchaser's intended use thereof (including, as necessary, rezoning, general plan amendment, environmental permit, building permit, variance, and/or vacation applications) and for the division (whether by certified survey map or otherwise) of the Property so as to cause the Property to be recognized as a single lawfully subdivided parcel, and (ii) the execution of consents and applications in connection with Purchaser attempting to obtain such Approvals. Without limiting the generality of the foregoing, Seller shall not oppose, in any way, whether directly or indirectly, and shall fully cooperate with Purchaser in connection with any application by Purchaser for any Approvals at any administrative, judicial, legislative, or other level. It is acknowledged and agreed by Seller that Purchaser intends to utilize the Property (if Purchaser acquires the Property pursuant to Purchaser's exercise of the Option) as a solar energy generation facility, and for uses related and incidental thereto. Purchaser shall pay all fees and costs in connection with Purchaser's applications for any Approvals. Purchaser will obtain Seller's prior written consent to any all submittals to be made by Purchaser in connection with the process of obtaining any Approvals, which consent shall not be unreasonably withheld, conditioned or delayed. In the event that Seller unreasonably withholds, conditions or delays its consent to any such submittals desired to be made by Purchaser, then Purchaser shall have the right, in its sole discretion, to terminate this Agreement upon written notice to Seller, and upon any such termination pursuant to this sentence, Seller shall immediately refund to Purchaser any Option Payments previously made by Purchaser to Seller hereunder. If this Agreement is terminated pursuant to the provisions hereof, Seller may withdraw or terminate any applications for Approvals.

12.7. Seller agrees that Purchaser shall not and does not assume any of the following liabilities, and Seller shall promptly pay and perform, and indemnify and hold Purchaser harmless from and against: any liability or obligation of Seller in respect of any state, local, federal, or foreign taxes (whether in the nature of income, transfer, sales, withholding, employee, excise, property, customs, gross receipts, or other taxes or other duties of any kind whatsoever), or penalties, interest, and fines in respect thereof, or any reporting requirement or estimated tax payable with respect thereto, relating to events or transactions occurring on or prior to Closing involving Seller or the transactions contemplated hereby; any litigation, investigation, or other proceeding pending or threatened with respect to Seller or the Property on or prior to Closing, or subsequently asserted, which is attributable to facts existing, or events, or omissions occurring on or prior to Closing; and all liabilities or claims of any nature relating directly or indirectly to the Property, whether accrued, absolute, contingent, or otherwise arising out of or relating to (or alleged to arise out of or relate to) any state of facts, omissions, or events existing or occurring on or before Closing (whether known or unknown to Purchaser or Seller).

12.8. Seller shall not enter into any transaction, take any action, or by inaction, permit any event to occur, which would result in any of the representations, warranties, and covenants of Seller herein contained not being true, correct, and satisfied at and as of the time immediately after the occurrence of such transaction or event.

12.9. If as of the Effective Date the Property is subject to any mortgage or deed of trust, then concurrently with the execution of this Agreement, Seller shall obtain from the holder of such mortgage or deed of trust and deliver to Purchaser, the written agreement of such holder ("Subordination Agreement") in recordable form subordinating such mortgage or deed of trust to this Agreement. Any such Subordination Agreement shall be in form and substance reasonably acceptable to Purchaser.

Seller agrees to take such actions at its expense as may be necessary to cause the representations, warranties, and covenants in this Agreement to be true, correct, and satisfied as of the date of Closing; provided, however, if an event or circumstance which is neither caused by Seller nor within the reasonable control of Seller causes any such representation, warranty, or covenant to be untrue as of the date of Closing, Seller shall not be required to take any action with respect to such event or occurrence. Subject to the preceding sentence, Seller shall affirm the foregoing representations, warranties, and covenants at (and as of the date of) Closing, all of which shall survive Closing. Notwithstanding the foregoing, or anything to the contrary contained in this Agreement, it shall be a condition precedent to Purchaser's obligation to close the transaction herein described that all of Seller's representations, warranties, and covenants under this Agreement be true, correct, and satisfied, in all material respects, as of the date of Closing.

13. Eminent Domain. If, after the Effective Date and prior to Closing, Seller receives notice of the commencement or threatened commencement of eminent domain or other like proceedings against the Property or any portion thereof, Seller shall immediately give written notice thereof to Purchaser, in which event Purchaser, in its discretion (whether or not Purchaser has then exercised the Option), may elect, by written notice to Seller, either to (i) terminate this Agreement or (ii) keep this Agreement in effect and, if applicable, close the transaction contemplated hereby in accordance with its terms, but subject to such proceedings, in which event the Purchase Price shall not be reduced but Seller shall assign to Purchaser Seller's rights in any condemnation award or proceeds, as they pertain to this Agreement or the Property.

14. Damage to Property. Except as provided in this section and except as otherwise provided in Section 5, the risk of loss or damage to the Property and all liability to third parties until the Closing shall be borne by Seller. If, after the Effective Date and prior to Closing, all or any part of the Property is damaged by flood or other casualty, Seller shall immediately give written notice to Purchaser of such damage and of Seller's insurance coverage with respect to such damage, if any, in which event Purchaser, in its discretion (whether or not Purchaser has then exercised the Option), may elect, by written notice to Seller, either to (i) terminate this Agreement, or (ii) keep this Agreement in effect and, if applicable, close the transaction contemplated hereby in accordance with its terms, in which event the Purchase Price shall not be reduced but Seller shall assign to Purchaser Seller's rights in any insurance proceeds, as they pertain to this Agreement or the Property.

15. Notices. All notices or other communications required or permitted hereunder shall, unless otherwise provided herein, be in writing, and shall be personally delivered, delivered by reputable overnight courier, or sent by registered or certified mail, return receipt requested and postage prepaid, addressed as follows:

If to Seller:

Phone: _____
Email: _____

If to Purchaser:

Sustainable Property Holdings, LLC
Attn: Land Manager
2180 South 1300 East, Suite 600
Salt Lake City, UT 84106
Phone: (801) 679-3500
Email: Land@spower.com

Notices personally delivered shall be deemed given the day so delivered. Notices given by overnight courier shall be deemed given on the first business day following the mailing date. Notices mailed as provided herein shall be deemed given on the third business day following the mailing date. Any party may change its address for purposes of this section by giving written notice of such change to the other party in the manner provided in this section.

16. Default Remedies. If Purchaser fails or refuses to perform its obligations under this Agreement and such failure or refusal is not cured within thirty (30) days after written notice from Seller, then Seller may as its sole and exclusive remedy retain any Option Payments previously made by Purchaser (and if Purchaser fails or refuses to purchase the Property in accordance with the terms of this Agreement after delivering an Exercise Notice, then Seller may receive an additional sum of One Thousand Dollars (\$1,000.00)), as full liquidated damages. The parties hereby acknowledge the difficulty of ascertaining Seller's actual damages in such circumstance and agree the foregoing liquidated damages amount represents a good faith resolution thereof. If Seller fails or refuses to convey the Property in accordance with the terms of this Agreement or otherwise perform its obligations hereunder, and such failure or refusal is not cured within thirty (30) days after written notice from Purchaser, or if any Seller representation or warranty hereunder should be determined to be false in any material respect when made, then Purchaser shall have the right to a refund of all Option Payments previously made by Purchaser, specific performance, or any and all other rights and remedies available at law or in equity for Seller's breach.

17. Entire Agreement, Amendments and Waivers. This Agreement contains the entire agreement and understanding of the parties in respect to the subject matter hereof, supersedes all prior agreements in respect to the subject matter hereof, if any, between the parties, and the same may not be amended, modified, or discharged nor may any of its terms be waived except by an instrument in writing signed by the parties. Nothing herein shall be construed to supersede any ongoing lease or easement agreement between the parties.

18. Further Assurances. The parties each agree to do, execute, acknowledge, and deliver all such further acts, instruments, and assurances, and to take all such further action before or after Closing as shall be necessary or desirable to fully carry out this Agreement and to fully consummate and effect the transactions contemplated hereby. The foregoing covenant shall survive Closing.

19. No Third-Party Benefits. This Agreement is for the sole and exclusive benefit of the parties hereto and their respective successors and assigns, and no third party is intended to or shall have any rights hereunder.

20. Assignment, Successors. Purchaser may freely assign its rights under this Agreement on written notice to Seller. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors, and assigns.

21. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

22. Severability. If any clause or provision of this Agreement is held by a court having jurisdiction to be illegal, invalid or unenforceable under any present or future law, the remainder of this Agreement will not be affected thereby. It is the intention of the parties that if any such provision is held to be illegal, invalid, or unenforceable, there will be added in lieu thereof a provision as similar in terms to such provision as is possible and be legal, valid, and enforceable.

23. Time. Time is the essence of each provision of this Agreement.

24. Gender. Words of any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular shall be held to include the plural.

25. Captions. The captions in this Agreement are inserted for convenience of reference and are not intended to define, describe or limit the scope of any provision of this Agreement.

26. Counterpart Execution. This Agreement may be executed in counterparts, each of which will be deemed an original document, but all of which will constitute a single document.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the undersigned parties have set their hands and seals hereto as of the day and year indicated next to their signatures.

SELLER:

CITY OF LANCASTER
a public body, corporate and politic

Dated: _____

By: _____

Name: _____

Title: _____

PURCHASER:

**SUSTAINABLE PROPERTY HOLDINGS,
LLC**
a Delaware limited liability company

Dated: _____

By: _____

Name: _____

Title: _____

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

APN 3268-025-900

EXHIBIT B

FORM OF MEMORANDUM

Recording requested by and
when recorded mail to:

Sustainable Property Holdings, LLC
Attn: Land Manager
2180 South 1300 East, Suite 600
Salt Lake City, UT 84106

(space above this line for recorder's use)

MEMORANDUM OF REAL ESTATE PURCHASE OPTION AGREEMENT

THIS MEMORANDUM OF REAL ESTATE PURCHASE OPTION AGREEMENT (this "Memorandum") is made, dated and effective as of _____, 2018 (the "Effective Date"), between City of Lancaster, a public body, corporate and politic ("Seller"), and SUSTAINABLE PROPERTY HOLDINGS, LLC, a Delaware limited liability company ("Purchaser"), in light of the following facts and circumstances:

RECITALS:

WHEREAS, Seller and Purchaser have entered a Real Estate Purchase Option Agreement dated as of the Effective Date with respect to property more specifically described herein (as heretofore or hereinafter amended, restated, or supplemented from time to time, the "Option Agreement"); and

WHEREAS, Seller and Purchaser desire to set forth certain terms and conditions of the Option Agreement in a manner suitable for recording in the Official Records of Los Angeles County, California in order to provide record notice of the Option Agreement and Purchaser's rights in and to the land subject to the Option Agreement, as provided herein.

NOW, THEREFORE, in consideration of the mutual covenants contained in the Option Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree and stipulate as follows:

1. Description of Property. The land subject to the Option Agreement is described on Exhibit A attached hereto, and by this reference made a part hereof (the "Property").

2. Grant of Option. Seller hereby grants to Purchaser, pursuant to the Option Agreement, an exclusive and irrevocable option (the “Option”) to purchase twenty (+/- 20) acres of real property within the Property on the terms and conditions set forth in the Option Agreement. The entire Option Agreement is hereby incorporated into this Memorandum by reference. Notwithstanding anything to the contrary contained herein, the provisions of this Memorandum do not in any way alter, amend, supplement, change, or affect the terms, covenants, or conditions of the Option Agreement, all of which terms, covenants, and conditions shall remain in full force and effect. In the event of any conflict between the terms of this Memorandum and the Option Agreement, the terms of the Option Agreement shall prevail.

3. Term of Option Agreement. Unless extended or earlier terminated, as provided in the Option Agreement, the term of the Option shall be for an eighteen (18) month period beginning on the Effective Date. Closing of the transaction contemplated by the Option Agreement shall occur within ninety (90) days following Purchaser’s exercise of the Option, in accordance with the Option Agreement, or as the parties may otherwise mutually agree.

4. Names and Addresses of Parties. The names and addresses of the parties to the Option Agreement are as follows:

Seller:

Phone: _____
Email: _____

Purchaser:

Sustainable Property Holdings, LLC
Attn: Land Manager
2180 South 1300 East, Suite 600
Salt Lake City, UT 84106
Phone: (801) 679-3500
Email: Land@spower.com

5. Successors and Assigns. The terms of this Memorandum and the Option Agreement are covenants running with the land and inure to the benefit of, and are binding upon, the parties and their respective successors and assigns, including all subsequent owners of all or any portion of the Property. References to Seller and Purchaser include their respective successors and assigns. References to the Option Agreement includes any amendments thereto.

6. Miscellaneous. This Memorandum is executed for the purpose of recording in the Official Records of Los Angeles County, California, in order to provide public record notice of the Option Agreement and Purchaser’s rights in and to the land subject to the Option Agreement. All persons are hereby put on notice of and shall have a duty to inquire regarding the Option Agreement and all of the provisions thereof and the rights, title, interests, and claims of Purchaser in and to the Property. Any right, estate, claim, or interest in the Property first attaching to the Property and recorded from and after the Effective Date shall be subordinate to the terms of the Option Agreement. If Purchaser acquires fee simple title to any portion of the Property, Purchaser shall have the right, at Purchaser’s option, to terminate any such subordinate right, estate, claim, or interest, at no cost or liability to Purchaser, or to accept title subject thereto. This instrument may for convenience be executed in any number of original counterparts, each of which shall be an original and all of which taken together shall constitute one instrument.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, Seller and Purchaser, acting through their duly authorized representatives, have made and entered into this Memorandum as of the Effective Date.

SELLER:

CITY OF LANCASTER
a public body, corporate and politic

By: _____
Name: _____
Title: _____

PURCHASER:

**SUSTAINABLE PROPERTY HOLDINGS,
LLC**
a Delaware limited liability company

By: _____
Name: _____
Title: _____

EXHIBIT A

LEGAL DESCRIPTION

APN 3268-025-900

ACKNOWLEDGEMENT OF SELLER

STATE OF _____ }
 } S.S
 COUNTY OF _____ }

On _____, 2017 before me, _____ Notary Public, personally appeared, _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature: _____

(Notary Seal)

ACKNOWLEDGEMENT OF PURCHASER

STATE OF UTAH)
 §
COUNTY OF SALT LAKE)

On _____, before me, _____, personally appeared _____ 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 behalf of which the person acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____ (seal)

EXHIBIT B

REAL ESTATE PURCHASE OPTION AGREEMENT – PROPERTY B

THIS REAL ESTATE PURCHASE OPTION AGREEMENT (this “Agreement”) is made as of the Effective Date (as defined below), by and between THE CITY OF LANCASTER, a municipal corporation (“Seller”), and SUSTAINABLE PROPERTY HOLDINGS, LLC, a Delaware limited liability company (“Purchaser”). The latest date indicated on the signature page of this instrument shall be the “Effective Date” of this Agreement.

1. Grant of Option. For and in consideration of Purchaser’s agreement to make to Seller the payments set forth in Section 3 below (the “Option Payments”), Seller hereby grants to Purchaser an exclusive and irrevocable option (the “Option”) to purchase approximately twenty two and forty four hundredths (+/-22.44) acres of real property legally described on Exhibit A attached hereto and made a part hereof, in the county of Los Angeles, State of California (the “Property”), on the terms and conditions set forth in this Agreement.

2. Term of Option. The term of the Option (the “Term”) shall be for an eighteen (18) month period beginning on the Effective Date, provided, however, that Purchaser shall have the right at any time prior to exercising the Option to terminate this Agreement as to all or any portion of the Property by giving written notice to Seller. Upon termination of this Agreement for any reason, Purchaser’s obligations to Seller hereunder (including but not limited to Purchaser’s obligations to make any remaining Option Payments) shall become null and void and of no further force or effect.

3. Option Payments. In consideration of the rights granted hereunder, Purchaser will pay to Seller the Option Payments set forth in the table below, on the payment dates set forth in such table. If any scheduled payment date falls on a day which is not a business day in the State of Utah, then the due date for such payment shall be extended to the next succeeding business day. The Option Payments shall be non-refundable to Purchaser in the event that this Agreement is terminated, unless Seller is in default or breach of this Agreement. The amount of all Option Payments made by Purchaser shall be applied against the Purchase Price at the Closing.

<u>Option Payment Due Date</u>	<u>Amount of Option Payment Due on Such Date</u>
Effective Date	\$20,000
Three months following Effective Date	\$5,000
Six months following Effective Date	\$5,000
Nine months following Effective Date	\$5,000
Twelve months following Effective Date	\$5,000
Fifteen months following Effective Date	\$5,000
Eighteen months following Effective Date	\$5,000

It is acknowledged and understood that the table set forth above reflects that the period commencing on the Effective Date and continuing for ninety (90) days shall constitute a due diligence period for Purchaser (“Due Diligence Period”). The initial payment of twenty thousand Dollars (\$20,000) (the “Deposit”) shall be deposited into an escrow account with Escrow Holder (as defined below) along with a signed copy of this Agreement. Nothing contained in this Section shall in any way limit or otherwise affect Purchaser’s right to terminate this Agreement at any time pursuant to Section 2. If Purchaser terminates this Agreement prior to the expiration of the Due Diligence Period, the Deposit, less an amount equal to One Hundred Dollars (\$100.00) (the “Independent Consideration”), shall be immediately returned to Purchaser by Escrow Holder. If this Agreement is not so terminated, the Deposit shall be released to Seller from escrow upon expiration of the Due Diligence Period. Future Option Payments shall be made by Purchaser to Escrow Holder for credit to Seller, and Escrow Holder shall forward such future Option Payments to Seller promptly following Escrow Holder’s receipt thereof. Purchaser’s obligation to make the applicable Option Payment to Seller shall be considered complete when such payment has been made to Escrow Holder. The “Escrow Holder” shall be [REDACTED]. Escrow Holder shall execute a joinder to this Agreement evidencing Escrow Holder’s agreement to act as Escrow Holder in accordance with the provisions hereof. Concurrently with execution of this Agreement, Seller and Purchaser will execute a memorandum in the form of Exhibit B attached hereto and made a part hereof by reference, or any other reasonable form of memorandum, and Purchaser shall cause such memorandum to be recorded in the public records.

4. Method of Exercising Option. Purchaser may exercise the Option at any time during the Term by giving written notice to Seller (the “Exercise Notice”). Upon the timely and proper exercise of the Option, Seller agrees to sell and convey, and Purchaser agrees to purchase, the Property, in accordance with and subject to the terms and conditions of this Agreement.

5. Inspections; Use of Property. From and after the Effective Date, Purchaser or its designated agents may enter upon the Property upon reasonable prior notice to Seller to conduct, at Purchaser’s sole cost and expense, any inspections, tests, surveys, engineering, environmental, and/or market and economic feasibility studies, and due diligence matters related thereto, concerning the Property. Any activities of Purchaser on the Property shall be conducted in such a manner so as to not cause any material damage to the Property and so as to not unreasonably interfere with the current use of the Property. Purchaser shall be responsible for any such material damage to the Property caused by Purchaser in connection with Purchaser’s activities on the Property. Subject to the foregoing rights of Purchaser, prior to the Closing (as defined in Section 9 below), Seller shall be permitted to continue to use the Property in a manner consistent with its existing use. Seller shall provide Purchaser, prior to the expiration of the Due Diligence Period, with copies of all field tiling surveys, plans and other geotechnical and other site assessments, surveys, plans, entitlement-related studies, environmental assessments, reports, test results, correspondence to or from any governmental agency, and other such records of Seller relating to the Property. Seller represents and warrants to Purchaser that, to the best of Seller’s knowledge, all information contained in any such materials provided by Seller to Purchaser shall be accurate and complete.

Purchaser shall indemnify, defend, protect and hold harmless Seller and its officials, officers, employees, representatives, and agents from and against any and all liability, losses, costs, fees, expense (including defense costs, expert witness fees, and legal fees), and claims for damages of any nature whatsoever, including, but not limited to, bodily injury, death, personal injury, or property damage arising from negligent acts of Purchaser or its employees, agents, representatives, contractors, or subcontractors in connection with any inspections or activities conducted at or upon the Property during the Term of this Agreement.

6. Purchase Price. The price (the “Purchase Price”) to be paid by Purchaser to Seller for the Property shall be thirteen thousand sixty eight dollars (\$13,068) per acre. For purposes of calculating the Purchase Price, the acreage to be used shall be (i) the acreage of the Property, less (ii) the aggregate acreage of land within the Property which as of the Effective Date is subject to any easements or dedications for roads or other purposes which materially restrict development, as determined by a registered land surveyor engaged by Purchaser.

At Closing, Purchaser shall receive a credit against the Purchase Price for any Option Payments previously made by Purchaser. The Purchase Price, as adjusted for the adjustments and prorations provided for in this Agreement, shall be paid by wire transfer or Purchaser’s, cashier’s, or escrow check made payable to Seller and delivered at Closing. Purchaser’s delivery of the Purchase Price to Seller shall be a condition precedent to Seller’s obligation to close the transaction herein described.

7. Costs; Prorations; Credits.

7.1. Seller shall pay any real estate transfer taxes and/or documentary transfer taxes applicable to the sale and purchase of the Property pursuant to this Agreement, the cost of the Title Commitment (as defined below) and the Title Policy (as defined below), and the cost of any special endorsements which Seller agrees to provide to remove Non-Permitted Exceptions. Purchaser shall pay the cost of recording the Deed (as defined below) and the cost of any special endorsements to the Title Policy that Purchaser desires to obtain. Any escrow charges of Escrow Holder shall be split equally between Seller and Purchaser. Seller shall pay the cost of recording any corrective instruments as may be required to deliver marketable and insurable title as required hereunder. Except as stated above, each party shall otherwise pay and be responsible for its own costs, expenses, and attorney’s fees.

7.2. Property taxes against the Property for all tax years prior to the year in which Closing occurs shall be paid in full by Seller. Property taxes for the tax year in which Closing occurs shall be prorated based on the actual amount of taxes for such tax year, if known, otherwise on one hundred three percent (103%) of the amount of the prior tax year’s property taxes (in each case, prorated as necessary to the extent the Property comprises less than an entire tax parcel). All special assessments levied or announced, or for work actually commenced, prior to Closing shall be paid by Seller, whether or not the same are payable in installments.

7.3. All receipts and disbursements relating to the Property will be prorated at Closing on the day of Closing, and the Purchase Price will be adjusted by appropriate credits on the closing statement. Unless otherwise agreed by the parties, all prorations and costs owed by Seller will be deducted from amounts owed to Seller at Closing and paid by Purchaser as a credit against amounts owed to Seller by Purchaser.

8. Title.

8.1. At Closing, Seller shall convey to Purchaser marketable and insurable fee simple title to the Property, free from any (i) mortgage, deed to secure debt, deed of trust, security agreement, judgment, lien or claim of lien, or any other title exception or defect that is monetary in nature, Seller hereby agreeing to pay and satisfy of record any such title defects or exceptions prior to or at Closing at Seller's expense, (ii) lease, rental agreement, or other right of occupancy of any kind, whether written or oral (it being acknowledged and understood that any lease, rental agreement or right of occupancy in existence as of the date hereof shall be fully and completely terminated by Seller prior to Closing), (iii) recorded or unrecorded right or interest first attaching subsequent to the Effective Date, or (iv) matter encompassed by any standard exception under the Title Commitment (other than as to matters of survey), including the standard "gap" exception, the standard mechanic's lien exception and the standard parties in possession exception (the "Non-Permitted Exceptions").

8.2. Prior to Closing, Purchaser shall obtain a current title commitment (the "Title Commitment") applicable to the Property, from the Title Company (as defined below), whereby the Title Company agrees to issue at Closing an ALTA Owner's Policy of Title Insurance (the "Title Policy"), in the amount of the Purchase Price, insuring Purchaser's marketable fee simple title to the Property, including all appurtenances thereto and improvements thereon, and including such additional title endorsements in form and content as Purchaser may reasonably request. Notwithstanding anything to the contrary contained in this Agreement, it shall be a condition precedent to Purchaser's obligation to close the transaction herein described that the Title Company shall have unconditionally indicated in writing that upon recording of the Deed and payment of its premiums (at ordinary rates), the Title Company will issue the Title Policy to Purchaser as herein required, insuring that fee simple title shall be vested in Purchaser, without exception for the Non-Permitted Exceptions. If the parties are unable to cause the satisfaction of the aforesaid condition precedent, Purchaser, in its discretion, may elect, by written notice to Seller, either to accept such title as Seller is capable of delivering or to terminate this Agreement. If this Agreement is so terminated, Seller shall immediately return to Purchaser all Option Payments previously made by Purchaser. The "Title Company" shall be

9. Closing. The closing of the transaction contemplated by this Agreement ("Closing") shall occur through escrow at the offices of the Escrow Holder within ninety (90) days following Purchaser's delivery of the Exercise Notice on such date as Purchaser may select by advance written notice to Seller or on such other date or at such other location as the parties may mutually agree. If the Escrow Holder requires the execution of an escrow agreement, Seller and Purchaser will promptly execute and deliver the same in such form as the Title Company or such escrow agent may reasonably request.

10. Closing Deliveries. At Closing, the following shall occur:

10.1. Seller shall deliver actual possession of the Property to Purchaser and Seller shall deliver or cause to be delivered to Purchaser such documents as are reasonably required by Purchaser to close the transaction that is the subject of this Agreement, all fully executed by Seller and acknowledged as necessary, including the following enumerated documents, all of which documents shall be subject to the reasonable approval of Purchaser:

10.1.1. Counterpart of closing statement;

10.1.2. Grant Deed (the "Deed"), conveying to Purchaser the Property, including any and all water rights, and warranting title against the Non-Permitted Exceptions;

10.1.3. Certificate of Non-Foreign Status, evidencing that Purchaser shall not be liable for transfer liability under Section 1445 of the Internal Revenue Code, as amended;

10.1.4. A general assignment (the "General Assignment") assigning to Purchaser all of Seller's right, title and interest in, to and under any or all of the following intangible property relating to the Property (the "Intangible Property"), as determined by Purchaser in its sole discretion: (i) all licenses, permits, certificates of occupancy, approvals, dedications, subdivision maps and entitlements issued, approved or granted by governmental authorities or otherwise in connection with the Property; (ii) all licenses, consents, easements, rights of way and approvals required from private parties to make use of utilities and to insure vehicular and pedestrian ingress and egress to the Property; and (iii) any and all service contracts, agreements, maintenance contracts and like contracts and agreements relating to the Property, together with all supplements, amendments and modifications thereto;

10.1.5. Real Estate Withholding Certificate, if applicable;

10.1.6. Title affidavits and indemnities in form and content as may be reasonably required by Purchaser and the Title Company to delete all of the Title Commitment's standard exceptions (other than as to matters of survey), including the standard "gap" exception, the standard mechanic's lien exception, and the standard parties in possession exception and any exceptions for judgment, state or federal tax, environmental, broker, or other liens;

10.1.7. Instruments reasonably satisfactory to Purchaser and the Title Company reflecting the proper power, good standing, and authorization for the sale of the Property from Seller to Purchaser and the execution and delivery of all documents hereunder;

10.1.8. Such corrective instruments as may be required to deliver marketable and insurable title as required hereunder;

10.1.9. Seller certification confirming that all representations and warranties stated herein are in full force and effect as of Closing; and

10.1.10. Such other instruments as may be reasonably necessary to effect the conveyance of the Property in accordance with, and effectuate the other provisions of, this Agreement.

10.2. Purchaser shall deliver or cause to be delivered to Seller such documents as are reasonably required by Seller to close the transaction that is the subject of this Agreement, all fully executed by Purchaser and acknowledged as necessary, including the following enumerated documents, all of which documents shall be subject to the reasonable approval of Seller:

10.2.1. Counterpart of closing statement;

10.2.2. An acceptance of the General Assignment, if Purchaser has elected to receive assignment of any of the Intangible Property; and

10.2.3. Such other instruments as may be reasonably necessary to effect the conveyance of the Property in accordance with, and effectuate the other provisions of, this Agreement.

11. Brokers. Seller and Purchaser each warrant and represent to the other that neither has employed or dealt with a real estate broker or agent in connection with the transaction contemplated hereby. Seller and Purchaser covenant and agree, each to the other, to indemnify the other against any loss, liability, costs, claims, demands, damages, actions, causes of action, and suits arising out of, or in any manner related to, the alleged employment, engagement or use by the indemnifying party of any real estate broker or agent. The foregoing obligation shall survive Closing.

12. Seller Representations, Warranties, and Covenants. Seller represents, warrants, and covenants, as follows:

12.1. Seller holds the fee simple interest in and has the exclusive right to purchase and sell the Property as of the Effective Date. Seller shall not enter into, permit, or suffer, nor purport to enter into or permit, any encumbrance of the Property that is not subordinate to the Option and Purchaser's rights under this Agreement and the title conveyed to Purchaser at Closing. There are no leases, rental agreements, or other rights of occupancy of any kind, whether written or oral, currently affecting the Property, except as follows: _____ **[to be completed by Seller]**. Seller shall terminate any leases, rental agreements or other rights of occupancy (whether such leases, rental agreements or rights of occupancy are presently in existing or are hereafter created) prior to Closing.

12.2. No condemnation proceeding is pending or, to Seller's knowledge, threatened with respect to any part of the Property.

12.3. Seller has not used, generated, treated, stored, released, discharged, or disposed of Hazardous Substances on or from the Property at any time; nor, to the knowledge of Seller, has any such event occurred upon or within the Property. To the knowledge of Seller, no notification of release of a Hazardous Substance has been filed as to the Property, nor is the Property listed or formally proposed for listing on the National Priority List promulgated pursuant to federal law or on any state list of hazardous substance sites requiring investigation or clean-up. Seller has complied with all reporting requirements under any applicable federal, state, or local environmental laws and there are no existing violations by Seller of any such environmental laws. To the knowledge of Seller, there are no claims, actions, suits, proceedings, or investigations related to the presence, release, discharge, spillage, or disposal of any Hazardous Substance or contamination of soil or water by any Hazardous Substance pending or threatened with respect to the Property or otherwise against Seller in any court or before any state, federal, or other governmental agency or private arbitration tribunal. To the knowledge of Seller, no PCB, PCB-contaminated, friable asbestos, or formaldehyde-based insulation items are present at the Property. Seller shall indemnify and hold harmless Purchaser from and against any and all losses arising from or related to the breach by Seller of any warranties or representations contained in this subsection. "Hazardous Substance" shall refer to any hazardous or toxic substance or waste as those terms are defined by any applicable federal or state law or regulation, including, without limitation, the Comprehensive Environmental Recovery Compensation and Liability Act, 42 U.S.C. 9601 *et seq.* and the Resource Conservation and Recovery Act, 42 U.S.C. 6901 *et seq.*, and petroleum, petroleum products, and oil.

12.4. Seller has no knowledge, nor has Seller received any notice of any actual or pending litigation or proceeding by any organization, person, individual, or governmental agency against Seller with respect to the Property or any portion thereof or with respect thereto, nor does Seller know of any basis for any such action; and Seller has no knowledge, nor has Seller received any notice, of any violations of law, municipal or county ordinances, or other legal requirements with respect to the Property (or any part thereof) or with respect to the use or occupancy of the Property nor does Seller know of any basis for such violations.

12.5. No assessments have been made against the Property (or any part thereof) that are unpaid (except property taxes or special assessments which will be paid in full or prorated as an adjustment to the Purchase Price at the time of Closing in accordance with this Agreement), whether or not they have become liens.

12.6. Seller shall cooperate with Purchaser in Purchaser's efforts to seek governmental approvals desired by Purchaser for Purchaser's intended use and acquisition of the Property including (i) the granting to Purchaser of full authority to seek any and all permits, entitlements, licenses, and approvals (collectively, "Approvals") necessary or convenient for the development of the Property for Purchaser's intended use thereof (including, as necessary, rezoning, general plan amendment, environmental permit, building permit, variance, and/or vacation applications) and for the division (whether by certified survey map or otherwise) of the Property so as to cause the Property to be recognized as a single lawfully subdivided parcel, and (ii) the execution of consents and applications in connection with Purchaser attempting to obtain such Approvals. Without limiting the generality of the foregoing, Seller shall not oppose, in any way, whether directly or indirectly, and shall fully cooperate with Purchaser in connection with any application by Purchaser for any Approvals at any administrative, judicial, legislative, or other level. It is acknowledged and agreed by Seller that Purchaser intends to utilize the Property (if Purchaser acquires the Property pursuant to Purchaser's exercise of the Option) as a solar energy generation facility, and for uses related and incidental thereto. Purchaser shall pay all fees and costs in connection with Purchaser's applications for any Approvals. Purchaser will obtain Seller's prior written consent to any all submittals to be made by Purchaser in connection with the process of obtaining any Approvals, which consent shall not be unreasonably withheld, conditioned or delayed. In the event that Seller unreasonably withholds, conditions or delays its consent to any such submittals desired to be made by Purchaser, then Purchaser shall have the right, in its sole discretion, to terminate this Agreement upon written notice to Seller, and upon any such termination pursuant to this sentence, Seller shall immediately refund to Purchaser any Option Payments previously made by Purchaser to Seller hereunder. If this Agreement is terminated pursuant to the provisions hereof, Seller may withdraw or terminate any applications for Approvals.

12.7. Seller agrees that Purchaser shall not and does not assume any of the following liabilities, and Seller shall promptly pay and perform, and indemnify and hold Purchaser harmless from and against: any liability or obligation of Seller in respect of any state, local, federal, or foreign taxes (whether in the nature of income, transfer, sales, withholding, employee, excise, property, customs, gross receipts, or other taxes or other duties of any kind whatsoever), or penalties, interest, and fines in respect thereof, or any reporting requirement or estimated tax payable with respect thereto, relating to events or transactions occurring on or prior to Closing involving Seller or the transactions contemplated hereby; any litigation, investigation, or other proceeding pending or threatened with respect to Seller or the Property on or prior to Closing, or subsequently asserted, which is attributable to facts existing, or events, or omissions occurring on or prior to Closing; and all liabilities or claims of any nature relating directly or indirectly to the Property, whether accrued, absolute, contingent, or otherwise arising out of or relating to (or alleged to arise out of or relate to) any state of facts, omissions, or events existing or occurring on or before Closing (whether known or unknown to Purchaser or Seller).

12.8. Seller shall not enter into any transaction, take any action, or by inaction, permit any event to occur, which would result in any of the representations, warranties, and covenants of Seller herein contained not being true, correct, and satisfied at and as of the time immediately after the occurrence of such transaction or event.

12.9. If as of the Effective Date the Property is subject to any mortgage or deed of trust, then concurrently with the execution of this Agreement, Seller shall obtain from the holder of such mortgage or deed of trust and deliver to Purchaser, the written agreement of such holder ("Subordination Agreement") in recordable form subordinating such mortgage or deed of trust to this Agreement. Any such Subordination Agreement shall be in form and substance reasonably acceptable to Purchaser.

Seller agrees to take such actions at its expense as may be necessary to cause the representations, warranties, and covenants in this Agreement to be true, correct, and satisfied as of the date of Closing; provided, however, if an event or circumstance which is neither caused by Seller nor within the reasonable control of Seller causes any such representation, warranty, or covenant to be untrue as of the date of Closing, Seller shall not be required to take any action with respect to such event or occurrence. Subject to the preceding sentence, Seller shall affirm the foregoing representations, warranties, and covenants at (and as of the date of) Closing, all of which shall survive Closing. Notwithstanding the foregoing, or anything to the contrary contained in this Agreement, it shall be a condition precedent to Purchaser's obligation to close the transaction herein described that all of Seller's representations, warranties, and covenants under this Agreement be true, correct, and satisfied, in all material respects, as of the date of Closing.

13. Eminent Domain. If, after the Effective Date and prior to Closing, Seller receives notice of the commencement or threatened commencement of eminent domain or other like proceedings against the Property or any portion thereof, Seller shall immediately give written notice thereof to Purchaser, in which event Purchaser, in its discretion (whether or not Purchaser has then exercised the Option), may elect, by written notice to Seller, either to (i) terminate this Agreement or (ii) keep this Agreement in effect and, if applicable, close the transaction contemplated hereby in accordance with its terms, but subject to such proceedings, in which event the Purchase Price shall not be reduced but Seller shall assign to Purchaser Seller's rights in any condemnation award or proceeds, as they pertain to this Agreement or the Property.

14. Damage to Property. Except as provided in this section and except as otherwise provided in Section 5, the risk of loss or damage to the Property and all liability to third parties until the Closing shall be borne by Seller. If, after the Effective Date and prior to Closing, all or any part of the Property is damaged by flood or other casualty, Seller shall immediately give written notice to Purchaser of such damage and of Seller's insurance coverage with respect to such damage, if any, in which event Purchaser, in its discretion (whether or not Purchaser has then exercised the Option), may elect, by written notice to Seller, either to (i) terminate this Agreement, or (ii) keep this Agreement in effect and, if applicable, close the transaction contemplated hereby in accordance with its terms, in which event the Purchase Price shall not be reduced but Seller shall assign to Purchaser Seller's rights in any insurance proceeds, as they pertain to this Agreement or the Property.

15. Notices. All notices or other communications required or permitted hereunder shall, unless otherwise provided herein, be in writing, and shall be personally delivered, delivered by reputable overnight courier, or sent by registered or certified mail, return receipt requested and postage prepaid, addressed as follows:

If to Seller:

Phone: _____
Email: _____

If to Purchaser:

Sustainable Property Holdings, LLC
Attn: Land Manager
2180 South 1300 East, Suite 600
Salt Lake City, UT 84106
Phone: (801) 679-3500
Email: Land@spower.com

Notices personally delivered shall be deemed given the day so delivered. Notices given by overnight courier shall be deemed given on the first business day following the mailing date. Notices mailed as provided herein shall be deemed given on the third business day following the mailing date. Any party may change its address for purposes of this section by giving written notice of such change to the other party in the manner provided in this section.

16. Default Remedies. If Purchaser fails or refuses to perform its obligations under this Agreement and such failure or refusal is not cured within thirty (30) days after written notice from Seller, then Seller may as its sole and exclusive remedy retain any Option Payments previously made by Purchaser (and if Purchaser fails or refuses to purchase the Property in accordance with the terms of this Agreement after delivering an Exercise Notice, then Seller may receive an additional sum of One Thousand Dollars (\$1,000.00)), as full liquidated damages. The parties hereby acknowledge the difficulty of ascertaining Seller's actual damages in such circumstance and agree the foregoing liquidated damages amount represents a good faith resolution thereof. If Seller fails or refuses to convey the Property in accordance with the terms of this Agreement or otherwise perform its obligations hereunder, and such failure or refusal is not cured within thirty (30) days after written notice from Purchaser, or if any Seller representation or warranty hereunder should be determined to be false in any material respect when made, then Purchaser shall have the right to a refund of all Option Payments previously made by Purchaser, specific performance, or any and all other rights and remedies available at law or in equity for Seller's breach.

17. Entire Agreement, Amendments and Waivers. This Agreement contains the entire agreement and understanding of the parties in respect to the subject matter hereof, supersedes all prior agreements in respect to the subject matter hereof, if any, between the parties, and the same may not be amended, modified, or discharged nor may any of its terms be waived except by an instrument in writing signed by the parties. Nothing herein shall be construed to supersede any ongoing lease or easement agreement between the parties.

18. Further Assurances. The parties each agree to do, execute, acknowledge, and deliver all such further acts, instruments, and assurances, and to take all such further action before or after Closing as shall be necessary or desirable to fully carry out this Agreement and to fully consummate and effect the transactions contemplated hereby. The foregoing covenant shall survive Closing.

19. No Third-Party Benefits. This Agreement is for the sole and exclusive benefit of the parties hereto and their respective successors and assigns, and no third party is intended to or shall have any rights hereunder.

20. Assignment, Successors. Purchaser may freely assign its rights under this Agreement on written notice to Seller. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors, and assigns.

21. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

22. Severability. If any clause or provision of this Agreement is held by a court having jurisdiction to be illegal, invalid or unenforceable under any present or future law, the remainder of this Agreement will not be affected thereby. It is the intention of the parties that if any such provision is held to be illegal, invalid, or unenforceable, there will be added in lieu thereof a provision as similar in terms to such provision as is possible and be legal, valid, and enforceable.

23. Time. Time is the essence of each provision of this Agreement.

24. Gender. Words of any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular shall be held to include the plural.

25. Captions. The captions in this Agreement are inserted for convenience of reference and are not intended to define, describe or limit the scope of any provision of this Agreement.

26. Counterpart Execution. This Agreement may be executed in counterparts, each of which will be deemed an original document, but all of which will constitute a single document.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the undersigned parties have set their hands and seals hereto as of the day and year indicated next to their signatures.

SELLER:

THE CITY OF LANCASTER

a municipal corporation

Dated: _____

By: _____

Name: _____

Title: _____

PURCHASER:

**SUSTAINABLE PROPERTY HOLDINGS,
LLC**

a Delaware limited liability company

Dated: _____

By: _____

Name: _____

Title: _____

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

APN 3268-018-900

EXHIBIT B

FORM OF MEMORANDUM

Recording requested by and
when recorded mail to:

Sustainable Property Holdings, LLC
Attn: Land Manager
2180 South 1300 East, Suite 600
Salt Lake City, UT 84106

(space above this line for recorder's use)

MEMORANDUM OF REAL ESTATE PURCHASE OPTION AGREEMENT

THIS MEMORANDUM OF REAL ESTATE PURCHASE OPTION AGREEMENT (this "Memorandum") is made, dated and effective as of _____, 2018 (the "Effective Date"), between THE CITY OF LANCASTER, a municipal corporation ("Seller"), and SUSTAINABLE PROPERTY HOLDINGS, LLC, a Delaware limited liability company ("Purchaser"), in light of the following facts and circumstances:

RECITALS:

WHEREAS, Seller and Purchaser have entered a Real Estate Purchase Option Agreement dated as of the Effective Date with respect to property more specifically described herein (as heretofore or hereinafter amended, restated, or supplemented from time to time, the "Option Agreement"); and

WHEREAS, Seller and Purchaser desire to set forth certain terms and conditions of the Option Agreement in a manner suitable for recording in the Official Records of Los Angeles County, California in order to provide record notice of the Option Agreement and Purchaser's rights in and to the land subject to the Option Agreement, as provided herein.

NOW, THEREFORE, in consideration of the mutual covenants contained in the Option Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree and stipulate as follows:

1. Description of Property. The land subject to the Option Agreement is described on Exhibit A attached hereto, and by this reference made a part hereof (the "Property").

2. Grant of Option. Seller hereby grants to Purchaser, pursuant to the Option Agreement, an exclusive and irrevocable option (the "Option") to purchase twenty-two and forty-four hundredths (+/-22.44) acres of real property within the Property on the terms and conditions set forth in the Option Agreement. The entire Option Agreement is hereby incorporated into this Memorandum by reference. Notwithstanding anything to the contrary contained herein, the provisions of this Memorandum do not in any way alter, amend, supplement, change, or affect the terms, covenants, or conditions of the Option Agreement, all of which terms, covenants, and conditions shall remain in full force and effect. In the event of any conflict between the terms of this Memorandum and the Option Agreement, the terms of the Option Agreement shall prevail.

3. Term of Option Agreement. Unless extended or earlier terminated, as provided in the Option Agreement, the term of the Option shall be for an eighteen (18) month period beginning on the Effective Date. Closing of the transaction contemplated by the Option Agreement shall occur within ninety (90) days following Purchaser's exercise of the Option, in accordance with the Option Agreement, or as the parties may otherwise mutually agree.

4. Names and Addresses of Parties. The names and addresses of the parties to the Option Agreement are as follows:

Seller:

Phone: _____
Email: _____

Purchaser:

Sustainable Property Holdings, LLC
Attn: Land Manager
2180 South 1300 East, Suite 600
Salt Lake City, UT 84106
Phone: (801) 679-3500
Email: Land@spower.com

5. Successors and Assigns. The terms of this Memorandum and the Option Agreement are covenants running with the land and inure to the benefit of, and are binding upon, the parties and their respective successors and assigns, including all subsequent owners of all or any portion of the Property. References to Seller and Purchaser include their respective successors and assigns. References to the Option Agreement includes any amendments thereto.

6. Miscellaneous. This Memorandum is executed for the purpose of recording in the Official Records of Los Angeles County, California, in order to provide public record notice of the Option Agreement and Purchaser's rights in and to the land subject to the Option Agreement. All persons are hereby put on notice of and shall have a duty to inquire regarding the Option Agreement and all of the provisions thereof and the rights, title, interests, and claims of Purchaser in and to the Property. Any right, estate, claim, or interest in the Property first attaching to the Property and recorded from and after the Effective Date shall be subordinate to the terms of the Option Agreement. If Purchaser acquires fee simple title to any portion of the Property, Purchaser shall have the right, at Purchaser's option, to terminate any such subordinate right, estate, claim, or interest, at no cost or liability to Purchaser, or to accept title subject thereto. This instrument may for convenience be executed in any number of original counterparts, each of which shall be an original and all of which taken together shall constitute one instrument.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, Seller and Purchaser, acting through their duly authorized representatives, have made and entered into this Memorandum as of the Effective Date.

SELLER:

THE CITY OF LANCASTER

a municipal corporation

By: _____

Name: _____

Title: _____

PURCHASER:

**SUSTAINABLE PROPERTY HOLDINGS,
LLC**

a Delaware limited liability company

By: _____

Name: _____

Title: _____

EXHIBIT A

LEGAL DESCRIPTION

APN 3268-018-900

ACKNOWLEDGEMENT OF SELLER

STATE OF _____ }
 } S.S
COUNTY OF _____ }

On _____, 2017 before me, _____ Notary Public, personally appeared, _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature: _____

(Notary Seal)

ACKNOWLEDGEMENT OF PURCHASER

STATE OF UTAH)
 §
COUNTY OF SALT LAKE)

On _____, before me, _____, personally appeared _____ 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 behalf of which the person acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____ (seal)

EXHIBIT C

**GOVERNMENT CODE SECTION 52201
REPORT FOR SALE OF REAL PROPERTY
LOCATED AT
EAST SIDE OF 70TH STREET WEST (APN 3268-025-900)**

The agreement to be considered by the Lancaster City Council, if approved, would dispose of certain unimproved real property consisting of 20+/- acres by granting a purchase option to Sustainable Property Holdings, LLC. The following information is provided pursuant to Section 52201(a)(2) of the Government Code. A copy of the proposed sale agreement is attached.

Government Code §52201(a)(2)(B): A summary that describes and specifies all of the following:

- (i) **The cost of the agreement to the city, county, or city and county, including:**
 - **land acquisition costs:** The original purchase price was \$184,116. The City acquired the property in 2009 through a tax defaulted parcel agreement with the County of Los Angeles. The assessed value at the time of the sale was approximately twice as much as the tax defaulted agreement stipulated.
 - **clearance costs:** Unknown. There is no evidence of previous clearance costs born by the City.
 - **relocation costs:** None. The property is undeveloped and has no tenants.
 - **costs of any improvements to be provided by the city:** None. The City is not providing improvements.
 - **expected interest on any loans or bonds to finance the agreements:** None. This is a cash sale.

- (ii) **For the sale or lease of property, the estimated value of the interest to be conveyed or leased, determined at the highest and best uses permitted under the general plan or zoning:**

The property was appraised at \$200,000.

- (iii) **For the sale or lease of property, the estimated value of the interest to be conveyed or leased, determined at the use and with the conditions, covenants, and development costs required by the sale or lease:**

The property is being sold at the highest-and-best-use value. There is no lease.

- (iv) **An explanation of why the acquisition, sale, or lease of the property will assist in the creation of economic opportunity, with reference to all supporting facts and materials relied upon in making this explanation:**

The agreement to be considered by the City Council, if approved, is anticipated to facilitate the growth of the local photovoltaic solar industry and the production of renewable solar energy for the California grid. The site consists of land that is geographically isolated and unsuitable for commercial or residential development. But for this project, the site would remain unimproved and underutilized. This transaction will generate new taxes to fund services needed by the citizens of the City of Lancaster. The largest increase is anticipated to be new property taxes. Property tax is one of the largest revenue sources to the City's general fund. This revenue pays for many programs from police protection to parks, recreation, and arts, in addition to other local government programs such as schools and emergency services. The project will result in temporary construction jobs in the short term, and job security for existing full time positions in the long term.

GOVERNMENT CODE SECTION 52201
REPORT FOR SALE OF REAL PROPERTY
LOCATED AT
EAST SIDE OF 80TH STREET WEST (APN 3268-018-900)

The agreement to be considered by the Lancaster City Council, if approved, would dispose of certain unimproved real property consisting of 22.44+/- acres by granting a purchase option to Sustainable Property Holdings, LLC. The following information is provided pursuant to Section 52201(a)(2) of the Government Code. A copy of the proposed sale agreement is attached.

Government Code §52201(a)(2)(B): A summary that describes and specifies all of the following:

- (ii) **The cost of the agreement to the city, county, or city and county, including:**
 - **land acquisition costs:** None. In 2000 the City acquired the parcel, now identified as APN 3268-018-900, by donation.
 - **clearance costs:** Unknown. There is no evidence of previous clearance costs born by the City.
 - **relocation costs:** None. The property is undeveloped and has no tenants.
 - **costs of any improvements to be provided by the city:** None. The City is not providing improvements.
 - **expected interest on any loans or bonds to finance the agreements:** None. This is a cash sale.

- (v) **For the sale or lease of property, the estimated value of the interest to be conveyed or leased, determined at the highest and best uses permitted under the general plan or zoning:**

The property was appraised at \$224,000. A contingency is included in the agreement that will terminate the purchase if both parties are unable to clean title for the parcel.

- (vi) **For the sale or lease of property, the estimated value of the interest to be conveyed or leased, determined at the use and with the conditions, covenants, and development costs required by the sale or lease:**

The property is being sold at the highest-and-best-use value. There is no lease.

(vii) **An explanation of why the acquisition, sale, or lease of the property will assist in the creation of economic opportunity, with reference to all supporting facts and materials relied upon in making this explanation:**

The agreement to be considered by the City Council, if approved, is anticipated to facilitate the growth of the local photovoltaic solar industry and the production of renewable solar energy for the California grid. The site consists of land that is geographically isolated and unsuitable for commercial or essential development. But for this project, the site would remain unimproved and underutilized. This transaction will generate new taxes to fund services needed by the citizens of the City of Lancaster. The largest increase is anticipated to be new property taxes. Property tax is one of the largest revenue sources to the City's general fund. This revenue pays for many programs from police protection to parks, recreation, and arts, in addition to other local government programs such as schools and emergency services. The project will result in temporary construction jobs in the short term, and job security for existing full time positions in the long term.

STAFF REPORT
City of Lancaster

PH 2
05/08/18
MVB

Date: May 8, 2018

To: Mayor Parris and City Council Members

From: Elizabeth Brubaker, Director Housing & Neighborhood Revitalization

Subject: **Community Development Block Grant (CDBG) 2018 Program Year Action Plan**

Recommendation:

Approve the proposed projects described herein for the City of Lancaster's 2018 One-Year Action Plan application to be submitted to the United States Department of Housing and Urban Development.

Fiscal Impact:

Fiscal impact is estimated at \$1,309,617 in new Community Development Block Grant (CDBG) entitlement funds and \$333,368 of reprogrammed CDBG funds.

Background:

The City of Lancaster has been a CDBG entitlement community since 1986 and receives an annual grant for developing viable urban communities that encompasses decent housing and a suitable living environment, and expanded economic opportunities, primarily for low- and moderate-income persons. The proposed One-Year Action Plan is intended to provide a summary of proposed program activities, eligibility criteria, and funding levels for the 2018 CDBG program year. All programs and/or projects submitted in the Plan are in compliance with the U.S. Department of Housing and Urban Development (HUD) guidelines for eligible activities.

The Annual Action Plan Executive Summary for CDBG entitlement funds for the 2018 program year is available for review in the Department of Housing and Neighborhood Revitalization. In accordance with Title 24 CFR part 91, this Annual Action Plan Executive Summary outlines the needs, resources, priorities and proposed activities to be undertaken with respect CDBG funding.

In order to proceed with the City's One-Year Action Plan Application, which serves as the formal document to the U.S. Department of Housing and Urban Development for CDBG funding, it is necessary for the City Council to take public testimony on proposed projects.

Proposed Projects for the 2018 Program Year:

1. Planning / Administration	\$200,000
2. Fair Housing Services	\$35,000
3. Repayment of Section 108 Loan –	\$264,056
a. Industrial Infrastructure (Fox Field);	
b. Housing Site Property Acquisition- (Fairgrounds);	
c. Recreational Facilities -(Soccer Complex)	
4. Repayment of Section 108 Loan - (Industrial Corridor Infrastructure)	\$26,380
5. Repayment of Section 108 Loan - (Mental Health Association)	\$96,535.45
6. Repayment of Section 108 Loan - (Children’s Center)	\$98,559
7. Code Enforcement Officers	\$219,152
8. Youth Programs - Youth Community Facility	\$194,834
9. Master Plan Community Development Avenue I - Tentative and Final Maps	\$120,000
10. Master Plan Community Development Avenue I/Division Street - Tentative and Final Maps	\$142,000
11. Master Plan Community Development Avenue J/15 th Street West - Tentative and Final Maps	\$90,118.55
12. Master Plan Community Development Sierra Highway - Tentative and Final Maps	\$67,000
2018-2019 CDBG Entitlement Funding:.....	\$1,309,617
Reprogrammed Funding*:.....	\$333,368
Total Project Funding:.....	\$1,642,985

The public was given the opportunity to review and comment on the Draft Consolidated Annual Action Plan which outlined the proposed use of funds for the 2018 program year for a period of at least 30-days starting on April 6, 2018 and ending May 6, 2018 in accordance with HUD guidelines.

The list of proposed projects for the 2018 CDBG One-Year Action Plan is in compliance with the City's Five-Year Consolidated Plan and Strategy along with U.S. Department of Housing and Urban Development (HUD) project eligibility criteria and program guidelines. Approval of the proposed list of projects will enable CDBG funding availability as of July 1, 2018, the start of the 2018 program year. Action to delay submission of the current project application to HUD will substantially delay the receipt of monies and implementation of projects and activities dependent on such monies. Funds related to projects that are revised or canceled during the program year will be reprogrammed.

STAFF REPORT
City of Lancaster

PH 3
05/08/18
MVB

Date: May 8, 2018

To: Mayor Parris and City Council Members

From: Chenin Dow, Economic Development Manager

Subject: **Operating Covenant Agreement with BLVD Renual, LP**

Recommendation:

Adopt **Resolution No. 18-15**, approving an Operating Covenant Agreement with BLVD Renual, LP; and authorize the City Manager or his designee to execute all related documents.

Fiscal Impact:

The proposed hotel will generate an estimated \$5.4 million in total property taxes, of which the City's share is 6%, and \$13.1 million in transient occupancy taxes (TOT) during its first 25 years of operation. In exchange for the Operating Covenant Agreement, 50% of the TOT generated during the hotel's first 10 years of operation will be rebated to BLVD Renual, LP.

Background:

In 2010, the City of Lancaster completed construction on "The BLVD Transformation Project," a comprehensive initiative to revitalize the City's downtown core. Since then, more than 60 new businesses have chosen to call the downtown district home. The BLVD has drawn well over \$150 million in private investment, and more than 200,000 square feet of commercial space has been constructed or rehabilitated.

Today, the BLVD continues to evolve and adapt to residents' wishes and needs. Recent additions include a Regency Theatres, which has purchased and renovated BLVD Cinemas; Don Sal, an upscale Mexican cantina; Buckle & Boots, a country western bar; and more.

Each of these uses is in keeping with the City's target tenant mix, which envisions the downtown area as an increasingly vibrant, thriving urban core rich in entertainment and dining options. A key component of this long-term vision is the addition of an upscale hotel.

Now, the City has the opportunity to attract such a hotel. BLVD Renual, long-standing partners in the effort to revitalize and continuously refresh the BLVD, are working to bring a 105-room Marriott Residence Inn to the heart of the downtown area.

The Marriott will join the existing Homewood Suites and Springhill Suites as one of three hotels in Lancaster classified as “upscale” by Smith Travel Reports (STR), long recognized as a beacon in the industry. The proposed hotel will also provide the highest level of density of any hotel in the Antelope Valley. Recent analyses by independent fiscal resiliency firm Urban 3 have illustrated that high-density development, particularly in the urban core, yields significantly greater value to the community over the long term. In addition, travelers attracted by the hotel will further contribute to Lancaster’s economy via spending at restaurants and other local businesses.

Under the proposed agreement, BLVD Renewal will agree to construct the proposed hotel and operate it for a minimum of 10 years. The City will also receive up to 15 free room nights per month at the Marriott for official City business, including five nights that can be booked up to 30 days in advance on Friday through Sunday nights; five that can be booked up to 24 hours in advance any day of the week; and five that can be booked the same day, any day of the week. In exchange, BLVD Renewal will receive a rebate of 50% of the total TOT collected during the term of the operating covenant, and development impact fees will be waived.

This agreement will enable the construction of a high-quality, high-density hotel which will bring millions of dollars in property and transient occupancy tax revenue to the City of Lancaster during its operation, in addition to new jobs for local residents. As the rebate will come from new tax revenues that the City would not receive but for construction of the hotel, these benefits come at no hard cost to the taxpayer.

CD

Attachments:

Resolution No. 18-15

Operating Covenant Agreement with BLVD Renewal, LP

Economic Impact Report

RESOLUTION NO. 18-15

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
LANCASTER APPROVING AN OPERATING COVENANT
AGREEMENT WITH BLVD RENUAL, LP

WHEREAS, the City of Lancaster (“City”) is a municipal corporation and charter city organized and operating under its city charter and the laws of the State of California; and

WHEREAS, BLVD Renual, LP, a limited partnership (“Hotel Entity”), has proposed to the City an agreement entitled “Operating Covenant Agreement” substantially in the form submitted herewith (the “Agreement”); and

WHEREAS, a copy of the Agreement, together with a report describing the proposed transaction, has been on file with the City Clerk as a public record; and

WHEREAS, notice of a public hearing to consider the Agreement, and which specifically referenced Government Code Section 53083, was published in a newspaper of general circulation serving the City and its inhabitants; and

WHEREAS, under the Agreement, the City would be obligated to make certain payments to Hotel Entity based upon a percentage (50%) of transient occupancy tax received by the City from operations undertaken by Hotel Entity, provided that such payments would only become due in the event the Hotel Entity opens on certain property designated as APN 3133-003-009 (the “Site”) and continuously operates a AAA Three Diamond Hotel, all as more particularly set forth in the Agreement; and

WHEREAS, the generation of transient occupancy tax revenue from a AAA Three Diamond Hotel would not occur but for the Agreement; and

WHEREAS, the Agreement is consistent with and implements the provisions of the Hotel Stimulus Program established by the City under Ordinance No. and

WHEREAS, particularly in light of the elimination of redevelopment agencies as effected by enactments of the California Legislature in 2011 and 2012, including the former Lancaster Redevelopment Agency, the generation of tax revenues available to the City is important in preserving the ability of the City to provide an acceptable level of core municipal services to its inhabitants; and

WHEREAS, the financial participation by the City under the Agreement is in consideration of the activities that will be undertaken by Hotel Entity under the Agreement; and

WHEREAS, the Agreement may constitute an economic subsidy agreement within the meaning of Section 53083 of the California Government Code, and

WHEREAS, notice was published in accordance with Section 53083 of the California Government Code and a public meeting of the City Council on the proposed Agreement was duly noticed; and

WHEREAS, the proposed Agreement, and a staff report have been available for public inspection prior to the public meeting; and

WHEREAS, all actions required by all applicable law with respect to the proposed Agreement have been taken in an appropriate and timely manner; and

WHEREAS, the City Council has duly considered all of the terms and conditions of the proposed Agreement and believes that the Agreement is important to make available to the City for the benefit of its inhabitants an additional source of transient occupancy tax revenues and other revenues and is in the best interests of the City and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LANCASTER DOES RESOLVE AS FOLLOWS:

Section 1. The City Council hereby finds and determines that, by generating additional revenues to the City, the Agreement will benefit the City and its inhabitants.

Section 2. The City Council hereby approves the Agreement in substantially the form presented to the City Council, subject to such revisions as may be made by the City Manager or his designee. The City Manager is hereby authorized to execute the Agreement (including without limitation all attachments thereto) on behalf of the City. A copy of the Agreement when executed by the City shall be placed on file in the office of the City Clerk.

Section 3. The City Manager is hereby authorized, on behalf of the City, to make revisions to the Agreement which do not increase any amounts to be paid by the City or materially or substantially increase the City's obligations thereunder, to sign all documents, to make all approvals and take all actions necessary or appropriate to carry out and implement the Agreement and to administer the City's obligations, responsibilities and duties to be performed under the Agreement and related documents.

PASSED, APPROVED and ADOPTED this 8th day of May, 2018, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

APPROVED:

BRITT AVRIT, MMC
City Clerk
City of Lancaster

R. REX PARRIS
Mayor
City of Lancaster

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF LANCASTER)

CERTIFICATION OF RESOLUTION
CITY COUNCIL

I, _____, _____ City of Lancaster,
California, do hereby certify that this is a true and correct copy of the original Resolution
No.18-15, for which the original is on file in my office.

WITNESS MY HAND AND THE SEAL OF THE CITY OF LANCASTER, on this
_____ day of _____, _____.

(seal)

OPERATING COVENANT AGREEMENT

by and between

**CITY OF LANCASTER,
a municipal corporation and charter city**

("City")

and

**BLVD RENUAL,
a limited partnership**

("Developer")

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LIST OF ATTACHMENTS

- Attachment No. 1 - Description of the Site
- Attachment No. 2 - Site Plan
- Attachment No. 3 - Memorandum of Agreement
- Attachment No. 4 - Schedule of Performance
- Attachment No. 5 - Scope of Development

OPERATING COVENANT AGREEMENT

This **OPERATING COVENANT AGREEMENT** (“**Agreement**”) is dated for identification purposes as of May 8, 2018, and is entered into by and between the **CITY OF LANCASTER**, a municipal corporation and charter city of the State of California (“**City**”), and **BLVD RENUAL**, a limited partnership (“**Developer**” or “**Owner**”). The City and the Developer are hereinafter sometimes individually referred to as a “**Party**” and collectively referred to as the “**Parties.**” Capitalized terms are defined in Section 100.

RECITALS

A. Developer is the owner of that certain real property located in the City of Lancaster, County of Los Angeles, State of California, more particularly described in the Legal Description and as shown on the Site Plan (the “**Site**”).

B. Developer desires to develop and operate (i) a 5-story AAA Three Diamond Hotel containing not less than one hundred five (105) rooms as more specifically described herein (“**Project**”) as more fully described in the “**Scope of Development**” as defined below.

C. The City has determined that the development, operation, and maintenance of the Hotel in the City will serve the needs of existing businesses and visitors and families as well as promote and enhance the economy of the City and assist the City in promoting tourism by providing attractive and desirable visitor serving facilities and experiences that will serve the needs of visitors and contribute to the growth and expansion of tourism opportunities in the City, providing employment opportunities for the residents of the City, and raising average daily rates for all hotels.

D. Consistent with the above, the City desires to incentivize operation of a AAA Three Diamond Hotel in the City by implementing the “**Hotel Stimulus Program**” (as defined below) through this Agreement so as to provide economic assistance equal to a portion of the transient occupancy tax revenues generated by the Hotel which, but for this Agreement and the Hotel Stimulus Program, would not operate within the City.

E. The City Council has found and determined that the implementation of the Hotel Stimulus Program through this Agreement is a municipal affair which is (i) consistent with the City’s economic goals and strategies, (ii) a matter of City-wide importance, (iii) necessary for the preservation and protection of the public health, safety and/or welfare of the community, and (iv) in accord with the public purposes and provisions of applicable State and local laws and requirements.

F. The City Council finds and determines that the implementation of this Agreement will provide economic incentives to encourage the development, construction, and operation of the Hotel within the City which will, in turn, (i) provide desirable and attractive experiences for both local residents and tourists, (ii) promote job creation opportunities in the City, (iii) indirectly encourage other property owners to upgrade and enhance properties, (iv) maintain and enhance a consistent business friendly environment, (v) generate net increased transient occupancy tax revenue to the City which will assist in the revitalization of neighborhoods and support the public services provided by the City to its residents, visitors, and businesses, and (vi) increase the economic competitiveness of the City.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and other valuable consideration, the receipt and sufficiency of which the Parties hereby acknowledge, the Parties hereby agree as follows:

100. DEFINITIONS

“**AAA**” means the American Automobile Association.

“**AAA Three Diamond Hotel(s)**” means a Hotel(s) which provides physical features and operational services which meet or exceed the rating criteria established for AAA Three Diamond Hotels by the American Automobile Association, as such compliance is determined by the American Automobile Association, and the Minimum Development Standards. AAA Three Diamond Hotel(s) does not include Hotels operating on or before January 1, 2018, other than Renovated Qualifying Hotel(s), nor does it include property, including both Existing Hotels and/or undeveloped land, that is/are currently the subject of an agreement with the City of Lancaster which agreement provides a subsidy or financing mechanism for the construction and/or operation of a Hotel or which involved an agreement of the former Lancaster Redevelopment Agency.

“**AAA Three Diamond Requirements**” means any requirements to the ongoing designation of a Hotel as a AAA Three Diamond Hotel as established and implemented from time to time by AAA.

“**Actual Knowledge**” is defined in Section 803.11.

“**Affiliate**” means any Person directly controlling, controlled by or under common control with another Person, which, in the case of a limited liability company, shall include each of the managing members thereof. The term “control”, as used in the immediately preceding sentence, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled Person.

“**Agreement**” means this Operating Covenant Agreement and all amendments or modifications hereto.

“**Applicable Transient Occupancy Tax Rate**” means the lesser of the rate of Transient Occupancy Tax, as applicable from time to time, or eleven percent (11%). The Applicable Transient Occupancy Tax Rate shall apply for the calculation of any and all Incentive Payments without regard to any increases, at any time, in the rate of the Transient Occupancy Tax.

“**Brand**” means the distinctive name of a Hotel that, by virtue of its distinctive name, is identified by specific physical and operational features so that guests are assured that they will receive a specified level of service and amenities wherever the property is located.

“**Breach**” is defined in Section 701.

“**CEQA**” is defined in Section 301.1.

“**City**” means the City of Lancaster, a charter city and California municipal corporation, organized and existing under the laws of the State of California, and all successors and assigns of the City of Lancaster.

“**City Benefit Package**” is defined in Section 501.1.

“**City Bodies**” is defined in Section 810.

“**City Code**” means the Municipal Code of the City of Lancaster as may be amended from time to time, and includes, without limitation, the Uniform Codes.

“**City Disbursement Conditions**” is defined in Section 405.

“**City Manager**” means the City Manager of the City or his/her designee.

“**City Rules and Powers**” is defined in Section 810.

“**Complete**” or “**Completion**” is defined in Section 301.2.

“**Construction Commitment**” is defined in Section 302.3(a).

“**Construction Commitment Disapproval Notice**” is defined in Section 302.3(a).

“**Construction Contract**” is defined in Section 302.3(b).

“**Construction Contract Disapproval Notice**” is defined in Section 302.3(b).

“**Construction Lender**” is defined in Section 302.3(a).

“**Construction Loan**” is defined in Section 302.3(a).

“**Covenants**” is defined in Section 604.

“**CPI**” means the Consumer Price Index-All Urban Consumers for the Los Angeles-Orange-Riverside County Average, Subgroup “All Items” (1982-1984 = 100) as established by the Bureau of Labor Statistics of the U.S. Department of Labor.

“**Day**” or “**Days**” is defined in Section 808.

“**Default(s)**” is defined in Section 701.

“**Deferred Developer Impact Fees**” means those Developer Impact Fees as to which an Owner, as a participant under this Hotel Stimulus Program, elects to have payment deferred until the earlier to occur of (i) issuance by City of a certificate of occupancy as to a Hotel or other improvements as to the Site or (ii) the second anniversary of the issuance of building permits as to the Hotel or other improvements as to the Site; provided that any Development Impact Fees so deferred shall bear interest at the Designated Interest Rate. The payment of Deferred Developer Impact Fees shall also be subject to Section 3.37.050.040 hereof.

“Deferred Permit, Plan Check, and Inspection Fees” means those Permit, Plan Check and Inspection Fees as to which an Owner, as a participant under this Hotel Stimulus Program, elects to have payment deferred until the earlier to occur of (i) issuance by City of a certificate of occupancy as to a Hotel or other improvements as to the Site or (ii) the second anniversary of the issuance of building permits as to the Hotel or other improvements as to the Site; provided that any Development Impact Fees so deferred shall bear interest at the Designated Interest Rate.

“Design and Finish” is defined in Section 301.3.

“Designated Interest Rate” means a rate equal to the rate of interest applicable to the construction loan for the Hotel and, if there is no construction loan, then a rate of interest designated by the City Manager as representing a market rate of interest for such deferral.

“Developer” means BLVD Renewal, a limited partnership.

“Development Costs” is defined in Section 302.3(a).

“Development Guidelines” means such development guidelines as may be adopted and amended from time to time by the City pertaining to Qualifying Hotels and AAA Three Diamond Hotels.

“Development Impact Fees” means such developer impact fees as are imposed by City from time to time under the City Code and any implementing resolutions or Entitlements.

“Effective Date” means the date on which this Agreement is attested by the City Clerk of the City of Lancaster after approval by the City Council and execution by the City and Developer.

“Eligibility Phase” means the period commencing on the effective date of Chapter 3.37 (Hotel Stimulus Program) of the City Code and terminating on the earlier to occur of (i) December 31, 2022, (ii) the date on which there are a total of Five Thousand (5,000) Guestrooms comprised of Guestrooms of New Qualifying Hotels which have been Pre-Approved and have Opened for Business, or (iii) the earlier termination of the Hotel Stimulus Program as described under Chapter 3.37.

“Entitlements” means such land use approvals as are hereafter given with respect to the Project by City.

“Existing Hotel” means a building that was constructed, occupied, and used as a facility referenced in Title 5, Chapter 5.20, Section 5.20.010 of the City Code on or before January 1, 2018.

“Flag” means the entity whose Brand is used to identify the Hotel.

“General Contractor” is defined in Section 302.3(b).

“Governmental Requirements” means all applicable laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the State, the County, the City, or any other political subdivision in which the Site is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over the City, the Developer or the Site, including all applicable state labor standards, the City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the City’s Municipal Code, and all

applicable disabled and handicapped access requirements, including without limitation, all governmental requirements applicable to public works, including without limitation the payment of prevailing wages in compliance with Labor Code Section 1720, *et seq.*, keeping of all records required pursuant to Labor Code Section 1776, complying with the maximum hours requirements of Labor Code Sections 1810 through 1815, and complying with all regulations and statutory requirements pertaining thereto (“Public Works Statutes”), the Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, and the Unruh Civil Rights Act, Civil Code Sections 51, *et seq.*

“**Guestroom(s)**” means a room or suite within the Hotel intended for Transient Occupancy by guests for compensation.

“**Hazardous Material**” or “**Hazardous Materials**” means and include any substance, material, or waste which is or becomes regulated by any local governmental authority, including the County, the Regional Water Quality Control Board, the State of California, or the United States Government, including, but not limited to, any material or substance which is: (i) defined as a “hazardous waste,” “acutely hazardous waste,” “restricted hazardous waste,” or “extremely hazardous waste” under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140, of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law); (ii) defined as a “hazardous substance” under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter Presley Tanner Hazardous Substance Account Act); (iii) defined as a “hazardous material,” “hazardous substance,” or “hazardous waste” under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory); (iv) defined as a “hazardous substance” under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances); (v) petroleum; (vi) asbestos and/or asbestos containing materials; (vii) lead based paint, pursuant to and defined in the Lead Based Paint Poisoning Prevention Act, Title X of the 1992 Housing and Community Development Act, 42 U.S.C. § 4800, *et seq.*, specifically §§ 4821-4846, and the implementing regulations thereto, or any lead based or lead products; (viii) polychlorinated biphenyls, (ix) designated as a “hazardous substance” pursuant to Section 311 of the Clean Water Act (33 U.S.C. Section 1317); (x) defined as a “hazardous waste” pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, *et seq.* (42 U.S.C. Section 6903); (xi) Methyl tertiary Butyl Ether; (xii) defined as “hazardous substances” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Section 9601, *et seq.* (42 U.S.C. Section 9601); and/or (xiii) any other substance, whether in the form of a solid, liquid, gas or any other form whatsoever, which by any Governmental Requirements either requires special handling in its use, transportation, generation, collection, storage, handling, treatment or disposal, or is defined as “hazardous” or harmful to the environment. Notwithstanding the foregoing, “Hazardous Materials” shall not include such products in quantities below attainment levels identified in one or more of the enactments identified above as Governmental Requirements, including those products and amounts as are customarily used in the construction, maintenance, rehabilitation, management, and operation of hotels and/or commercial developments or associated buildings and grounds, or typically used in commercial activities in a manner typical of other comparable commercial developments, or substances commonly ingested by a significant population, including without limitation alcohol, aspirin, tobacco and saccharine.

“**Hotel**” means a building which (i) operates as a facility referenced in Title 5, Chapter 5.20, Section 5.20.010 of the City Code, (ii) directly generates Transit Occupancy Tax to the City, and (iii) meets the Minimum Required Density.

“Hotel Operator” means franchisee, manager, lessee, or licensee with whom an Owner has a contract to open as a Qualifying Hotel and thereafter to operate the Qualifying Hotel as a AAA Three Diamond Hotel pursuant to a franchise, management, lease, or license arrangement.

“Hotel Operating Agreement” means the Agreement between the Hotel Operator and the Developer governing the operation of the Hotel.

“Hotel Stimulus Program” means the program set forth in the Hotel Stimulus Program Ordinance.

“Hotel Stimulus Program Ordinance” means Ordinance No. _____ as adopted _____, 2018, a copy of which is on file with the City as a public record and a copy of which has been provided to the Developer prior to the Effective Date.

“Incentive Payments” are the payments to be made by the City to the Developer pursuant to Sections 400-405 hereof.

“Include” or **“Including”** is defined in Section 808.

“Legal Description” means the legal description of the Site attached hereto as Attachment No. 1.

“Losses and Liabilities” as used herein shall mean and include all claims, causes of action, liabilities, losses, damages (including, without limitation, penalties, fines and monetary sanctions), injuries, expenses, charges, penalties or costs of whatsoever character, nature and kind, including reasonable attorney’s fees and costs incurred by the indemnified party with respect to counsel of its choice, whether to property or to person, whether by direct or derivative action, and whether known or unknown, suspected or unsuspected, latent or patent.

“Management Entity” is defined in Section 204(a).

“Memorandum of Agreement” means an instrument in the form of Attachment No. 3 and incorporated herein by reference.

“Minimum Development Standards” means development which complies with all of the following: (i) all fees shall have been paid by Owner or, in the case of a deferral of Deferred Development Impact Fees to the extent provided under Sections 3.37.020.021 and 3.37.050.040 of the City Code, so deferred, (ii) all development shall conform to the City Code, all applicable Governmental Requirements, and the Entitlements, and (iii) all development shall satisfy the requirements for a Qualifying Hotel.

“Minimum Required Density” means a minimum density measured by hotel rooms for occupancy of 110 rooms per acre.

“Notice of Breach” is defined in Section 703.

“Open(s)(ing)(ed) for Business” or **“Opening”** means the day on which a Hotel opens or re-opens for business to the general public as a Qualifying Hotel. In the case of a Qualifying Renovated Hotel, the reopening of such Hotel as a Qualifying Hotel shall be treated as the Opening.

“Operating Period” is the period commencing on the Opening of the Hotel and terminating on the eleventh (11th) anniversary date of the Opening.

“Ownership and/or Control” means and includes, without limitation, more than fifty percent (50%) of all voting rights and all beneficial ownership rights and interests, including without limitation, all such rights with respect to all classes of stock, interests in partnerships, limited liability company membership interests and/or beneficial interests under a trust, as may be applicable to the type of entity which is making the particular Transfer in question.

“Party” or **“Parties”** means the City and Developer, as applicable.

“Permit, Plan Check, and Inspection Fees” means permit, plan check, and inspection fees as imposed by City from time to time under the City Code and any implementing regulations or Entitlements.

“Person(s)” means an individual, corporation, limited liability company, partnership, joint venture, association, firm, joint stock company, trust, unincorporated association or other entity.

“Plan Disapproval Notice” is defined in Section 302.2.

“Plans” is defined in Section 302.1.

“Prevailing Wage Statutes” means Labor Code Section 1720, *et seq.*

“Project” is described in Recital B, the Entitlements and Section 301.3.

“Project Completion Date” means the date on which Completion shall have occurred.

“Public Work” is defined in the Public Work Statutes.

“Public Work Statutes” is defined within the definition of the Governmental Requirements.

“Publicly Traded Stock Transfers” is defined in Section 203(e).

“Qualified Hotel Operator” is defined in Section 204(b).

“Qualifying Hotels” means a Hotel which satisfies all of the following: (i) it opens as an Upscale, Upper Upscale or Luxury Hotel as designated under the Applicable STR Chain Scale; (ii) it is approved during the Eligibility Phase; (iii) it opens and operates with a Three Diamond Hotel designation by the American Automobile Association during the Eligibility Phase; and (iv) it meets the Minimum Required Density.

“Records” means all books and records of the Developer and its contractors to the extent necessary to confirm construction costs.

“Representatives” as used herein shall mean the agents, employees, members, independent contractors, affiliates, principals, shareholders, officers, directors, council members, board members, committee members, and planning and other commissioners, partners, attorneys, accountants, representatives, and staff of the referenced entity and the predecessors, heirs, successors and assigns of all such Persons.

“Related Component” is defined in Recital B.

“Schedule of Performance” means Attachment No. 4.

“Scope of Development” means Attachment No. 5.

“Site” means that certain real property, which property is more particularly described in the “Legal Description” attached hereto as Attachment No. 1 and shown on the Site Plan attached hereto as Attachment No. 2.

“Site Plan” means the Site Plan attached hereto as Attachment No. 2 and incorporated herein by reference showing the Site.

“Temporary Closure” means a period of time, no longer than reasonably necessary for repairs, reconstruction or resolution, of maintenance issues, but in no event longer than two hundred (200) days.

“Transfer” as used herein shall mean and include any direct or indirect conveyance, transfer, sale, assignment, lease, sublease, license, concession, franchise, gift, management agreement, operating agreement, hypothecation, mortgage, pledge, encumbrance, or the like of this Agreement, the Site, the Project and/or Ownership and/or Control of Developer. “Transferee” shall mean and refer to the person or entity receiving any Transfer.

“Transfer Documents” is defined in Section 201.

“Transient Occupancy” means an uninterrupted stay of no more than twenty-nine consecutive calendar days.

“Transient Occupancy Tax” means the transient occupancy tax levied and collected pursuant to Chapter 3.16 of Title 3 of the Lancaster Municipal Code, as it may be amended from time to time and held in the City’s general fund for unrestricted use. Chapter 3.16 of the Lancaster Municipal Code, as it may be amended from time to time, is referred to therein as the “Transient Occupancy Tax Code.”

“Uniform Codes” means each of the following as in effect from time to time as approved by City: the Uniform Building Code, the Uniform Housing Code, the National Electrical Code, the Uniform Plumbing Code, the Uniform Mechanical Code, and the Uniform Code for the Abatement of Dangerous Buildings.

“Verification of AAA Classification” is defined in Section 401.

“Year” means a fiscal year mutually agreeable to City and Developer; it is anticipated that the initial Year will commence approximately eight (8) months following the Opening.

200. RESTRICTIONS ON TRANSFER

201. Prohibition Against Assignment or Change of Ownership or Control. The restrictions contained in this Section 201 upon any Transfer to any Transferee are imposed because the qualifications and identity of Developer are of particular concern to the City, and it is because of those qualifications and identity that the City has entered into this Agreement with Developer.

Developer hereby agrees that no voluntary or involuntary successor to any interest of Developer under a Transfer not permitted by this Agreement shall acquire any rights pursuant to this Agreement, and any purported Transfer of this Agreement in violation of the provisions set forth herein shall be of no legal force or effect. The Parties specifically affirm City's reliance upon the qualifications and identity of Developer to undertake and perform the items set forth in the Agreement in exchange for City's assistance, which assistance Developer intends to employ to generate additional income from the Project, and that Developer's qualifications and performance under this Agreement were specifically bargained for by the City in exchange for City's assistance.

At any time Developer desires to effect a Transfer requiring the consent of City under this Agreement, Developer shall request consent from the City in writing and shall submit to City all proposed agreements and documents memorializing, facilitating, and evidencing the proposed Transfer (collectively, the "**Transfer Documents**"). City agrees to notify Developer in writing of its decision with respect to Developer's request for consent to such Transfer, as promptly as possible, and, in any event, not later than thirty (30) days after City receives the Developer's written request for consent to the Transfer and all of the Transfer Documents. In the event City consents to a proposed Transfer pursuant to this Section 201, then such Transfer shall not be effective unless and until City receives copies of all executed and binding Transfer Documents, which Transfer Documents shall conform in all material respects to the proposed Transfer Documents originally submitted by Developer to City, and a certificate, addressed to City, setting forth the representation of Developer, and, in the case of a Transfer of Developer's interest under this Agreement, of Transferee, stating that all requirements of this Section 201 applicable to such Transfer have been met. If such request is denied, City shall state the reasons for such disapproval in their notice of denial of Developer's request.

Notwithstanding anything in this Agreement which is or appears to be to the contrary, Developer agrees that, in addition to all other City rights with respect to Transfers subject to City approval under this Agreement, the City shall have the right to refuse to consent to any Transfer if Developer is then in Breach or Default of any of its obligations under this Agreement; provided that if such Breach or Default is a non-monetary Breach or Default for which the cure has commenced and which will be cured on or prior to the effectiveness of such proposed Transfer, City may, rather than withholding consent to the proposed Transfer solely because of such Breach or Default, condition such consent upon the complete cure of such Breach or Default on or prior to the effectiveness of the Transfer; and, provided further, that City's waiver of this restriction on Transfer shall not be construed as a waiver of any Breach or Default or of City's remedies arising therefrom, nor shall any Transfer in any way restrict or limit City's rights and remedies arising from any Breach or Default hereunder, whether such Breach or Default occurred prior to or after such Transfer.

The provisions of this Section 201 shall apply to each successive Transfer and Transferee in the same manner as initially applicable to Developer under the terms set forth herein.

202. Restrictions on Transfer of the Agreement, the Site, the Project and/or Ownership and/or Control of Developer.

(a) Except as set forth in section 203, following the Effective Date and continuing until the expiration or termination of the Operating Period, Developer shall not Transfer all or any part of its interest in or rights under this Agreement, and/or any part of its interest in or rights to the Site and/or the Project, or any part thereof, and/or Ownership and/or Control of Developer, without the City's prior written consent, which consent shall not be unreasonably

withheld. Notwithstanding the foregoing, the Developer may not Transfer the right to receive the Incentive Payments separate and apart from the Project.

The failure of the City to consent to any proposed Transfer of Developer's rights under or interest in the Agreement, the Site, or the Project, or any part thereof, pursuant to this Section 202, shall be deemed to be reasonable if (x) the proposed Transferee is not (i) financially capable and/or responsible, (ii) of good standing and repute, and/or (iii) able to demonstrate the capability and experience to successfully manage developments of the size and character of the Project and/or (y) the City has a reasonable basis for concluding that the proposed Transfer would have a material adverse impact upon the value, operation or quality of the Project or upon the timing or quantum of benefits to be received by the City in accordance with the implementation of this Agreement. In the event of any disapproval by the City based on the foregoing standard of reasonableness, the City shall, in connection with such disapproval, identify in writing the reasons for the City's disapproval, and, in the event of Developer's disagreement with such determination, such dispute shall be resolved by a judicial reference proceeding under Section 705.1 below. Upon any approved assignment of this Agreement or the Project (other than for security purposes), and/or Ownership and/or Control of Developer, said assignee shall expressly assume the liability of Developer for the obligations of Developer under this Agreement to the extent of said assignee's interest, and, upon a Transfer of all of its interest in the Project which was approved by the City pursuant to this Section, the transferring owner shall be released from further liability hereunder with respect to events occurring or obligations first arising after the date of such sale.

203. Permitted Transfers. Notwithstanding the provisions of Sections 201 and 202 to the contrary, the following transfers shall be permitted without City consent ("**Permitted Transfers**"); provided that Developer shall nonetheless provide City with the Transfer Documents with respect thereto prior to the proposed Transfer:

(a) Transfers of Ownership and/or Control resulting from the death or mental or physical incapacity of an individual shareholder or member of Developer;

(b) Transfers of Ownership and/or Control in trust for the benefit of a spouse, children, grandchildren, or other immediate family members of any individual owner of Developer;

(c) The granting of easements to public or quasi-public entities in connection with development of the Site in accordance with this Agreement;

(d) Transfer for financing purposes in connection with recordation of any Construction Loan or any bona fide permanent loan replacing the Construction Loan following Completion.

(e) Public trading of stock or securities in any corporation or partnership if the stock or securities of such party are traded publicly on a national stock exchange or in the over-the-counter market and if the price of such stock or securities are regularly quoted in a recognized national quotation service, provided this exception shall not apply if the Transfer is the result of the original issuance of such stock or security interests or if the Transfer at issue is being undertaken for the purpose and with the intent of circumventing the restrictions on Transfer otherwise applicable under this Section 203 (the foregoing Transfers described in this Section 203 are referred to herein as "**Publicly Traded Stock Transfers**").

204. Qualified Hotel Operator.

(a) Except as to a Qualified Hotel Operator, Developer shall not retain or authorize any Person to perform any management and/or supervisory functions (“**Management Entity**”) with respect to the development and/or operation of the Project without the prior written consent of City, which consent shall not be unreasonably withheld.

(b) Not later than the date specified in the Schedule of Performance, Developer shall retain a reputable, responsible and experienced operator (“**Qualified Hotel Operator**”) to supervise the operation of the Hotel. The City shall approve, conditionally approve or reject, acting in its reasonable discretion, the identity of the Qualified Hotel Operator within forty five (45) days after submittal of a completed package with respect thereto. The Developer shall also submit the form of the Hotel Operating Agreement to the City. The Qualified Hotel Operator shall operate and manage the Hotel pursuant to the Hotel Operating Agreement and in strict compliance with all of the requirements hereof and thereof. Should the original Qualified Hotel Operator, or its successor, cease to manage the Hotel for any reason, a replacement Qualified Hotel Operator shall be secured within ninety (90) days after the occurrence of such an event, so that throughout the term, the Hotel will at all times be managed by a Qualified Hotel Operator. If the Hotel is operated under a franchise agreement, the identity of the franchisor shall be reasonably approved in writing by City to ensure consistency of the proposed franchise with the AAA Three Diamond Requirements. Notwithstanding anything to the contrary above, Developer may terminate its employment of a particular Qualified Hotel Operator for the Hotel without being required to secure City’s consent to said termination, but Developer shall thereafter be obligated to replace said Qualified Hotel Operator as provided above. Unless City’s prior written consent is obtained, which consent shall not be unreasonably withheld, Developer shall not permit the Transfer of more than forty-nine percent (49%) of the ownership and/or control in the aggregate, taking all transfers into account on a cumulative basis, of said original Qualified Hotel Operator or any permitted Transferee during the period it is supervising operation of the Hotel, excluding Transfers consisting of Publicly Traded Stock Transfers.

205. Termination of Restrictions on Transfer. The restrictions of this Section 200 shall terminate upon the expiration or termination of the Operating Period and shall not be construed or understood to terminate or modify any of the provisions of Section 604 hereof with respect to the Project or any restrictions applicable to the Project under any documents recorded against the Site or any portion thereof pursuant hereto.

300. DEVELOPMENT OF THE SITE

301. Developer’s Construction Obligations.

301.1 Construction of Project. The Project shall be constructed in accordance with the Entitlements, Schedule of Performance, the Scope of the Development, the Design and Finish, the Plans, all Governmental Requirements, and the terms and provisions set forth in this Agreement, including without limitation the requirement that the Project shall satisfy the Minimum Development Standards and the Minimum Required Density. Without limitation of the foregoing, Developer specifically acknowledges and agrees that the Developer shall satisfy all conditions necessary to ensure that the Project conforms to all applicable California Environmental Quality Act (“**CEQA**”) requirements.

301.2 Entitlements; Construction Drawings. The Project shall be completed in one (1) construction phase, including all general grading, site preparation, utility lines and infrastructure. “**Complete**” or “**Completion**” shall mean the last to occur of (i) completion of construction of the Project in substantial compliance with this Agreement, (ii) issuance of a final certificate of occupancy by the City with respect to the Project, or (iii) the opening of all guestrooms and facilities for use and occupancy by the general public.

The Developer has submitted to the City, and the City has approved, the Entitlements. The Entitlements depict the overall development plan for the Site and shall guide all subsequent development. All changes to or adjustments of the Entitlements by Developer shall require the prior written consent of the City, which approval shall not be unreasonably withheld so long as such alteration does not affect the size of the Project, and/or the quality or nature of the amenities to be constructed on the Site. The Developer specifically acknowledges that, notwithstanding anything in this Agreement which is or appears to be to the contrary, the Developer shall be obligated to separately apply for and obtain all governmental approvals required by Governmental Requirements in connection with the construction of the Project, and any City approval under this Agreement shall not waive or eliminate the requirement for such review and approval by the City in accordance with those Governmental Requirements, acting in its municipal capacity and exercising its police powers. City shall cooperate with Developer to coordinate approvals required under this Agreement.

Developer shall make all submissions and secure all approvals in connection with construction of the Project prior to the deadlines set forth in the Schedule of Performance and in accordance with the Entitlements. Developer further agrees that, once Developer commences construction of the Project, or any portion thereof, Developer shall diligently prosecute the same to completion without substantial interruption, except as expressly excused or permitted by the provisions of this Agreement.

If not sooner paid in full, Developer shall remit to City the full amount of the Deferred Developer Impact Fees, plus interest thereon as determined in conformity with this Agreement, on or before the issuance by City of a certificate of occupancy as to the Hotel or any other improvements on the Site.

301.3 Architectural Quality. Developer acknowledges and understands that the materials, workmanship, finish, design, components and general architectural quality of the Project will have a significant and continuing impact on the Site and nearby area and that City’s agreement to participate in assisting this Project is based upon Developer’s representation that the Project will be high quality in design, construction, and finish. Accordingly, Developer understands and agrees that if it constructs the Project it will be required to develop the Site by means of materials, workmanship and an overall design that will result in a Hotel that is of high quality and of benefit to the Site and nearby area in order to be entitled to receive the Incentive Payments.

In this connection, Developer acknowledges and agrees that, in addition to the City’s review of the Plans pursuant to Section 302.2, the City will also review the interior architectural design and appearance and the interior materials, components, fixtures, furnishings, finish, graphics and signage location and plans (with specifications), lighting locations (with specifications) for exterior and interior public spaces, including parking garages, (all such interior items are collectively referred to as the “**Design and Finish**”) within the Project, and within all common areas located on the Site to ensure that the quality of the Design and Finish is consistent with the Entitlements, the

requirements for a Qualifying Hotel, and the Development Guidelines. Accordingly, prior to the deadline set forth in the Schedule of Performance, Developer shall obtain City's approval of the Design and Finish as to whether or not the Design and Finish is consistent with the Entitlements, The requirements for a Qualifying Hotel, and the standards set forth in the Development Guidelines, which approval shall be granted or denied in City's reasonable discretion within forty five (45) days after City receives Developer's written request and complete supporting materials, including, without limitation, material pallets and such other information or materials as City shall reasonably request. The Design and Finish shall be reviewed by the City solely to ensure that the quality of the Design and Finish is consistent with the Entitlements, this Agreement, and the requirements for a Qualifying Hotel.

302. Submissions and Approvals.

302.1 Plans. Prior to the time set forth in the Schedule of Performance, Developer shall obtain City's approval of preliminary and final construction drawings, grading plans, site development plans, signage plans, architectural, mechanical, electrical, structural and other plans, specifications, building elevations and renderings, landscape plans, material pallets and parking plans and other like materials and plans required by City in connection with review of the Project (collectively, the "**Plans**"). City's approval pursuant to this Section 302 shall be limited to ensuring that the quality of the Project is consistent with the Entitlements and the requirements for a Qualifying Hotel. This Section 302.1 shall not limit the exercise of City's authority as a charter city and municipality in connection with its police powers.

302.2 Submission of Plans.

(a) Not later than the respective times set forth therefor in the Schedule of Performance and in accordance with the provisions set forth in Attachment No. 5, Developer shall submit to City the Plans for the Project to be constructed on the Site by Developer. In connection with processing any Plans, the City shall have the right to request such additional information or detail as City shall determine reasonably necessary in order for City to act upon any proposed submission, and the period for City review under the Schedule of Performance shall not commence until each submission is so completed.

All Plans submitted to the City must be approved, conditionally approved or disapproved or rejected by City within the time set forth in this Agreement. City shall consider such plans in light of all Governmental Requirements, the Entitlements and any other Plans which have been previously approved by City, and architectural review requirements and aesthetic concerns and all AAA Three Diamond Requirements and other requirements for a Qualifying Hotel relating to the appearance of the Project (and the Design and Finish thereof) and to the appearance of all public spaces to be constructed in connection with the Project. The City and Developer shall communicate and consult informally, as frequently as is necessary, to ensure that the formal submission of all documents and Plans to the City can receive reasonably prompt and speedy consideration.

Any approval by the City for purposes of this Agreement shall not waive, limit or satisfy any requirement for approval from the City under any Governmental Requirements or be construed or understood to create any time period or deadline for the City with respect to such actions in its municipal capacity; nor shall anything herein be construed to require the City to act in any particular way in connection with its approval of such plans.

In the event of any disapproval, City shall, concurrently with delivery of the notice of such disapproval to Developer, inform Developer in writing of the reasons for disapproval and the required changes to the Plans or other submissions. Developer shall have ten (10) business days from receipt of any notice from the City specifying required changes (“**Plan Disapproval Notice**”), within which to notify City that Developer agrees to make such changes or objects to any requested changes. If Developer does not notify City in writing within such 10-day period of its objections to the requested changes, Developer shall be deemed to have approved all of such requested changes. If Developer timely notifies City of its objections to the requested changes, then the City and Developer shall meet at a mutually acceptable time to discuss the differences within ten (10) days after the Developer gives such notice. Following such meeting, Developer shall revise such Plans or other submissions and resubmit them for approval to the City by the later of (i) thirty (30) days after receipt of the Plan Disapproval Notice, or (ii) ten (10) days after such meeting. Any such resubmissions shall be approved or disapproved and revised within the same time periods as set forth herein with respect to initial submissions. Any such resubmissions shall not extend any of the outside dates set forth in the Schedule of Performance.

Notwithstanding the above time periods, if the City deems it appropriate or necessary to hold a public meeting of the City, or any body or committee thereof, before the action specified is to be taken, the period for such action by the City shall be extended by a reasonable amount of time, not to exceed thirty (30) days, in each case, for the holding of such public meeting; provided that the period of delay attributable to said public meeting shall extend the Schedule of Performance by a period of time equal to the period of delay caused by that meeting.

Any Plans, once approved in writing by City for purposes of this Agreement shall not be subject to subsequent disapproval by the City under this Agreement. Developer acknowledges that the exercise by City of its right to inspect or review the Plans under this Agreement does not constitute inspection of and shall not be understood as a determination by the City with respect to the engineering or structural design, sufficiency or integrity of the Project, nor a determination of the compliance of such Plans with any Governmental Requirements, including any applicable building codes, safety features or standards. Any inspection or approval of Plans made or granted pursuant to this Agreement shall not constitute an inspection or approval of the quality, adequacy or suitability of such Plans, any specifications applicable thereto, or any labor, materials, services or equipment to be furnished or supplied in connection therewith, and City shall have no responsibility or liability for any acts, omissions or errors of any architects, designers, engineers or other persons responsible for drafting or formulating the Plans.

(b) If any material revisions or corrections of Plans previously reviewed and approved by the City shall be required by any governmental official, agency, department or bureau having jurisdiction over the Site or the development on the Site, or any lending institution involved in financing the development of the Project, then the Developer and the City, at the request of Developer, shall cooperate in efforts to obtain a waiver of such requirements or to develop a mutually acceptable alternative. If no such waiver is obtained or mutually acceptable alternative developed within a reasonable period of time, then, at the request of Developer, City will review any proposed changes to the Plans, within the time set forth in this Agreement, in accordance with the standards for approval set forth above (except that, notwithstanding anything which is or appears to be to the contrary, the proposed revisions or corrections to the Plans shall not be required to be consistent with that aspect of the previously approved Plans which is the subject of objection under this Section and which would be superseded by the proposed revision or correction).

(c) If Developer desires to make any changes in the Plans after their review and approval by the City, Developer shall submit such proposed changes to the City for their review and approval in accordance with the standards for approval set forth above.

302.3 Submission of Evidence of Financing; Submission of Evidence of Construction Contract.

(a) **Construction Loan.** By the respective times set forth therefor in the Schedule of Performance, the Developer agrees to deliver to City, for its reasonable approval, a written commitment(s) (“**Construction Commitment**”) from a lender acceptable to City in its reasonable discretion and licensed to do business in California that is financially secure and possesses a sound credit rating (“**Construction Lender**”), by which said Construction Lender shall represent that it has agreed, subject to customary closing conditions and final loan documentation consistent with the terms of said written commitment(s), to make a construction loan to Developer (the “**Construction Loan**”) for the development and construction of the Project.

In the event of any disapproval, City shall, concurrently with delivery of the notice of such disapproval to Developer, inform Developer in writing of the reasons for disapproval and the required changes to the Construction Commitment. Developer shall have ten (10) business days from receipt of any notice from the City specifying required changes (“**Construction Commitment Disapproval Notice**”) within which to notify City that Developer and Construction Lender agree to make such changes or object to any requested changes. If Developer timely notifies City of its objections to the requested changes, then the City and Developer shall meet at a mutually acceptable time to discuss the differences within ten (10) days after the Developer gives such notice. Following such meeting, Developer and Construction Lender shall revise the Construction Commitment and resubmit it for approval to the City, as required by this Agreement, by the later of (i) thirty (30) days after receipt of the Construction Commitment Disapproval Notice, or (ii) ten (10) days after such meeting. Any such resubmissions shall be approved or disapproved and revised within the times set forth herein with respect to the initial submission, and, so long as the City does not unreasonably delay the resubmission process, such resubmissions shall not extend any of the outside dates set forth in the Schedule of Performance.

The amount of the Construction Commitment shall not be less than (i) the amount of the “**Construction Contract**,” as defined below, for the Project, plus (ii) an amount equal to all consultant and loan fees, “points,” commissions, charges, furnishings, fixtures, taxes, interest, start-up costs, Developer’s overhead and administration, and other costs and expenses of developing and completing the Project (the costs listed in clauses (i) and (ii) of this Section are sometimes referred to collectively as “**Development Costs**”), less (iii) the amount of the Developer’s documented and committed equity contribution to the cost of constructing the Project.

In the event Developer will finance a portion of the Development Costs by means of an equity contribution or equity financing source, Developer agrees to demonstrate, to City’s reasonable satisfaction, the source of the funds providing the equity contribution and that (i) such funds are committed without qualification to funding of the Development Costs, and (ii) the amount of funds committed is sufficient to cover all contemplated Development Costs (other than those financed by the Construction Loan) necessary to fully complete and render the Project operational.

In connection with submission of the Construction Commitment, Developer shall submit to and obtain City's approval, which approval shall not be unreasonably withheld or delayed, of a construction budget, showing the projected pre-development and development costs of the Project and a sources and uses statement showing that the projected funding sources will be available as needed to fund all such projected costs at the time incurred.

The Construction Loan shall be consistent with the terms and provisions of this Agreement. Prior to execution of any final Construction Loan documents by Developer, Developer shall secure the City's approval of the terms and conditions of those Construction Loan documents, which approval shall be limited to and only for the purpose of assuring compliance of the Construction Loan documents with the requirements of this Agreement and the previously approved Construction Commitment and which shall not be unreasonably withheld. City shall approve or disapprove said Construction Loan documents within ten (10) working days of their submission. Concurrent with any disapproval, City shall inform Developer in writing of the reasons for such disapproval. Developer shall draw upon and utilize the full amount of the Construction Loan only for financing the Development Costs for the Site and any other purposes approved by City, and the Construction Loan shall be disbursed and applied in accordance with the approved construction budget.

(b) **Construction Contract.** By the respective times set forth therefor in the Schedule of Performance, Developer agrees to deliver to City, for its review and approval, which approval shall not be unreasonably withheld, a fully executed and effective construction contract(s) (the "**Construction Contract**") for the Project, which Construction Contract shall obligate a reputable and financially responsible general contractor(s) ("**General Contractor**"), capable of being bonded and licensed in California and with experience in completing developments similar in size and character to the Project, to commence and complete the construction of the Project in accordance with this Agreement and at the price stated therein.

City shall approve or disapprove said Construction Contract within ten (10) working days of its submission.

In the event of any disapproval, City shall, concurrently with delivery of the notice of such disapproval to Developer, inform Developer in writing of the reasons for disapproval and the required changes to the Construction Contract. Developer and General Contractor shall have ten (10) business days from receipt of any notice from the City specifying required changes ("**Construction Contract Disapproval Notice**"), within which to notify City that Developer agrees to make such changes or objects to any requested changes. If Developer notifies City within said 10-day period of its objections to the requested changes, then the City and Developer shall meet at a mutually acceptable time to discuss their differences within ten (10) days after the Developer gives such notice. Following such meeting, Developer and the General Contractor shall revise the Construction Contract and resubmit it for approval to the City as required by this Agreement by the later of (i) thirty (30) days after receipt of the Construction Contract Disapproval Notice, or (ii) ten (10) days after such meeting. Any such resubmissions shall be approved or disapproved and revised within the times set forth herein with respect to the initial submission, and such resubmissions shall not extend any of the outside dates set forth in the Schedule of Performance.

(c) **Limitation on Review by City.** Notwithstanding anything herein to the contrary, the City's review of the items described in this Section 302.3 shall be limited to compliance with this Agreement.

303. Costs of Development. Developer shall bear all costs incurred in connection with the construction, operating, and maintenance of the Project, including without limitation all costs incurred in connection with the acquisition, investigation and/or preparation of the Site for development, all costs of preparation of any Plans or other submissions made by Developer pursuant to this Agreement, and all on and off-site costs incurred in connection with the construction, operation or maintenance of the Project.

Before commencement of construction or development of any buildings, structures or other works of improvement upon the Site by Developer, the Developer shall secure or cause to be secured any and all permits and environmental clearances which may be required by the City or any other governmental agency affected by such construction, development or work. Such permits and clearances shall be secured at the Developer's own expense. The Developer shall be required to comply with all conditions to approval of all zoning changes, general plan amendments, subdivision maps, conditional use permits, CEQA approvals, or any other land use approvals, and all costs of compliance shall be at the sole expense of the Developer. Without limitation of the foregoing, the Developer shall carry out the construction of the Improvements in conformity with all Governmental Requirements, including, without limitation, any applicable federal and state labor laws or standards, including any applicable provisions thereunder relating to the payment of prevailing wages.

304. Hazardous Materials. In the event that, following the execution of this Agreement, Developer discovers the presence of Hazardous Materials under or upon the Site, Developer shall, within five (5) days of such discovery, notify City in writing of such discovery, which writing shall describe the conditions discovered with reasonable particularity, and promptly thereafter provide the City with a reasonably detailed description of the location, extent and nature of the Hazardous Materials discovered. Developer shall be obligated to fully remediate such Hazardous Materials, in accordance with Governmental Requirements, at the Developer's sole cost and expense.

305. [Reserved].

306. Security Financing; Rights of Lenders. The holder of any mortgage or deed of trust authorized by this Agreement shall not be obligated by the provisions of this Agreement to construct or complete the Project or to guarantee such construction or completion. However, nothing in this Agreement shall be deemed to construe, permit or authorize any such holder to devote the Site to any uses or to construct any improvements thereon, other than the Project.

307. Notice of Default to Construction Lender; Right to Cure; No Modification Without Lender Consent. Whenever City shall deliver any notice or demand to Developer with respect to any Breach or Default by Developer under this Agreement, City shall at the same time deliver a copy of such notice or demand to the Construction Lender, provided City has received written request for such notice or demand. The Construction Lender shall (insofar as the rights of City are concerned) have the right, at its option, within sixty (60) days after receipt of the notice, to cure or remedy or commence to cure or remedy any such Breach or Default and to add the cost thereof to the lien of its encumbrance. Nothing contained in this Agreement shall be deemed to obligate, permit or authorize such holder to undertake or continue the construction or completion of the Project pursuant to this Agreement (beyond the extent necessary to conserve or protect the Project or construction already made) without first having expressly assumed the Developer's obligations to the City by written agreement satisfactory to the City. The holder, in that event, must agree to complete, the Project, and submit evidence satisfactory to the City that it has the qualifications and financial responsibility necessary to perform such obligations.

308. Failure of Holder to Complete Project. In any case where, sixty (60) days after receipt by the Construction Lender of the notice of the Developer's Breach, the holder of any mortgage or deed of trust creating a lien or encumbrance upon the Site, or any part thereof, has not exercised the option to operate, or, if it has exercised the option, is not proceeding diligently with operation of the Project, the City may proceed with termination of this Agreement and any further obligations of City hereunder.

400. INCENTIVE PAYMENTS

In order to induce the Developer to construct and operate the Project, the City has agreed to provide to Developer the incentive described in Section 402 upon the terms set forth herein.

401. Confirmation that the Hotel has been Constructed and is Operating in Accordance with this Agreement. Upon request by the Developer to initiate incentive payments, projected to be approximately eight (8) months after Opening, City staff shall verify that Hotel is operating consistent with the AAA Three Diamond Hotel Requirements, as defined herein (the "Verification of AAA Classification"), based on published AAA data.

402. Incentive Payments for AAA Three Diamond Hotel. Upon the fulfillment of the City Disbursement Conditions described in Section 405, subject to Section 405, the City shall pay Incentive Payments to the Developer pursuant to this Agreement, in an amount equal to fifty percent (50%) of the Transient Occupancy Tax collected and remitted to the City during the Operating Period based on the Applicable Transient Occupancy Tax Rate with respect to the Hotel. Incentive Payments shall commence by the first anniversary of the Opening and, subject to ongoing satisfaction of the City Disbursement Conditions, shall continue every six (6) months thereafter with payment to be made thirty (30) days after the applicable semi-annual period.

403. Cessation of Incentive Payments. Incentive Payments shall cease upon the expiration of the applicable Operating Period or at such time as the Hotel ceases to operate consistent with the AAA Three Diamond Hotel Requirements or the Developer fails to make available to City on a continuous basis throughout the Operating Period the City Benefit Package. In the event the Developer notifies, and City Manager in the reasonable exercise of discretion confirms City in writing, within fifteen (15) days of the initial occurrence of the onset of such condition or conditions that cause a Temporary Closure, that the closure constitutes a Temporary Closure, no Incentive Payments shall be made with respect to the corresponding Year, but this Agreement shall remain in effect with the possibility that the Developer will qualify for payments in future Years within so long as this Agreement remains in effect. In the event of all other closures, whether permanent or with respect to which no notice is received from Developer indicating that the closure is a Temporary Closure, no payments shall be made for the corresponding Year or any future Year and, at the discretion of City, this Agreement may be terminated by City upon giving written notice thereof to Developer.

404. Deferred Developer Impact Fees. In the event the Developer causes a Hotel to Open as a Qualifying Hotel and operate as a AAA Three Diamond Hotel, the City shall waive collection of the Deferred Developer Impact Fees, including any interest applicable with respect thereto. This Section 404 shall not apply to Permit, Plan Check and Inspection Fees or any other fees.

405. Setoff as to Unpaid Fees. As to any Permit, Plan Check and Inspection Fees, Developer Impact Fees (excepting to the extent a waiver of Developer Impact Fees has been made by City pursuant to Section 404), and any other fees collected by City in connection with the development undertaken by Developer, City shall setoff against any payments otherwise provided under Section 402 any amounts which have not been paid to City together with interest determined using the Designated Interest Rate.

406. No Pledge. The making of Incentive Payments pursuant to this Agreement shall not be deemed to constitute a pledge of any particular funds by the City, but instead an obligation contingent upon the construction and operation of the Hotel in accordance with this Agreement.

407. City Disbursement Conditions. Notwithstanding anything in this Agreement which is or appears to be to the contrary, in no event will City pay any Incentive Payments to Developer unless all of the following conditions precedent (collectively, the “City Disbursement Conditions”) are satisfied on the date of the applicable disbursement: (i) there shall be no Breach or Default by Developer as to this Agreement, (ii) this Agreement shall remain in full force and effect and not have been terminated, (iii) any administrative fee and deposit payable under the Hotel Stimulus Program shall have been paid by Developer to City, (iv) City shall have received confirmation in the form of a Verification of AAA Classification as to the corresponding period as to which payment is to be made confirming that the Hotel is operating consistent with the AAA Three Diamond Hotel Requirements, and (v) there shall be no default by the Developer under this Agreement and/or the Hotel Operating Agreement which remains uncured on the date such Incentive Payments would otherwise be made to the Developer, including, without limitation, failure to Complete the Project prior to the time set forth in the Schedule of Performance and/or failure to operate the Hotel consistent with the AAA Three Diamond Hotel Requirements.

500. OPERATING COVENANTS

501. Operating Covenants. In consideration of the Covenants of the City set forth herein, including, without limitation, the City’s covenant to make the Incentive Payments upon the terms set forth herein, Developer shall, on or prior to the date specified in the Schedule of Performance, cause the Memorandum of Agreement to be recorded against the Site, providing, among other things, that if the Project is Completed the Hotel shall be operated for a period of at least eleven (11) Years in accordance with the requirements of this Agreement, including without limitation, the AAA Three Diamond Requirements and the provision throughout the Operating Period of the City Benefit Package.

501.1 City Benefit Package. As a material portion of the consideration for the City to enter into this Agreement, but for which the City would not have entered into this Agreement, Developer shall make available to City without charge throughout the Operating Period use of rooms at the Hotel as follows: City shall be entitled to reserve and utilize rooms for official City business, including without limitation use by visiting consultants, artists/crews for the Lancaster Performing Arts Center, attorneys, consultants, and business prospects which City staff is seeking to attract to locate within the city limits of the City of Lancaster for up to fifteen (15) nights per month. The following parameters shall apply to the reservation and use of rooms under this Section 501.1: (i) up to five (5) room nights, valid Friday through Sunday nights only, are to be booked up to thirty (30) days in advance; (ii) an additional five (5) room nights, valid any night of the week, are to be booked up to twenty four (24) hours in advance; and (iii) an additional five (5) room nights, valid any night of the week, are to be booked the same day as use, beginning at 9:00 a.m.. Reservations shall be

made by the City Manager. In the event the allotted number of rooms is not utilized during a particular month, the unused nights shall not carry forward. No room rent or charges (including parking) shall apply with respect to the rooms reserved under this Section 501.1 (“City Rooms”) and no transient occupancy tax will be payable with respect to the City Rooms as utilized under this Section 501.1. Hotel guests using City Rooms shall be subject to payment of meals and incidentals, as applicable. The benefits available to City under this Section 501.1 shall constitute the “City Benefit Package.”

502. Hiring Preferences. Developer shall use good faith efforts to hire local residents and contract with local subcontractors, suppliers and other businesses.

503. City Reserved Discretion. Developer acknowledges and agrees that, if the Operating Covenant Agreement is approved by the City prior to consideration by the City of any land use application, entering into the Operating Covenant Agreement does not commit the City to consider or undertake acts or activities requiring subsequent independent exercise of discretion, including, but not limited to, the approval of any development proposal (including the Project) or land use approval governing the Site where the Project is proposed. The Developer agrees that the City retains discretion on potential future actions to approve, deny, modify, and consider alternatives to a proposed project, as well as to impose adequate mitigation measures as may be required by the California Environmental Quality Act.

504. Nondiscrimination During Operating Period. Developer agrees for itself, its successors, assigns or designees, that for the period commencing as of the Effective Date and continuing until the last day of the Operating Period the Developer and any of its employees shall not discriminate against any person on the basis of sex, marital status, race, color, religion, ancestry, national origin, physical handicap, sexual orientation, or domestic partnership status.

600. USE, OPERATION AND MAINTENANCE OF THE SITE

601. Uses and Operation. The Developer covenants and agrees for itself, its successors and assigns, which covenants shall run with the land and bind every successor or assign in interest of Developer, that during development of the Site pursuant to this Agreement and thereafter, neither the Site nor the Project, nor any portion thereof, shall be improved, used or occupied in violation of any Governmental Requirements or the restrictions of this Agreement. Furthermore, Developer and its successors and assigns shall not initiate, maintain, commit, or permit the maintenance or commission on the Site or within the Project, or any portion thereof, of any nuisance, public or private, as now or hereafter defined by any statutory or decisional law applicable to the Site and/or the Project, or any portion thereof. The Developer further covenants and agrees on behalf of itself and its successors and assigns to develop the Site in conformity with the Qualifying Hotel Requirements and to devote, use, operate and maintain the Site in accordance with this Agreement, including without limitation, the AAA Three Diamond Requirements.

Notwithstanding anything to the contrary or that appears to be to the contrary in this Agreement, Developer hereby covenants, on behalf of itself, and its successors and assigns, which covenants shall run with the land and bind every successor and assign in interest of Developer, that Developer and such successors and assigns shall use the Site solely for the purpose of constructing, maintaining and operating the Project.

602. Maintenance of Site; Damage or Destruction. If the Project is Completed and throughout the term of this Agreement, Developer shall at its expense maintain the Project in first-class order, condition, and repair and in accordance with the approved Plans for the Project, all Governmental Requirements and the AAA Three Diamond Requirements attached hereto. In the event of any damage or destruction of the Project, the Developer shall promptly commence and diligently pursue to completion the repair and reconstruction of those improvements damaged or destroyed so that they are returned to an operable whole in accordance with the original approved Plans and Design and Finish at the earliest feasible date.

603. Obligation to Refrain from Discrimination. 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 sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall Developer itself or any person claiming under or through it 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, subtenants, sublessees, or vendees of the Site or any portion thereof.

604. Effect and Duration of Covenants. Except as otherwise expressly provided in this Agreement, the indemnities, covenants, conditions, restrictions, warranties and representations (“**Covenants**”) established in this Agreement shall without regard to technical classification or designation, be binding upon and inure to the benefit of the successors, transferees and assigns of each of the Parties hereto, whether by merger, consolidation, sale, transfer, liquidation or otherwise and as to the Covenants of Developer, shall run with the land. Each of the Covenants is for the benefit of real property under the jurisdiction of the City and owned by City within the boundaries of the City.

City is a beneficiary of the terms and provisions of this Agreement and of the restrictions and Covenants running with the land, for and in its own right and for the purpose of protecting the interests of the community in whose favor and for whose benefit the Covenants running with the land have been provided. The Covenants in favor of the City shall run without regard to whether City has been, remains or is an owner of any land or interest therein in the Site, and shall be effective as both Covenants and equitable servitudes against the Site. City shall have the right, if any of the Covenants set forth in this Agreement which are provided for its benefit are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it may be entitled. The Covenants contained in Sections 501, 601 and 602 shall remain in effect for the Operating Period. The Covenants described in Section 603 shall remain in effect in perpetuity. The Covenants described in Section 502 shall remain in effect until the applicable statute of limitation expires with respect to the Public Works Statutes.

700. DEFAULTS, REMEDIES AND TERMINATION

701. Defaults. Occurrence of any of the following (a “**Breach**”) shall, after the giving of the notice required by Section 702, constitute a default (“**Default(s)**”) under this Agreement by the non performing Party:

(i) failure or delay in the due, timely and complete observance and performance of each and every condition, restriction, covenant or obligation applicable to the non-performing Party including, without limitation, the failure of a Party to accomplish one or more of the matters to

be accepted as set forth on the Schedule of Performance by the respective times set forth therefor in the Schedule of Performance; or

(ii) failure or delay in the due, timely and complete observance and performance of each and every condition, restriction, covenant or obligation to be observed or performed by Developer under this Agreement; or

(iii) failure or delay by Developer in paying to City the Deferred Developer Impact Fees, including interest thereon as determined in conformity with this Agreement, on or before the issuance by City of a certificate of occupancy as to the Hotel or any other improvements on the Site; or

(iv) a default under any Construction Loan or any Hotel Operating Agreement which is not cured within the applicable cure period, if any, provided therein.

702. Right to Cure Following a Breach/Default. Unless a different cure period is expressly provided elsewhere in this Agreement, the Party whose acts or omissions to act give rise to a Breach as defined in Section 701 shall be entitled to cure, correct, or remedy such Breach, if (i) such defaulting Party commences curing said Breach within thirty (30) days of receipt of the Notice of Breach, as defined in Section 703, and (ii) such defaulting Party thereafter diligently and continuously pursues the curing of said Breach, and (iii) such defaulting Party fully completes such cure, correction or remedy within sixty (60) days of receipt of said Notice of Breach, or, if such Breach cannot reasonably be cured within said 60-day period, within such additional time as is reasonably necessary to cure such Breach, but in no event more than one hundred and fifty (150) days; provided, that (A) in the event the Breach is a failure to pay or discharge any monetary obligation hereunder when due (i.e., a monetary default), the defaulting Party shall fully complete such cure, correction or remedy within ten (10) days of receipt of the Notice of Breach and (B) in the event of a Breach under Section 701 (iii) above, there shall be no additional cure period under this Agreement. If a Breach is not cured within the applicable period provided above, it shall thereafter constitute a “Default”.

703. Notice of Breach. The non-breaching Party shall give written notice of default (“Notice of Breach”) to the non-performing Party, specifying the breach of this Agreement complained of by the non-breaching Party. Failure or delay in giving such notice shall not constitute a waiver of any breach of this Agreement.

704. Waiver of Breach or Default. Except as otherwise expressly provided in this Agreement, any failure or delay by either Party in asserting any of its rights or remedies as to any Breach or Default shall not operate as a waiver of any Breach or Default or of any rights or remedies in connection therewith or of any other rights and remedies provided by this Agreement or by law, or deprive such Party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

705. Legal Actions and Remedies.

705.1 Institution of Legal Actions; Judicial Reference. Any of the Parties may institute legal action to enforce the provisions of Section 706. All actions arising under this Agreement or relating to its interpretation shall be heard by a referee of the Los Angeles County Superior Court pursuant to Code of Civil Procedure Sections 638, *et seq.* With respect to all judicial

reference proceedings under this Agreement, Developer and City shall agree upon a single referee who shall then try all issues, whether of fact or law, and report a finding and judgment thereon and issue all legal and equitable relief appropriate under the circumstances of the controversy. If Developer and the City are unable to agree on a referee within ten (10) days of a written request to do so by either Party, either Party may seek to have one appointed pursuant to Code of Civil Procedure Section 640. The cost of such proceeding shall initially be borne equally by Developer and the City, but shall ultimately be borne by the Party who does not prevail. Any referee selected pursuant to this Section shall be considered a temporary judge appointed pursuant to Article 6, Section 21 of the California Constitution.

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED WITHIN THE SCOPE OF THE JUDICIAL REFERENCE PROVISION ABOVE DECIDED BY A NEUTRAL REFEREE AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW, YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE JUDICIAL REFERENCE PROVISION OR THE STATUTES INCORPORATED THEREIN BY REFERENCE. IF YOU REFUSE TO SUBMIT TO JUDICIAL REFERENCE AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO SUBMIT UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS JUDICIAL REFERENCE PROVISION IS VOLUNTARY. WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF MATTERS INCLUDED IN THE JUDICIAL REFERENCE PROVISION TO A NEUTRAL REFEREE.

Developer's Initials

City's Initials

705.2 Applicable Law. The laws of the State of California applicable to agreements executed and to be performed in this state shall govern the interpretation and enforcement of this Agreement.

706. Limitation on Remedies.

706.1 Limitation on Developer Remedy. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, IF THE CITY COMMITS A DEFAULT UNDER THIS AGREEMENT, THE DEVELOPER'S REMEDIES SHALL BE LIMITED TO THE RIGHT TO COMPEL PAYMENT OF ALL INCENTIVE PAYMENTS OWED. IN NO EVENT SHALL DEVELOPER SEEK OR SHALL CITY BE LIABLE FOR ANY OTHER OR FURTHER DAMAGES, INCLUDING, WITHOUT LIMITATION, ANY ACTUAL, PUNITIVE OR CONSEQUENTIAL DAMAGES OF ANY NATURE. DEVELOPER ACKNOWLEDGES THAT THE CITY WOULD NOT ENTER INTO THIS AGREEMENT WITHOUT THIS LIMITATION UPON THE DAMAGES WHICH MAY BE RECOVERED FROM THE CITY IN THE EVENT OF A BREACH.

Developer's Initials

City's Initials

706.2 Limitation on City Remedy. EXCEPTING TO THE EXTENT PROVIDED IN SECTION 809 HEREOF, NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT (OTHER THAN SECTION 809), IF THE DEVELOPER COMMITS A DEFAULT UNDER THIS AGREEMENT, THE CITY'S REMEDIES SHALL BE LIMITED TO TERMINATING ALL FURTHER RIGHTS AND OBLIGATIONS UNDER THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, TERMINATING, AFTER THE COMMENCEMENT OF THE OPERATING PERIOD, THE OBLIGATION OF THE CITY TO PAY ANY INCENTIVE PAYMENTS TO DEVELOPER. PROVIDED HOWEVER, IN THE EVENT THAT ANY SUCH DEFAULT THAT OCCURS DURING THE OPERATING PERIOD IS CURED DURING THE OPERATING PERIOD AND WITHIN TWO (2) YEARS OF THE INITIAL OCCURRENCE OF SUCH DEFAULT, THEN ALL RIGHTS AND OBLIGATIONS UNDER THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, THE OBLIGATION OF THE CITY TO PAY ANY INCENTIVE PAYMENTS TO DEVELOPER SHALL BE REINSTATED FOR THE BALANCE OF THE TERM. NO SUCH REINSTATEMENT SHALL ACT TO EXTEND THE OPERATING PERIOD. IN NO EVENT SHALL CITY SEEK OR SHALL DEVELOPER BE LIABLE FOR ANY OTHER OR FURTHER DAMAGES, INCLUDING, WITHOUT LIMITATION, ANY ACTUAL, PUNITIVE OR CONSEQUENTIAL DAMAGES OF ANY NATURE. CITY ACKNOWLEDGES THAT THE DEVELOPER WOULD NOT ENTER INTO THIS AGREEMENT WITHOUT THIS LIMITATION UPON THE DAMAGES WHICH MAY BE RECOVERED FROM THE DEVELOPER IN THE EVENT OF A BREACH.

Developer's Initials

City's Initials

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

708. Right of Inspection. City and its authorized Representatives shall have the right during business hours, upon not less than twenty-four (24) hours' oral or written notice to Developer (except in the case of an emergency, the existence of which shall be determined by City in its reasonable discretion, in which event no advance notice shall be required) to enter upon the Site and/or Project for purposes of inspection and exercising its rights under this Agreement, provided that such inspections shall not unreasonably interfere with Developer's construction on or operation of the Site and/or Project. If any work or materials on the Site and/or Project are not in conformity with any Plans approved pursuant to this Agreement, any provisions of this Agreement, or any Governmental Requirements, City may, upon no less than five (5) business days' notice to Developer, stop the work and order correction of any such work or materials. Inspection by City of the Site and/or Project is for the sole purpose of protecting the interests of the City and is not to be construed as an acknowledgment, acceptance or representation by City that there has been compliance with any Plans approved pursuant to this Agreement or any terms or provisions of this Agreement, or that the Site and/or Project will be free of faulty materials or workmanship. Any lender holding or owning a mortgage encumbering the Site and/or Project shall make or cause to be made such other independent inspections as it deems necessary for its own protection, and nothing contained herein shall be construed as requiring City to supervise construction of any improvements on the Site and/or Project or any portion thereof for the benefit of any third party. Nothing in this Section shall be understood or construed to in any way limit, restrict or waive any rights City may

have in its municipal capacity with respect to inspection of any work of improvement upon the Site and/or Project. During the periods of construction on the Site and/or Project by Developer, Developer shall submit to the City written reports of its progress on the construction when and as requested by the City. Those reports shall be in such form and detail as may be reasonably required by the City, including periodic construction photographs showing the progress of the construction since the last report.

709. Right of Termination. If the Developer fails to comply with the development and construction schedule as set forth in the Schedule of Performance, such failure shall be considered a failure of a condition and not a Breach. Upon notice of any such failure, Developer shall have thirty (30) days to commence to satisfy the failed condition and thereafter, diligently pursue such remedy to completion. Developer's failure to commence to satisfy the condition within thirty (30) days after notice of such failure and, thereafter, diligently pursue such remedy to completion shall entitle City to terminate this Agreement without further notice. City shall, at its election, terminate this Agreement in the event of an uncured breach or default hereunder or in the event there is not continuous operation of a AAA Three Diamond Hotel on the Site as further set forth in Section 403 of this Agreement.

800. GENERAL PROVISIONS

801. Notices, Demands and Communications Between the Parties. Formal notices, demands and communications between the City and Developer shall be deemed sufficiently given if delivered to the principal offices of the City or the Developer, as applicable, by (i) personal service or (ii) express mail, federal express, or other like overnight delivery service, (iii) telecopy, if such telecopy is followed by a notice sent out on the same day by mail or overnight delivery service, or (iv) registered or certified mail, postage prepaid, return receipt requested. Such notice shall be addressed:

To City:	City of Lancaster 44933 N. Fern Avenue Lancaster, California 93534 Attention: City Manager
with a copy to:	Stradling, Yocca, Carlson & Rauth 660 Newport Center Drive, Suite 1600 Newport Beach, California 92660 Attention: Allison E. Burns, Esq.
To Developer:	Insite Development, LLC 6330 Variel Avenue, Suite 201 Woodland Hills, CA 91367 Attention: Steve Eglash, Managing Partner

Any such notices shall be deemed given on (i) actual receipt, if delivered personally, (ii) the date of actual or attempted delivery provided such attempted delivery is made on a business day, if by federal express, express mail or another like overnight delivery service, (iii) upon transmission on any business day (if prior to 5:00 p.m. in the recipient's time zone; but if after 5:00 p.m., then as of 9:00 a.m. on the next business day after such transmission) if transmitted by telecopy, if such telecopy is followed by a notice sent by mail or overnight delivery service on the same day as the

telecopy transmission, or (iv) the date of actual delivery as shown by the addressee's registry or certification of receipt or the third business day after mailing, whichever is earlier, if mailed to the person to whom notice is to be given, by first class mail, registered or certified, postage prepaid, return receipt requested and properly addressed as provided above. The person and the place to which notices are to be mailed may be changed by either Party by notice to the other in accordance with this Section.

802. Conflict of Interest. No member, official or employee of the City shall have any direct or indirect interest in this Agreement, nor participate in any decision relating to the Agreement which is prohibited by law.

803. Developer's Covenants, Representations and Warranties. Developer jointly and severally covenants, represents, and warrants to City as follows:

803.1 Warranty Against Payment of Consideration for Agreement. Developer has not paid or given, and will not pay or give, any third person any money or other consideration for obtaining this Agreement, other than the normal cost of conducting business and the costs of professional services such as architects, engineers, attorneys, and brokers' commissions payable in connection with the development of the Project.

803.2 Organization and Standing of Developer. Developer is a limited partnership duly organized, qualified and validly existing and in good standing under the laws of the State of California, and duly qualified to do business in the State of California, and has all requisite power and authority to enter into and perform its obligations under this Agreement. Developer has provided to the City true and complete copies of all of its governing documents, and the percentage ownership interests reflected therein are accurate as of the date of this Agreement.

803.3 Licenses. Developer will obtain and maintain all material licenses, permits, consents and approvals required by all applicable governmental authorities to develop the Project.

803.4 Authorization And Consents. The execution, delivery and performance of this Agreement is consistent with Developer's articles of organization and operating agreement and has been duly authorized by all necessary action of Developer's managing members. All consents, approvals and authorizations of all applicable governmental authorities, other than City, and all consents or approvals of Developer's members required in connection with the execution and delivery by Developer of this Agreement will have been obtained and delivered to the City on or before the Effective Date.

803.5 Due and Valid Execution. This Agreement and all other instruments to be executed in connection herewith, will, as of the date of their execution, have been duly and validly executed by Developer.

803.6 Tax Returns and Reports. All filings, reports and tax returns of Developer which are required to be made or filed with any governmental authority with respect to the Site or the Project have been duly made and filed, and all taxes, assessments, fees and other governmental charges upon Developer or upon the Site, which are due and payable by Developer, have been paid, other than those which are presently payable without penalty or interest, or which Developer is in good faith contesting.

803.7 Litigation and Compliance. To Developer's actual knowledge, there are no suits, other proceedings or investigations pending or threatened against, or affecting the business or the properties of Developer or any of its officers which could materially impair its ability to perform its obligations under this Agreement, nor is Developer or any of its officers in violation of any laws or ordinances which could materially impair Developer's ability to perform its obligations under this Agreement.

803.8 Default. To Developer's actual knowledge, there are no facts now in existence which would, with the giving of notice or the lapse of time, or both, constitute a "Default" hereunder, as described in Section 701.

803.9 Notice From Governing Jurisdiction. To Developer's actual knowledge, Developer has not received any notice from any governing jurisdiction of any violation of laws and ordinances with respect to the Site.

803.10 Adverse Conditions, Etc. To Developer's actual knowledge, there is no adverse condition or circumstance, pending or threatened litigation, governmental action, or other condition which could prevent or materially impair Developer's ability to develop the Site as contemplated by the terms of this Agreement.

803.11 Actual Knowledge Defined. As used herein, Developer's "actual knowledge" shall be defined and construed as the actual knowledge of Paul Sanford.

804. Insurance.

804.1 Liability Insurance. Prior to demolition of the existing structure on Site, Developer shall obtain and shall thereafter at all times maintain, at its sole expense, with a reputable and financially responsible insurance company that is acceptable to City, in its reasonable discretion, commercial general liability insurance against claims and liability for personal injury, death, or property damage arising from the use, occupancy or condition of the Site, the Improvements thereon, or any abutting public rights-of-way, which insurance shall provide combined single limit protection, including contractual liability, of at least Three Million Dollars (\$3,000,000) per occurrence and Five Million Dollars (\$5,000,000) in the aggregate, written on an occurrence form, naming, by endorsement, City and its respective officers, agents, representatives, volunteers, and employees as additional insureds. Provided it meets all applicable requirements set forth in this Section, a portion of such coverage may be provided pursuant to the terms of a customary umbrella coverage policy.

The insurance required by this Section 804 shall be carried only with responsible insurance companies licensed to do business in California. The City's minimum acceptable Best's rating of an insurer is generally A VII. The insurance required by this Section shall be nonassessable and shall contain language to the effect that (i) the policy is primary and noncontributing with any insurance or self-insurance that may be carried or maintained by City, and (ii) the policy cannot be canceled or materially changed except after thirty (30) days' notice by the insurer to City. All such insurance shall have a deductibility limit of not more than Fifty Thousand Dollars (\$50,000).

804.2 Property Insurance. Prior to commencement of construction of the Project, Developer shall maintain comprehensive all-risk property insurance on the Site in an amount equal to the full replacement costs of all improvements, including equipment and contents, now or hereafter located on the Site. The form of such property insurance shall be: (i) during construction, such

coverage shall be written on an all-risk builders risk (course of construction) form, extended to include transportation risks, or (ii) during operations after substantial completion and with no gap in coverage from that provided by the builders risk insurance, such coverage shall be written on an all-risk property insurance form and shall include, without limitation, boiler and machinery coverage. The insurance carrier(s) providing such insurance shall have a rating by Bests of not less than A VII. Developer shall provide certificates evidencing such insurance to City upon request, and such insurance shall not be cancelled or modified without at least thirty (30) days prior written notice to the City. In the event of any physical damage to the Site or Project, City shall cooperate with Developer and any Mortgagee in connection with the repair and reconstruction of the Project and City shall not take any position inconsistent with repair and reconstruction of the Project.

805. Nonliability of City Officials; Joint and Several Liability. No City Representative shall be personally liable to the Developer, or any successor in interest, in the event of any Default or breach by the City or for any amount which may become due to the Developer or any successor or on any obligation under the terms of this Agreement.

806. Inspection of Books and Records. Without limitation of any other provisions of this Agreement, City has the right to inspect (at the Developer's office, upon not less than seventy-two (72) hours' notice, and during regular business hours) the books and records of the Developer pertinent to the purposes of this Agreement.

807. Incorporation of Attachments. All Attachments referred to in this Agreement are hereby incorporated herein by such reference and made a part hereof.

808. Time of Essence; Context and Construction. Time is hereby declared to be of the essence of this Agreement and of every part hereof. When the context and construction so require, all words used in the singular herein shall be deemed to have been used in the plural, and the masculine shall include the feminine and neuter and vice versa. Whenever the word "Day" or "Days" is used herein, such shall refer to calendar day or days, unless otherwise specifically provided herein. Whenever a reference is made herein to a particular Section of this Agreement, it shall mean and include all subsections and subparts thereof. The word "Include" or "Including" shall describe examples of the antecedent clause, and shall not be construed to limit the scope of such clause.

809. Indemnity. From and after the execution of this Agreement, Developer hereby agrees to indemnify, defend and hold harmless City and any and all City Representatives and each of them, from and against all Losses and Liabilities related directly or indirectly to, or arising out of or in connection with (i) any of Developer's acts or omissions under, related to, or in any respect connected with this Agreement and/or the development, ownership (or possession), and operation of the Site and/or the Project, the condition of the Site, and/or Developer's activities on the Site and/or the Project (or the activities of Developer's agents, employees, lessees, representatives, licensees, guests, invitees, successors, assigns, contractors, subcontractors or independent contractors on the Site and/or the Project), including without limitation the construction of the Project or the use or condition of the Project, (ii) the failure of Developer to pay the property, transient occupancy or other taxes, imposed on the Site and/or the Project or the operation thereof, (iii) any claim, litigation or administrative proceeding asserting that this Agreement or the Developer's actions pursuant to or in implementation hereof violate any Governmental Requirements, (iv) any claim, litigation or administrative proceeding concerning the Entitlements or this Agreement or the Prevailing Wage Statutes; or (v) any claim, litigation or administrative proceeding arising from the ownership (or possession), operation or use of the Site and/or the Project, including any claim relating to or arising

from the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission, or release on or from the Site and/or the Project of any Hazardous Materials, and any Losses and Liabilities arising from or related to any Governmental Requirements applicable to Hazardous Materials located on the Site and/or the Project. Notwithstanding anything in this Agreement which is or appears to be to the contrary, this indemnity shall survive any termination or cancellation of this Agreement, regardless of how caused.

810. Police Power. Nothing contained in this Agreement shall be deemed to limit, restrict, amend or modify, nor to constitute a waiver or release of, any ordinances, notices, orders, rules, regulations or requirements (now or hereafter enacted or adopted and/or as amended from time to time) of the City, its departments, commissions, agencies and boards and the officers thereof (for the purposes of this Section 810, collectively referred to as “**City Bodies**”), including, without limitation, any precise or general plan or any zoning ordinances, or any duties, obligations, rights or remedies thereunder or pursuant thereto or the general police powers, rights, privileges and discretion of any City Bodies in the furtherance of the public health, welfare and safety of the inhabitants thereof, including, without limitation, the right under law to make and implement independent judgments, decisions and/or acts with respect to planning, environmental, and development (including, without limitation, approval or disapproval of plans and/or withholding of building permits) whether or not consistent with the provisions of this Agreement, any Exhibit attached hereto or any other documents contemplated hereby (collectively, “**City Rules and Powers**”). In the event of any conflict, inconsistency or contradiction between any terms, conditions or provisions of this Agreement, the Attachments or such other documents, on the one hand, and any such City Rules and Powers providing additional or broader rights to the City, on the other hand, the latter shall prevail and govern in each case.

In addition, the parties agree that consistent with the intent and goals of Chapter 3.37 of the City Code, the City Manager may interpret the provisions of Chapter 3.37 and may adopt administrative rules and regulations for implementation and furtherance of the requirements of Chapter 3.37.

This Section 810 shall be interpreted for the benefit of the City.

811. No Obligation to Third Parties. This Agreement shall not be deemed to confer any rights upon, nor obligate either of the Parties to this Agreement to, any person or entity not a Party to this Agreement, except that (i) with respect to a Lender owning or holding a mortgage encumbering the Site which is authorized by this Agreement, such Lender shall be entitled to the benefit of the Lender protection rights included herein expressly for its benefit, and (ii) with respect to the estoppel certificate provisions set forth in Section 822 below, the third parties described therein shall be entitled to rely upon the provisions expressly provided for their benefit in that Section.

812. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

813. Amendments in Writing. The provisions of this Agreement may not be amended or altered except by a written instrument fully executed by each of the Parties hereto.

814. Further Acts; No Deemed Approval. Each of the Parties shall execute such other and further documents and do such further acts as may be reasonably required to effectuate the intent

of the Parties and carry out the terms of this Agreement. City agrees not to unreasonably withhold its consent to any requested modification to the lender protection provisions of this Agreement requested by the project lender(s) financing the development of the Project, to the extent any such modification is necessary to facilitate the financing of the Project; provided, City shall not, in any event, be obligated to agree to any modification or amendment to this Agreement if it would result in any impairment of the rights or increase in the obligations and responsibilities of the City under this Agreement or any document to be executed pursuant hereto or include approval of a hotel that is not a AAA Three Diamond Hotel or which would materially change the Related Component. Except as otherwise expressly provided in this Agreement, in no event shall the failure of a Party to act within the time prescribed by this Agreement with respect to processing of any approval result in or be construed to constitute a deemed approval of any matter or item submitted to such Party for its review in accordance with the terms of this Agreement.

815. Integration. This Agreement contains the entire understanding between the parties relating to the transaction contemplated by this Agreement, notwithstanding any previous negotiations or agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged in this Agreement and shall be of no further force or effect. Each party is entering this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material. This Agreement includes thirty-two (32) pages, plus signature pages, and Attachment Nos. 1 through 5, each of which is incorporated herein.

816. Severability. Should any part, term, portion or provision of this Agreement, or the application thereof to any person or circumstance be held to be illegal, invalid or in conflict with any Governmental Requirements, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining parts, terms, portions or provisions, or the application thereof to other persons or circumstances, shall be deemed severable and the same shall remain enforceable and valid to the fullest extent permitted by law.

817. Waiver. The waiver by either Party of the breach of any provision of this Agreement shall not be deemed a waiver of any subsequent breach whether of the same or another provision of this Agreement.

818. Authority. Each person executing this Agreement on behalf of Developer and on behalf of City hereby represents and warrants (i) his authority to do so, and (ii) that such authority has been duly and validly conferred by that entity's governing body or board.

819. Enforced Delay; Extension of Times for Performance. In the event that any of the Parties to this Agreement are prevented from proceeding with any of their obligations under this Agreement by reason of events that are completely and strictly beyond that Party's control, such as supernatural causes, strikes, lockouts, earthquake, war, insurrection, riots, floods, acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, unusually severe weather, delays or inaction of independent contractors, delays caused by a shortage of materials or skilled labor due to circumstances beyond Developer's control, delays caused by actions or omissions of the City or any public or governmental entity (provided that the acts of, or failure to act by, the City shall not excuse performance by the City), litigation brought against the Site or the Project or a Party without that Party's consent, including a land use challenge, remediation of Hazardous Materials located upon the Site, or similar events which are completely and strictly beyond that Party's control,

then that Party shall be entitled to an additional grace period or extension of time in which to perform the obligations whose performance is precluded by such event, equal to the period of delay caused by such event beyond that Party's control, which period shall commence to run from the time of the commencement of the cause for delay and shall terminate upon termination of that cause. A Party wishing to invoke this Section shall notify in writing the other Parties to this Agreement of that intention within thirty (30) days of the commencement of any such cause for delay and shall, at that time, specify the reasons therefor, the provisions of this Agreement that will be delayed as a result, and the period of such extension, if known, or, if not known, the party's best estimate thereof. The failure to so notify the other Parties within that period as to the cause for delay shall constitute a waiver of any right to later rely upon this Section with respect to that cause. In the event any such extension continues for more than one hundred eighty (180) days, any Party not then in Default of its obligations hereunder, shall be entitled to terminate this Agreement upon written notice to the other and, in that event, the Parties shall have no further obligations hereunder. Notwithstanding and in addition to the above, in the event any administrative or legal claim is filed challenging the City's approval of this Agreement, and/or the Project, all times for performance set forth herein shall be automatically extended by a period of time equal to the period of time from the date such claim or action is filed until the date said claim or action, including any appeal thereof, is finally resolved, plus ninety (90) days, and, to the extent permitted by law, this Agreement shall remain in full force and effect and shall not be subject to termination by either party during such period of time.

820. Record of Extensions; Effect of Extension on Schedule of Performance. Any Party is also entitled, as often as reasonably required, to request any other Party to confirm in writing the then applicable deadlines for performance of each Party's obligations or the exercise of each Party's rights under this Agreement, and each Party shall, within twenty (20) days after receipt of such a written request, respond thereto. The failure of a Party to respond to a request from another Party under this Section as required above shall constitute a waiver of any right to later rely on any asserted extension(s) inconsistent with the deadlines set forth in such written request.

821. Administrative Extensions; Approval of Items. The City Manager or his designee is authorized to approve extensions of time hereunder (but shall have no obligation to do so) provided that:

(a) such extension is in writing and is signed by the City Manager or his designee and Developer; and

(b) no single extension of time granted under this Section shall exceed ninety (90) days and all such extensions in the aggregate shall not exceed one hundred eighty (180) days without a formal amendment hereto duly approved by the City Council.

Where City approval of any Developer submissions or requests specified in Sections 200 *et seq.* or 300 *et seq.* is required, the City Manager, or his designee, may, acting on behalf of the City, grant, in writing, such approval or, in the City Manager's sole discretion, refer such matters to the City Council for their approval or disapproval. If the City Manager, or his designee, elects to approve any Developer submissions or requests tendered pursuant to the foregoing Sections, such approval, in order to be effective, shall be express and in writing. Once a final City approval is granted by the City Manager, or his designee, on behalf of the City, in the required written form, it may thereafter be relied upon by Developer.

822. Statement of Compliance. Within ten (10) days following receipt of any written request which either City or Developer may make from time to time, but no more frequently than twice annually, the other Party shall execute and deliver to the requesting Party a statement certifying that: (1) this Agreement is unmodified and in full force and effect, if such be the case, or, if there have been modifications hereto, that this Agreement is in full force and effect, as modified, and stating the date and nature of such modifications; (2) to the knowledge of the certifying Party, there are no current Defaults under this Agreement or specifying the dates and nature of any such Defaults; and (3) any other reasonable information requested. The City Manager, or his designee, is hereby authorized to execute any certificate requested by Developer under this Section.

The Party requesting such statement shall reimburse the other Party, within ten (10) days after written request, for all actual and direct third party costs incurred by such Party in connection with preparation of such statement.

[SIGNATURES FOLLOW ON NEXT PAGE]

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

“CITY”

CITY OF LANCASTER
a municipal corporation and charter city

By: _____
Mark A. Bozigian
City Manager

ATTEST:

City Clerk

APPROVED AS TO FORM:

Stradling Yocca Carlson & Rauth
Special Counsel

“DEVELOPER”

BLVD RENUAL,
a limited partnership

By:  _____

ATTACHMENT NO. 1

LEGAL DESCRIPTION OF THE SITE

For APN/Parcel ID(s): 3133-003-009

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

LOT 2 IN BLOCK 30 OF THE TOWN OF LANCASTER, IN THE CITY OF LANCASTER, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5 PAGES 470 AND 471, MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE WESTERLY 177 FEET OF SAID LOT.

ATTACHMENT NO. 2

SITE PLAN

[to come]

ATTACHMENT NO. 3

MEMORANDUM OF AGREEMENT

RECORDING REQUESTED BY)
 AND WHEN RECORDED MAIL TO:)
)
 City of Lancaster)
 44933 N. Fern Avenue)
 Lancaster, California 93534)
)

Exempt From Recording Fee Pursuant
to Government Code Section 27383

MEMORANDUM OF AGREEMENT

This **MEMORANDUM OF AGREEMENT** (the “Memorandum”) is entered into as of _____, 20__ by and between the **CITY OF LANCASTER**, a municipal corporation and charter city duly organized and existing under the Constitution and laws of the State of California (the “City”), and **BLVD RENUAL**, a limited partnership (hereinafter referred to as “Developer”).

RECITALS

1. Recordation of Memorandum of Agreement. This Memorandum of Agreement evidences that certain unrecorded agreement entitled “Operating Covenant Agreement” between the City and the Developer dated as of _____, 201_ (“**Agreement**”) and when recorded shall encumber that certain property referred to herein as the “Site”, which Site is more particularly described in Exhibit A attached hereto and incorporated herein by reference. Capitalized terms not defined herein shall have the meaning set forth in the Agreement. The City and the Developers have agreed, among other things, that the Project shall contain the facilities and amenities, and be of a design, finish and overall quality meeting the standards set forth in the Agreement and be operated as an Hotel in compliance with the Agreement for a period commencing as of the recording of this Memorandum and continuing until the eleventh (11th) anniversary of the Opening of the Hotel (the “Operating Covenant Period”) in accordance with the requirements of the Agreement, including without limitation, the requirement that it be constructed and operated as a AAA Three Diamond Hotel. The Agreement is on file with the City as a public record.

[SIGNATURES FOLLOW ON NEXT PAGE]

IN WITNESS WHEREOF, the undersigned have executed this Memorandum of Agreement as of the ____ day of _____, 2018.

All signatures must be notarized.

“CITY”

CITY OF LANCASTER

a municipal corporation and charter city

By: _____

Mark A. Bozigian
City Manager

ATTEST:

City Clerk

APPROVED AS TO FORM:

Stradling Yocca Carlson & Rauth
Special Counsel

“DEVELOPER”

BLVD RENUAL,

a limited partnership

By:  _____

Name:

Title:

EXHIBIT A

Legal Description

For APN/Parcel ID(s): 3133-003-009

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

LOT 2 IN BLOCK 30 OF THE TOWN OF LANCASTER, IN THE CITY OF LANCASTER, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5 PAGES 470 AND 471, MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE WESTERLY 177 FEET OF SAID LOT.

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

STATE OF CALIFORNIA)
)
COUNTY OF _____) ss.

On _____ before me, _____, Notary Public,

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(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 OF NOTARY PUBLIC

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)
COUNTY OF _____) ss.

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WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

ATTACHMENT NO. 4

Schedule of Performance

Project Economic and Development Agreement

ITEMS TO BE PERFORMED

DEADLINE FOR PERFORMANCE

- | | |
|---|---|
| 1. <u>City Approval of Entitlements.</u> | Concurrently with approval of the Agreement by the City |
| 2. <u>Submission of Contract/Construction Documents.</u> Submissions including:
a) construction budget; b) construction drawings; c) Design and Finish;
d) landscape plans; e) operating plan;
g) Hotel Operating Agreement;
h) qualifications for Qualified Hotel Operator | Within eighteen (18) months after approval of the Agreement |
| 3. <u>Approval or Denial of Contract/Construction Documents (including Construction Contract).</u> | Within forty-five (45) days after submittal of a complete package of the applicable Contract/Construction Documents |
| 4. <u>Submission of Construction Commitment.</u> | Within thirty (30) days after approval by City of Construction Commitment. |
| 5. <u>Commencement of Construction.</u> | Within sixty (60) days after approval of the Contract/Construction Documents |
| 6. <u>Completion of Construction</u> | Within thirty-two (32) months after commencement of construction |

ATTACHMENT NO. 5

Scope of Development

Hotel Program

The applicant, BLVD Renewal, proposes to construct a new 105-room, four stories over podium parking, approximately 83,420-square-foot hotel on a 1.27-acre parcel, of which 0.45 acres is currently developed and 0.82 acres will serve for the planned hotel. The hotel will be located at the southwest corner of Gadsden and Kildare Avenues. The program consists of 75,330 square feet of guest room areas; a 16,740-square-foot podium parking structure; 1,200 square feet retail; a pool; a fitness center; a breakfast area; meeting space; and supporting services such as back of house and mechanical areas, to total a program of 83,420 square feet.

Building Design and Landscaping

The project is designed in a contemporary palette of materials, such as glass, stone, and metal. The frontage on Lancaster Boulevard will include 1,200 square feet of retail on the ground floor to continue the pedestrian atmosphere of The BLVD. The hotel will feature a third-floor rooftop pool.

Proposed landscaping will be in keeping with the design of the hotel and The BLVD.

The proposed program and design features of the hotel satisfy the Lodging Rating Guidelines for Three Diamond Accommodations of the American Automobile Association (AAA) and adopted by the City of Lancaster as development standards. The proposed project shall fulfill all of the conditions of approval associated with the Entitlements.

ECONOMIC IMPACT REPORT

City of Lancaster

Date: May 8, 2018

Subject: **Operating Covenant Agreement with BLVD Renewal, LP**

BACKGROUND

BLVD Renewal, LP (“BLVD Renewal”) owns a property at 843 West Lancaster Boulevard (the “Site”), which is currently underutilized. The principals of BLVD Renewal (“Developer”) have approached City staff with a proposal for the development of a Marriott Residence Inn (“Marriott”), which will be designed as an Upscale or above hotel under the Chain Scales published by Smith Travel Reports (“STR”) that will also open as a AAA Three Diamond Hotel as such designation is published from time to time by the American Automobile Association (“AAA”); under the City’s Hotel Stimulus Program (as referenced below), a hotel that meets both criteria as of the opening of the hotel constitutes a “Qualifying Hotel” under the Hotel Stimulus Program as established under Title 3, Chapter 3.37 of the City of Lancaster Municipal Code.

The proposed development would be a 105-room, four stories over podium parking, approximately 83,420-square-foot hotel on a 1.27-acre parcel, of which 0.45 acres is currently developed and 0.82 acres will serve for the Marriott. The hotel will consist of 75,330 square feet of guest room areas; a 16,740-square-foot podium parking structure; 1,200 square feet of retail; a pool; a fitness center; a breakfast area; meeting space; and supporting services such as back of house and mechanical areas, to total a program of 83,420 square feet.

Staff has reviewed materials submitted by the Developer and, based upon such preliminary review, it appears that Developer will meet the qualifications for a developer of a hotel that will open as a Qualifying Hotel and will thereafter operate as a AAA Three Diamond Hotel. BLVD Renewal has been a longtime partner of the City of Lancaster in its efforts to revitalize downtown Lancaster, and has successfully redeveloped such properties as the three-story BLVD Cinemas facility; Don Sal/Buckle & Boots complex; several multi-family housing complexes; and much more. BLVD Renewal has proposed to the City an Operating Covenant Agreement in the form submitted herewith (the “Agreement”) wherein BLVD Renewal will commit to operate on the Site, following its completion, a AAA Three Diamond Hotel. Under the proposed Agreement, which is substantially in the form prescribed under the Hotel Stimulus Program, assuming the continuous conforming operation of a AAA Three Diamond Hotel by Developer, City would remit to Developer annually payments equal to 50% of Transient Occupancy Tax received by the City for the preceding year. Additional provisions governing the relationship between the Developer and the City are set forth in the Agreement.

Prior to the consideration of this item, a notice of public hearing was published concerning the proposed Agreement; that notice alludes to Government Code Section 53083, as more fully described below. A copy of the Agreement and this report have been on display as public records with the City Clerk.

ANALYSIS

In light of the elimination of redevelopment agencies as affected by enactments of the California Legislature in 2011 and 2012, including the former Lancaster Redevelopment Agency, the generation of tax revenues available to the City is important in preserving the ability of the City's ability to provide an acceptable level of core municipal services to its residents. The foregoing is an important public purpose associated with the Agreement.

The City is a chartered city; in that capacity, the City would enter into the proposed Agreement in consideration of the activities that will be undertaken by BLVD Renewal in the City. BLVD Renewal has executed the Agreement which, upon approval by the City Council and execution by the City Manager on behalf of the City, would immediately go into effect.

Staff estimates that, upon review of data provided by BLVD Renewal, BLVD Renewal will generate approximately \$360,000 of annual transient occupancy tax, as well as \$147,000 of annual property tax. Assuming a 3% escalator for inflation, this equates to \$5.4 million in property tax, of which the City receives a share of 6%, and \$13.1 million in transient occupancy tax over the Marriott's first 25 years in operation. Under the agreement, it is estimated that BLVD Renewal would be entitled to annual economic Stimulus estimated at \$180,000, with the City retaining an estimated \$180,000 annually as transient occupancy tax and approximately \$10,451 in property tax; such figures for annual tax revenues are only estimates: the actual figures will be a function of such activity as is actually consummated by BLVD Renewal from time to time.

Approval of this resolution will authorize the City Manager to execute the Agreement (including without limitation all attachments thereto) on behalf of the City. The City Manager is also authorized, on behalf of the City, to make revisions to the Agreement which do not increase any amounts to be paid by the City or materially or substantially increase the City's obligations thereunder, to sign all documents, to make all approvals and take all actions necessary or appropriate to carry out and implement the Agreement and to administer the City's obligations, responsibilities and duties to be performed under the Agreement and related documents.

Government Code Section 53083 is a codification of Assembly Bill 562 from 2013, and which became effective as of January 1, 2014. Section 53083 provides, in pertinent part, as follows:

53083. (a) On and after January 1, 2014, each local agency shall, before approving any economic development subsidy within its jurisdiction, provide all of the following information in written form available to the public, and through its Internet Web site, if applicable:

(1) The name and address of all corporations or any other business entities, except for sole proprietorships, that are the beneficiary of the economic development subsidy, if applicable.

(2) The start and end dates and schedule, if applicable, for the economic development subsidy.

(3) A description of the economic development subsidy, including the estimated total amount of the expenditure of public funds by, or of revenue lost to, the local agency as a result of the economic development subsidy.

(4) A statement of the public purposes for the economic development subsidy.

(5) Projected tax revenue to the local agency as a result of the economic development subsidy.

(6) Estimated number of jobs created by the economic development subsidy, broken down by full-time, part-time, and temporary positions.

(b) Before granting an economic development subsidy, each local agency shall provide public notice and a hearing regarding the economic development subsidy. A public hearing and notice under this subdivision is not required if a hearing and notice regarding the economic development subsidy is otherwise required by law.

The elements enumerated within Section 53083 as set forth above are included within this report, particularly under the heading “ANALYSIS.”

This report will remain posted on the City Internet Web site with a link leading to it under the economic development page.

ENVIRONMENTAL

This agreement is not considered a project per section 15378(b)(4) of the California Environmental Quality Act in that the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

FINANCIAL IMPACT

The Agreement will make available to the City an additional source of tax revenues, primarily consisting of transient occupancy tax but also including property tax and sales tax, and is in the best interests of the City and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements.

It is estimated that there will be between fifteen and twenty full-time positions created in the City with the resultant economic stimulus. There will also be a direct impact of an additional estimated \$11.4 million from all tax revenue streams as combined brought to and retained by the City over the hotel’s first 25 years of operation.

STAFF REPORT
Lancaster Successor Agency

SA NB 1
05/08/18
MVB

Date: May 8, 2018
To: Chairman Parris and Agency Directors
From: Chenin Dow, Economic Development Manager
Subject: **Sale of Land to AVMC LLC**

Recommendation:

Approve the purchase and sale agreement with AVMC, LLC for the sale of an 8-acre portion of APN 3125-009-904.

Fiscal Impact:

The property will be sold for \$2.10 per square foot, yielding \$731,808 for the 8-acre parcel. This amount reflects the appraised value of the property. As the property in question belongs to the Successor Agency to the former Lancaster Redevelopment Agency, these funds will be forwarded to Los Angeles County for disbursement to the affected taxing agencies.

Background:

As the new owner of Toyota of Lancaster in the Lancaster Auto Mall, AVMC, LLC sees tremendous potential for business growth in the Lancaster market. In order to achieve this growth, Toyota of Lancaster needs additional space.

The property in question was initially acquired by the Lancaster Redevelopment Agency for future growth of the Lancaster Auto Mall. Toyota of Lancaster has made an offer of appraised value for 8 acres of the existing 19-acre parcel, of which a new parcel will be created prior to the opening of escrow. Following the sale of the land, Toyota of Lancaster will construct a collision center as well as improvements for extra vehicle storage to serve the dealership.

To date, no other offers have been received on the property.

The proposed agreement not only liquidates an asset of the former Redevelopment Agency as directed by the State of California; it also facilitates the realization of the community's original vision for this area as an extension of the Auto Mall. The parcel's development will yield new jobs and increased tax revenues for the benefit of the citizens of Lancaster.

CD:te

Attachment:

Purchase and Sale Agreement

PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

SELLER: Successor Agency to the Lancaster
Redevelopment Agency

BUYER: AVMC LLC, a California limited liability
company

DATED: April 24, 2018

(Approximately 8 acres)

BASIC TERMS

Buyer: AVMC LLC, a California limited liability company

Buyer's Address: AVMC LLC
Attention: Geoff Yeager
43301 12th St. W.
Lancaster, CA 93534

Copy to:

AVMC LLC
Attention: Steve Cornelius & Mark Feldman
4490 Stevens Creek Blvd.
San Jose, CA 95129

City: The City of Lancaster

Closing Contingency Date: July 23, 2018

Closing Date (or Closing) Estimated to occur by July 23, 2018, but not later than the Outside Date

Deed: A grant deed in the form of Exhibit B hereto

Effective Date: April 24, 2018

Escrow Holder: Pacific Trust Escrow, Inc.
39438 Trade Center Dr., Suite D
Palmdale, CA 93551
Attention: Kim L. Pitts, Senior Escrow Officer/Manager
(direct: (661) 265-0800; email: kpitts@ptescrow.com)

Independent Consideration Amount: Five Hundred Dollars (\$500.00)

Outside Date: August 27, 2018; provided that such date may be extended with the prior written approval of Buyer and Seller, each acting in its discretion

Purchase Price: Seven Hundred Thirty One Thousand Eight Hundred Eight Dollars (\$731,808.00)

Real Property: That property described in Exhibit A hereto; the subject property is sometimes referred to as APN(s) 3125-009-904 (and formerly designated as 3125-009-071)

Seller: Successor Agency to the Lancaster Redevelopment Agency

Seller's Address: 44933 N. Fern Avenue
Lancaster, California 93534
Attention: Chenin Dow
Tel. (661) 723-6165
Email: cdow@cityoflanaster.org

**Soil and Title Contingency
Date:**

June 12, 2018

Title Company:

First American Title Company
42220 10th Street West, Suite 108
Lancaster, CA 93534
Attention: Steve DeGrandis, Senior Title Officer
(direct: (661) 206-3421; email: sdegrandis@firstam.com)

**PURCHASE AND SALE AGREEMENT
AND
JOINT ESCROW INSTRUCTIONS**

This **PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS** (“Agreement”) is made and entered into as of April 24, 2018 (the “Effective Date”) by and between Seller and Buyer.

RECITALS

- A. Seller is the fee owner of the Real Property. The Real Property is unimproved.
- B. Seller has offered to sell to Buyer the Real Property described herein for the price and subject to the terms set forth below. Buyer has considered the offer by Seller and agrees to buy from Seller the Real Property, as more specifically described below.
- C. In addition to the Purchase Price, material considerations to Seller in agreeing to enter into this Agreement, Buyer has agreed to pay to Seller the Independent Consideration Amount as more fully set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer agree as follows:

1. **Purchase and Sale.** Seller hereby agrees to sell the Real Property to Buyer, and Buyer hereby agrees to purchase the Real Property from Seller, on the terms and conditions set forth in this Agreement. The term Real Property is defined collectively as the following: The fee interest in the Real Property to be conveyed by a grant deed in the form of the Deed.

2. **Payment of Consideration.** As consideration for the sale of the Real Property from Seller to Buyer, Buyer shall, at the Closing (as defined below), pay to Seller the Purchase Price for the Real Property. Upon receipt of the Purchase Price (less any adjustments made to clear liens and to defray Seller’s costs of sale including, but not limited to, the preparation of legal documents and costs incurred by the City of Lancaster or Seller to validate the purchase price and the Seller’s share of closing costs), Seller may use such moneys for any purpose of its choosing.

3. **Escrow and Independent Consideration.**

(a) **Opening of Escrow.** For the purposes of this Agreement, the escrow (“Escrow”) shall be deemed opened (“Opening of Escrow”) on the date that Escrow Holder receives a copy of this Agreement fully executed by Buyer and Seller. Buyer and Seller shall use their best efforts to cause the Opening of Escrow to occur on or before five (5) business days after the Effective Date. Escrow Holder shall promptly notify Buyer and Seller in writing of the date of the Opening of Escrow. Buyer and Seller agree to execute, deliver and be bound by any reasonable or customary supplemental escrow instructions or other instruments reasonably required by Escrow Holder to consummate the transaction contemplated by this Agreement; provided, however, that no such instruments shall be inconsistent or in conflict with, amend or supersede any portion of this Agreement. If there is any conflict or inconsistency between the terms of such instruments and the terms of this Agreement, then the terms of this Agreement shall control. Without limiting the

generality of the foregoing, no such instruments shall extinguish any obligations imposed by this Agreement or any other agreement between Seller and Buyer.

(b) **Independent Consideration.** (i) Within two (2) days after the Effective Date, Buyer shall pay to Seller the Independent Consideration Amount to be retained by Seller as non-refundable independent consideration but applicable to the Purchase Price. The Independent Consideration Amount has been bargained for and agreed to as consideration for Seller's execution and delivery of this Agreement and Buyer holding the Real Property off the market for a period commencing as of the Effective Date and continuing until the Outside Date and for the rights and privileges granted to Buyer herein, including any and all rights granted to Buyer to terminate this Agreement under the circumstances provided for herein. Notwithstanding anything to the contrary contained in this Agreement, the Independent Consideration Amount shall be non-refundable in all events, except for (i) Seller's default hereunder, (ii) the failure of the Oversight Board of the Successor Agency to the Lancaster Redevelopment Agency (the "Oversight Board") to approve the sale of the Real Property as provided under this Agreement, and (iii) actions by the California Department of Finance ("DOF") which prevent the disposition of the Real Property to Buyer as provided under this Agreement. If the Closing occurs, a credit shall be applied to the Purchase Price based upon payment of the Independent Consideration Amount.

(ii) **Closing.** For purposes of this Agreement, the "Closing" or "Closing Date" shall be the date the Deed (as defined below) is recorded pursuant to applicable law in the county in which the Real Property is located. Unless changed in writing by Buyer and Seller, the Closing shall occur on the Closing Date, or as soon thereafter as the conditions precedent to closing are satisfied pursuant to Sections 6 and 7 of this Agreement. If the Closing has not, for any reason, occurred by the Closing Date, then either Buyer or Seller may terminate this Agreement by delivering written notice to the other at any time after the outside Closing Date; provided, however, that if either party is in default under this Agreement at the time of such termination, then such termination shall not affect the rights and remedies of the non-defaulting party against the defaulting party.

4. Seller's Delivery of Real Property and Formation Documents. Within ten (10) days after the Effective Date, Seller shall deliver to Buyer the following items (collectively, the "Property Documents"):

(a) Such proof of Sellers' authority and authorization to enter into this Agreement and to consummate this transaction as may be reasonably requested by Buyer and the Title Company consistent with the terms of this Agreement, including without limitation approval of the Oversight Board of the sale of the Real Property by Seller to Buyer or evidence that such approval is not necessary.

In addition, Seller shall cause Escrow Holder to obtain and deliver to Buyer a Natural Hazard Report as provided for under Sections 1102 and 1103 of the California Civil Code (the "Natural Hazard Report") on or before the Soil and Title Contingency Date.

5. Buyer's Right of Entry. From and after the Opening of Escrow through the earlier to occur of the termination of this Agreement or the Soil and Title Contingency Date, or as otherwise agreed in writing by Seller prior to entry is effected, Buyer and Buyer's employees, agents, consultants and contractors shall have the right to enter upon the Real Property during normal business hours, provided reasonable prior notice has been given to Seller.

(a) Investigation of the Real Property. In addition to the foregoing, the Buyer shall have the right, at its sole cost and expense, prior to the Soil and Title Contingency Date, to engage its own environmental consultant (the "Environmental Consultant") to make such investigations as Buyer deems necessary or appropriate, including any "Phase 1" or "Phase 2" investigations of the Real Property. If, based upon such evaluation, inspections, tests or investigation, Buyer determines that it, in its discretion, does not wish to proceed with purchase of the Real Property based upon the condition of the Real Property, Buyer may cancel this Agreement by giving written notice of termination to Seller on or before the Soil and Title Contingency Date which specifically references this Section 5. If Buyer does not cancel this Agreement by the time allowed under this Section 5, Buyer shall be deemed to have approved the evaluation, inspections and tests as provided herein and to have elected to proceed with this transaction on the terms and conditions of this Agreement. Buyer shall provide a copy to Seller of all reports and test results provided by Buyer's Environmental Consultant promptly after receipt by the Buyer of any such reports and test results without any representation or warranty as to their accuracy or completeness.

Buyer shall bear all costs, if any, associated with restoring the Real Property to the condition prior to its testing by or on behalf of Buyer if requested to so do by Seller. Buyer is a sophisticated party and is familiar with the acquisition and use of property, including for commercial uses.

Buyer shall bear all costs, if any, associated with restoring the Real Property to substantially the same condition prior to its testing by or on behalf of Buyer if requested to so do by Seller but excluding any latent defects or Hazardous Materials (as defined below) discovered by Buyer during its investigation of the Real Property. Buyer agrees to indemnify, protect, defend (with counsel satisfactory to Seller) and hold Seller and the Real Property free and harmless from and against all costs, claims, losses, liabilities, damages, judgments, actions, demands, attorneys' fees or mechanic's liens arising out of or resulting from any entry or activities on the Real Property by Buyer, Buyer's agents, contractors or subcontractors and the contractors and subcontractors of such agents, but in no event shall the indemnity of this Section include the discovery of pre-existing conditions by Buyer or any such liabilities, costs, etc. arising from the negligence or willful misconduct of Seller and/or its consultants. The indemnity obligations of Buyer set forth in this Section 5(a) shall survive any termination of this Agreement or the Close of Escrow.

"Hazardous Materials" means any substance, material, or waste which is or becomes regulated by any local governmental authority, the County, the State of California, regional governmental authority, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a "hazardous waste," "extremely hazardous waste," or "restricted hazardous waste" under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law), (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) friable asbestos, (vii) polychlorinated biphenyls, (viii) listed under Article 9 or defined as "hazardous" or "extremely hazardous" pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20, (ix) designated as "hazardous substances" pursuant to Section 311 of the Clean Water Act (33 U.S.C. §1317), (x) defined as a "hazardous waste" pursuant

to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §6901 *et seq.* (42 U.S.C. §6903) or (xi) defined as “hazardous substances” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §6901 *et seq.*

(b) **No Warranties as to the Real Property.** The physical condition and possession of the Real Property, is and shall be delivered from Seller to Buyer in an “as is” condition, with no warranty expressed or implied by Seller, including without limitation, the presence of Hazardous Materials or the condition of the soil, its geology, the presence of known or unknown seismic faults, or the suitability of the Real Property for development purposes. In addition, Seller makes no representations, warranties or assurances concerning the Real Property, its suitability for any particular use or with regard to the approval process for entitlements as to the Real Property.

(c) **Buyer Precautions after Closing.** Upon and after the Closing, Buyer shall take all necessary precautions to prevent the release into the environment of any Hazardous Materials which are located in, on or under the Real Property. Such precautions shall include compliance with all laws, ordinances, statutes, codes, rules, regulations, orders, and decrees of the United States, the state, the County, the City, or any other political subdivision in which the Real Property is located, and of any other political subdivision, agency, or instrumentality exercising jurisdiction over the Real Property (“Governmental Requirements”) with respect to Hazardous Materials.

6. Buyer’s Conditions Precedent and Termination Right.

(a) **Conditions Precedent.** The Closing and Buyer’s obligation to consummate the purchase of the Real Property under this Agreement are subject to the timely satisfaction or written waiver of the following conditions precedent (collectively, “Buyer’s Contingencies”), which are for Buyer’s benefit only.

(i) **Title Review.** Within twenty (20) calendar days after the Opening of Escrow, Seller shall cause the Title Company to deliver to Buyer a preliminary title report (the “Report”) describing the title to the Real Property, together with copies of the plotted easements and the exceptions (the “Exceptions”) set forth in the Report; provided that the cost of the Report shall be borne by Seller. Seller acknowledges that the Buyer’s Title Policy will reflect the circumstance that the Real Property is or shall be made subject to covenants, conditions and restrictions (CC&Rs) for the Lancaster Auto Mall (the “Auto Center CC&Rs”, as more particularly described in subsection (f) of Section 7 of this Agreement), which require that automotive uses be conducted on property subject to the Auto Center CC&Rs; Seller further acknowledges that the Buyer’s Title Policy shall include an endorsement against the effect of any mechanics’ liens; Seller will provide such indemnity or other assurances as necessary to induce the Title Company to provide such endorsement. On or before the Soil and Title Contingency Date, Buyer shall have approved in writing, in Buyer’s sole discretion, any matters of title disclosed by the following (collectively, the “Title Documents”): (i) the Report; (ii) the Exceptions; (iii) the legal description of the Real Property and (iv) any survey Buyer desires to obtain at Buyer’s sole cost and expense. Buyer shall have the same rights to approve or disapprove any exceptions to title that are not created by Buyer and that come into existence after issuance of the Report but prior to Closing. Seller shall, on or before the Closing, remove all deeds of trust, mortgages and delinquent taxes (but not the lien for any real property taxes or assessments not yet delinquent).

(ii) **Buyer’s Title Policy.** On or before the Closing, the Title Company shall, upon payment (by Buyer) of the Title Company’s premium, have agreed to issue to Buyer, a standard ALTA owner’s policy of title insurance insuring only as to matters of record title (“Standard

Buyer's Title Policy") in the amount of the Purchase Price showing fee title to the Real Property vested solely in Buyer and subject only to the (i) the standard, preprinted exceptions to Buyer's Title Policy; (ii) liens to secure payment of real estate taxes or assessments not yet delinquent; (iii) matters affecting the Real Property created by or with the written consent of Buyer; and (iv) those matters specifically approved in writing by Buyer. Buyer shall have the right, at its sole cost and expense, to obtain coverage beyond that offered by a Standard Buyer's Title Policy (such as an owner's extended coverage ALTA policy); provided, however, that Buyer's ability to obtain such extended coverage shall not be a Buyer's Contingency and Buyer's obligations hereunder shall in no way be conditioned or contingent upon obtaining such extended coverage. Buyer shall have sole responsibility for obtaining, and bearing the cost of, any endorsements and for any survey or other matters required by the Title Company for such extended coverage.

In the event Buyer enters into a loan agreement to generate moneys to purchase the Real Property from Seller under this Agreement, Buyer and not Seller shall be responsible for the title insurance, closing costs and any other costs, fees or expenses in relation to Buyer obtaining such loaned moneys. The sale shall be all cash to Seller.

(iii) Physical and Legal Inspections and Studies. On or before Soil and Title the Contingency Date, Buyer shall have approved in writing, in Buyer's sole and absolute discretion, the results of any physical and legal (but not feasibility or economic) inspections, investigations, tests and studies Buyer elects to make or obtain, including, but not limited to, investigations with regard to zoning, building codes and other governmental regulations; engineering tests; soils, seismic and geologic reports; environmental audits, inspections and studies; environmental investigation or other invasive or subsurface testing; and any other physical or legal inspections and/or investigations as Buyer may elect to make or obtain.

(iv) Natural Hazard Report. Seller shall cause the Escrow Holder to provide to Buyer prior to the Soil and Title Contingency Date the Natural Hazard Report described at Section 8(a)(iii) of this Agreement; provided that Seller shall bear the cost to prepare such Natural Hazard Report.

(v) Property and Formation Documents. On or before the Soil and Title Contingency Date, Buyer shall have approved in writing, in Buyer's reasonable discretion, the terms, conditions and status of all of the Property Documents.

(vi) Delivery of Documents. Seller's delivery of all documents described in Section 8, below.

(vii) Representations and Warranties. All representations and warranties of Seller contained in this Agreement shall be materially true and correct as of the date made and as of the Closing.

(viii) Title Company Confirmation. The Title Company shall have confirmed that it is prepared to issue the Buyer's Title Policy consistent with the provisions of this Agreement.

(ix) Oversight Board and DOF Approval. The Oversight Board and, if required as a condition of the issuance of title insurance or by either party hereto, approval by DOF,

shall have been given as to the disposition of the Real Property by Seller to Buyer under this Agreement.

(x) No Default. As of the Closing, Seller shall not be in default in the performance of any material covenant or agreement to be performed by Seller under this Agreement.

(b) Termination Right. Each of (i) and (ii) shall operate independently and each shall entitle Seller to terminate this Agreement, as follows:

(i) If the Independent Consideration Amount is not paid by Buyer to Seller by the Initial by the time set forth therefor in Section 3(b)(i) of this Agreement, then this Agreement shall terminate upon Seller giving notice thereof to Buyer;

(ii) If any of Buyer's Contingencies are not met by the Outside Date, and Buyer so informs Seller, Buyer may, by written notice to Seller, terminate this Agreement.

If this Agreement is so terminated, then (except to the extent expressly allocated to one party hereto by this Agreement) any escrow, title or other cancellation fees shall be paid by Buyer, unless Seller is in default hereunder, in which case Seller shall pay all such fees. If the Agreement has not been terminated pursuant to (i) or (ii) of this Section 6(b) and Buyer has not terminated this Agreement in writing ("Termination Notice") on or before 5:00 p.m. on the Monday preceding the scheduled Closing ("Termination Notice Deadline"), then all such Buyer's Contingencies shall be deemed to have been satisfied and this Agreement shall continue pursuant to its terms. If Buyer has not delivered a Termination Notice as the items set forth in Sections 6(a)(i)-(xi) inclusive, prior to the Termination Notice Deadline, such Buyer's Contingencies shall be deemed to have been satisfied.

If this Agreement is terminated, then (except to the extent expressly allocated to one party hereto by this Agreement) any escrow, title or other cancellation fees shall be paid by Buyer, unless Seller is in default hereunder, in which case Seller shall pay all such fees.

(c) Seller's Cure Right. Buyer shall notify Seller, in Buyer's Termination Notice, of Buyer's disapproval or conditional approval of any Title Documents. Seller shall then have the right, but not the obligation, to (i) remove from title any disapproved or conditionally approved Exception(s) (or cure such other title matters that are the basis of Buyer's disapproval or conditional approval of the Title Documents) within five (5) business days after Seller's receipt of Buyer's Termination Notice, or (ii) provide assurances reasonably satisfactory to Buyer that such Exception(s) will be removed (or other matters cured) on or before the Closing. With respect to any such Exception, it shall be sufficient for purposes hereof for Seller to commit in writing, within the applicable period, to remove such Exception at or before the Closing. Seller's failure to remove such Exception after committing to do so shall be a default hereunder. An Exception shall be deemed removed or cured if Seller furnishes Buyer with evidence that the Title Company will issue the Buyer's Title Policy, as defined herein, at the Closing deleting such Exception or providing an endorsement (at Seller's expense) reasonably satisfactory to Buyer concerning such Exception. If Seller cannot or does not remove or agree to remove any of the disapproved Exception(s) (or cure other matters) within such five (5) business day period, Buyer shall have three (3) business days after the expiration of such five (5) business day period to give Seller written notice that Buyer elects to proceed with the purchase of the Real Property subject to the disapproved Title Document(s), it being understood that Buyer shall have no further recourse against Seller for such disapproved Title Exception(s).

7. **Seller's Conditions Precedent and Termination Right.** The Closing and Seller's obligations with respect to the transaction contemplated by this Agreement are subject to the timely satisfaction or written waiver of the following condition precedent ("Seller's Contingencies"), which are for Seller's benefit only:

(a) **Completion of Title Review.** Seller shall have received written confirmation from Buyer on or before the Soil and Title Contingency Date that Buyer has completed its review of title and that the condition of title satisfactory.

(b) **Confirmation Concerning Site.** Seller shall have received written confirmation from Buyer on or before the Soil Contingency Date that Buyer has reviewed the condition of the Real Property, including without limitation concerning Hazardous Materials, zoning and suitability, and approves the condition of the Real Property.

(c) **Confirmation Regarding Buyer's Title Policy.** Seller shall have received written confirmation from Buyer on or before the Soil and Title Contingency Date that Buyer has approved a pro forma title policy.

(d) **Liens.** Seller shall have obtained the consent of any lien holder to the release of such liens prior to or concurrent with closing.

(e) **Execution and Delivery of Quitclaim.** If required by the Title Company as a condition to issue Buyer's Title Policy, Buyer shall cause to be executed and delivered to Escrow a quitclaim by a spouse of Buyer (if any).

(f) **Annexation to Auto Center CC&Rs.** Buyer shall have: (i) executed and deposited with Escrow Holder for recordation concurrent with the conveyance of the Real Property to Buyer instruments approved by City under which the Real Property will be annexed into that area subject to that certain instrument entitled "Declaration of Covenants, Conditions and Restrictions for the Antelope Valley Auto Mall" (the "Original CC&Rs") dated as of June 14, 1989 and recorded among the Official Records as Document No. 89-1098946 as amended by that instrument entitled "First Amendment to Declaration of Covenants, Conditions and Restrictions" dated as of December 9, 1992 (the "First Amendment"), that instrument entitled "Second Amendment to Declaration of Covenants, Conditions and Restrictions for the Antelope Valley Auto Mall" dated as of September 12, 1995 as recorded among the Official Records as Document No. 95-1738339 (the "Second Amendment"), that instrument entitled "Third Amendment to Declaration of Covenants, Conditions" dated as of November 6, 1995 as recorded among the Official Records as Document No. 96-153764 (the "Third Amendment"); the Original CC&Rs as amended by the First Amendment, the Second Amendment and the Third Amendment collectively constitute the "Auto Center CC&Rs" for purposes of this Agreement, or (ii) submitted to Escrow Holder evidence that Seller has waived the matters set forth in this subparagraph (f) as a condition of Closing provided that Buyer agrees to diligently pursue the execution and recording among the Official Records of instruments satisfactory to City under which the Real Property will be annexed to be subject to the Auto Center CC&Rs as soon as feasible following the conveyance of the Real Property to Buyer.

(g) **Oversight Board and DOF Approval.** The approval by the Oversight Board and DOF shall have been given as to the disposition of the Real Property by Seller to Buyer under this Agreement unless the Title Company determines that such approval is not required in order for the Title Company to insure title.

(h) Delivery of Documents. Buyer's delivery of all documents described in Section 9(a), below.

Should any of Buyer's Contingencies not be met by the respective times set forth for the satisfaction for such contingency (and without regard to whether all such contingencies have been removed or satisfied) and Buyer has so informed Seller, Seller may, by written notice to Buyer, terminate this Agreement; such termination rights shall be in addition to those termination rights of Seller as set forth in Section 6. If this Agreement is so terminated, then (except to the extent expressly allocated to one party hereto by this Agreement) any escrow, title or other cancellation fees shall be paid by Buyer.

8. Seller's Deliveries to Escrow Holder.

(a) Seller's Delivered Documents. At least one (1) business day prior to the Closing Date, Seller shall deposit or cause to be deposited with Escrow Holder the following items, duly executed and, where appropriate, acknowledged ("Seller's Delivered Items"):

(i) Deed. The Deed.

(ii) FIRPTA/Tax Exemption Forms. The Transferor's Certification of Non-Foreign Status in the form attached hereto as Exhibit C (the "FIRPTA Certificate"), together with any necessary tax withholding forms, and a duly executed California Form 593-C, as applicable (the "California Exemption Certificate").

(iii) Hazard Disclosure Report. Unless earlier delivered to Buyer, Seller shall cause Escrow Holder to obtain and deliver to Buyer, at Seller's cost, a Natural Hazard Report as provided for under Sections 1102 and 1103 of the California Civil Code (the "Natural Hazard Report") before the Closing.

(iv) Possession of Real Property. Possession of the Real Property free of any tenancies or occupancy.

(v) Authority. Such evidence of Seller's authority and authorization to enter into this Agreement and to consummate this transaction as may be reasonably requested by Buyer and the Title Company which are consistent with the terms of this Agreement.

(vi) Further Documents or Items. Any other documents or items reasonably required to close the transaction contemplated by this Agreement as determined by the Title Company which are consistent with the terms of this Agreement.

(b) Failure to Deliver. Should any of Seller's Delivered Items not be timely delivered to Escrow, Buyer may, by written notice to Seller, terminate this Agreement; provided, however, that Buyer may (but shall not be obligated to) in such notice provide Seller with five (5) business days to deliver all of Seller's Delivered Items. If Buyer's notice provides Seller such five (5) business days to deliver Seller's Delivered Items, and if Seller's Delivered Items are not delivered within such period, then this Agreement shall automatically terminate without further action or notice. In the event of any such termination, any cash deposited by Buyer shall immediately be returned to Buyer. Under no circumstances shall Buyer have any responsibility to or duty to pay consultants or

real estate brokers retained by Seller, Seller being solely responsible in connection with any such contractual arrangements of Seller.

9. **Buyer's Deliveries to Escrow.** At least one (1) business day prior to the Closing Date, Buyer shall deposit or cause to be deposited with Escrow Holder the following, each duly executed and acknowledged, by Buyer as appropriate ("Buyer's Delivered Items"):

(a) **Purchase Price.** The Purchase Price, less amounts which Seller confirms in writing to Escrow Holder were theretofore paid to Seller as the Independent Consideration Amount, together with additional funds as are necessary to pay Buyer's closing costs set forth in Section 10(b) herein. In the event Seller does not qualify for an exemption from California withholding tax under Section 18662 of the California Revenue and Taxation Code, as evidenced by the delivery at Closing of the California Exemption Certificate duly executed by Seller, Title Company shall withhold three and one-third percent (3-1/3%) of the Purchase Price on behalf of Buyer for payment to the California Franchise Tax Board in accordance with Section 11(b) hereof. In the event Seller is not exempt from such withholding or does not otherwise deliver the California Exemption Certificate at Closing, Buyer shall execute and deliver three (3) originals of California Form 593 to Title Company at or immediately after Closing.

(b) **Change of Ownership Report.** One (1) original Preliminary Change of Ownership Report.

(c) **Final Escrow Instructions.** Buyer's final written escrow instructions to close escrow in accordance with the terms of this Agreement.

(d) **Authority.** Such proof of Buyer's authority and authorization to enter into this Agreement and to consummate the transaction contemplated hereby as may be reasonably requested by Seller or the Title Company.

(e) **Further Documents or Items.** Any other documents or items reasonably required to close the transaction contemplated by this Agreement as determined by the Title Company.

10. **Costs and Expenses.**

(a) **Seller's Costs.** If the transaction contemplated by this Agreement is consummated, then Seller shall be debited for and bear the following costs: (i) costs and charges associated with the removal of encumbrances; (ii) Seller's share of prorations; (iii) one half of the premium for a Standard Buyer's Title Policy with coverage in the amount of the Purchase Price; (iv) one half of the Escrow Holder's fee; (v) one half of the appraisal charges incurred by Seller or the City as to the Real Property; (vi) documentary recording fees, if any; (vii) documentary transfer tax, if any; and (viii) costs, if any, allocable to Seller under this Agreement and costs for such services as Seller may additionally request that Escrow perform on its behalf (which foregoing items collectively constitute "Seller's Costs and Debited Amounts").

(b) **Buyer's Costs.** If the transaction contemplated by this Agreement is consummated, then Buyer shall bear the following costs and expenses: (i) one half of the Escrow Holder's fee; (ii) Buyer's share of prorations, (iii) one half of the premium for a Standard Buyer's Title Policy with coverage in the amount of the Purchase Price; (iv) the premium for title insurance other than or in excess of a Standard Buyer's Title Policy based on the Purchase Price, and, if

applicable, the cost for any survey required in connection with the delivery of an ALTA owner's extended coverage policy of title insurance; (v) one half of escrow charges; (vi) one half of the appraisal charges incurred by Seller or the City as to the Real Property; (vii) one half of recording and other costs of closing; (viii) costs, if any, for such services as Buyer may additionally request that Escrow perform on its behalf; (ix) any remuneration payable to Buyer's Agent (which may be paid outside of escrow as referenced in Section 9(e), above); and (x) any costs associated with Buyer borrowing money in order to pay to Seller the Purchase Price (collectively, "Buyer's Costs and Debited Amounts").

(c) **Generally.** Each party shall bear the costs of its own attorneys, consultants, and real estate brokers in connection with the negotiation and preparation of this Agreement and the consummation of the transaction contemplated hereby. Escrow Holder shall disburse those amounts for matters referenced in Section 2 as directed in writing by Seller. Buyer represents to Seller that Buyer has not engaged the services of any consultants, finders or real estate brokers in connection with the purchase of the Real Property from the Seller other than Buyer's Agent; Buyer shall be solely responsible to compensate Buyer's Agent, which shall occur outside of escrow and is a matter with which Escrow Holder and Seller need not be concerned. Seller represents to Buyer that Seller has not engaged the services of any consultants, finders or real estate brokers in connection with the sale of the Real Property to the Buyer.

11. Prorations; Withholding.

(a) All revenues (if any) and expenses relating to the Real Property (including, but not limited to, property taxes, utility costs and expenses, water charges and sewer rents and refuse collection charges) shall be prorated as of the Closing Date; provided that all delinquent taxes shall be satisfied at the expense of Seller. Not less than five (5) business days prior to the Closing, Seller shall deliver to Buyer a tentative schedule of prorations for Buyer's approval (the "Proration and Expense Schedule"). If any prorations made under this Section shall require final adjustment after the Closing, then the parties shall make the appropriate adjustments promptly when accurate information becomes available and either party hereto shall be entitled to an adjustment to correct the same. Any corrected or adjustment proration shall be paid promptly in cash to the party entitled thereto.

(b) In the event Seller does not qualify for an exemption from California withholding tax under Section 18662 of the California Revenue and Taxation Code (the "Tax Code") as evidenced by the delivery to Buyer at Closing of the California Exemption Certificate duly executed by Seller, (i) Title Company shall withhold three and one-third percent (3-1/3%) of the Purchase Price on behalf of Buyer at Closing for payment to the California Franchise Tax Board in accordance with the Tax Code, (ii) Buyer shall deliver three (3) duly executed copies of California Form 593 to Title Company at or immediately after Closing, (iii) two (2) copies of California Form 593 shall be delivered by Title Company to Seller, and (iv) on or before the 20th day of the month following the month title to the Real Property is transferred to Buyer (as evidenced by the recording of the Grant Deed), Title Company shall remit such funds withheld from the Purchase Price, together with one (1) copy of California Form 593 to the California Franchise Tax Board on behalf of Buyer. Buyer and Seller hereby appoint Title Company as a reporting entity under the Tax Code, authorized to withhold and remit the withholding tax contemplated under the Tax Code, together with such other documents required by the Tax Code (including, without limitation, California Form 593), to the California Franchise Tax Board.

12. **Closing Procedure.** When the Title Company is unconditionally prepared (subject to the payment of the premium therefor) to issue the Buyer's Title Policy and all required documents and funds have been deposited with Escrow Holder, Escrow Holder shall immediately close Escrow in the manner and order provided below.

(a) **Recording.** Escrow Holder shall cause the Deed to be recorded pursuant to applicable law in the county in which the Real Property is located and obtain conformed copies thereof for distribution to Buyer and Seller.

(b) **Disburse Funds.** Escrow Holder shall debit or credit (as provided herein) all Buyer's Costs and Debited Amounts, Seller's Costs and Debited Amounts and General Expenses, prorate matters and withhold funds as provided herein. The Purchase Price, less any applicable debits or credits (which have been confirmed in writing by Seller to Escrow Holder and which may include any liens as to which such liens and the amount to satisfy such liens) shall be distributed by check payable to Seller unless Escrow Holder is instructed otherwise in writing signed by Seller (and, in such event, in accordance with such instructions). Seller authorizes Escrow Holder to request demands for payment and to make such payments from the Purchase Price (or such other funds, if any, as are advanced by Seller) to defray the cost of removing deeds of trust, liens and other encumbrances (but not for obligations of Buyer). Escrow Holder shall disburse on behalf of Buyer such moneys as are deposited by Buyer (in addition to the Purchase Price and Buyer's share of closing costs) as the commission for Buyer's Agent (unless Buyer's Agent shall deliver a written statement to Escrow Holder which indicates that Buyer has arranged to pay Buyer's Agent outside escrow and that payment of such remuneration is a matter with respect to which Escrow Holder and Seller need not be concerned).

(c) **Documents to Seller.** Escrow Holder shall deliver to Seller a conformed copy of the Deed, and documents, if any, recorded on behalf of any lender, as duly recorded among the official land records of the County of Los Angeles, and a copy of each other document (or copies thereof) deposited into Escrow by Buyer pursuant hereto.

(d) **Documents to Buyer.** Escrow Holder shall deliver to Buyer the original FIRPTA Certificate, the original California Exemption Certificate (as applicable), and a conformed copy of each of the Deed as duly recorded among the official land records of the County of Los Angeles, the Natural Hazard Report, one of the instruments described in subsection (f) of Section 7 hereof, and each other document (or copies thereof) deposited into Escrow by Seller pursuant hereto, including, without limitation, those documents referenced in Section 8.

(e) **Title Company.** Escrow Holder shall cause the Title Company to issue the Buyer's Title Policy to Buyer.

(f) **Closing Statement.** Escrow Holder shall forward to both Buyer and Seller a separate accounting of all funds received and disbursed for each party.

(g) **Informational Reports.** Escrow Holder shall file any information reports required by Internal Revenue Code Section 6045(e), as amended.

(h) **Possession.** Possession of the Real Property shall be delivered to Buyer at the Closing.

13. Representations and Warranties.

(a) Seller's Representations and Warranties. In consideration of Buyer entering into this Agreement and as an inducement to Buyer to purchase the Real Property, Seller makes the following representations and warranties as of the Effective Date and as of the Closing, each of which is material and is being relied upon by Buyer (and the truth and accuracy of which shall constitute a condition precedent to Buyer's obligations hereunder), and all of which are material inducements to Buyer to enter into this Agreement (and but for which Buyer would not have entered into this Agreement) and shall survive Closing; provided that each of the representations and warranties of Seller is based upon the information and belief of the Executive Director of the Seller:

(i) Seller believes that it has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transaction contemplated, subject to the approval of the Oversight Board and, as may be applicable, DOF.

(ii) Subject to the approval of the Oversight Board and, as may be applicable, DOF, Seller believes that all requisite action (corporate, trust, partnership or otherwise) has been taken by Seller in connection with entering into this Agreement and the instruments referenced herein; and, by the Closing, all such necessary action will have been taken to authorize the consummation of the transaction contemplated hereby.

(iii) Subject to the approval of the Oversight Board and, as may be applicable, DOF, the individual executing this Agreement and the instruments referenced herein on behalf of Seller has the legal power, right and actual authority to bind Seller to the terms and conditions hereof and thereof.

(iv) Seller believes that neither the execution or delivery of this Agreement or the documents or instruments referenced herein, nor incurring the obligations set forth herein, nor the consummation of the transaction contemplated herein, nor compliance with the terms of this Agreement or the documents or instruments referenced herein or therein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, lease or other agreement or instrument to which Seller is a party or that affect the Real Property, including, but not limited to, any of the Title Documents or the Property Documents.

(v) There is no pending litigation nor, to the best of Seller's knowledge, threatened litigation, which does or will adversely affect the right of Seller to convey the Real Property. There are no claims which have been received by Seller that have not been disclosed to Buyer.

(vi) Seller has made no written or oral commitments to or agreements with any governmental authority or agency materially and adversely affecting the Real Property, or any part hereof, or any interest therein, which will survive the Closing.

(vii) There are no leases or rental agreements in effect as to the Real Property.

(viii) Seller is not in default of its obligations under any contract, agreement or instrument to which Seller is a party pertaining to the Real Property.

(ix) There are no mechanics', materialmen's or similar claims or liens presently claimed or which will be claimed against the Real Property for work performed or commenced for Seller or on Seller's behalf prior to the date of this Agreement.

(x) There are no undisclosed contracts, licenses, commitments, undertakings or other written or oral agreements for services, supplies or materials concerning the use, operation, maintenance, or management of the Real Property that will be binding upon Buyer or the Real Property after the Closing. There are no oral contracts or other oral agreements for services, supplies or materials, affecting the use, operation, maintenance or management of the Real Property.

(xi) There are not as of the Effective Date, nor will there be as of the Closing, any written or oral leases or contractual right or option to lease, purchase, or otherwise enjoy possession, rights or interest of any nature in and to the Real Property or any part thereof, and no person other than Buyer shall have any right of possession to the Real Property or any part thereof as of the Closing.

(xii) No person, excepting Seller, has possession or any rights to possession of the Real Property or portion thereof.

(b) Subsequent Changes to Seller's Representations and Warranties. If, prior to the Closing, Buyer or Seller should learn, discover or become aware of any existing or new item, fact or circumstance which renders a representation or warranty of Seller set forth herein incorrect or untrue in any respect (collectively, the "Seller Representation Matter"), then the party who has learned, discovered or become aware of such Representation Matter shall promptly give written notice thereof to the other party and Seller's representations and warranties shall be automatically limited to account for the Representation Matter. Buyer shall have the right to approve or disapprove any such change and to terminate this Agreement by written notice to Seller if Buyer reasonably disapproves any such change. If Buyer does not elect to terminate this Agreement, Seller's representation shall be qualified by such Seller Representation Matter and Seller shall have no obligation to Buyer for such Seller Representation Matter.

(c) Buyer's Representations and Warranties. In consideration of Seller entering into this Agreement and as an inducement to Seller to sell the Real Property, Buyer makes the following representations and warranties as of the date hereof and at and as of the Closing, each of which is material and is being relied upon by Seller (and the truth and accuracy of which shall constitute a condition precedent to Seller's obligations hereunder), and all of which shall survive Closing:

(i) Buyer has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transaction contemplated hereby.

(ii) All requisite action has been taken by Buyer in connection with entering into this Agreement and the instruments referenced herein; and, by the Closing, all such necessary action will have been taken to authorize the consummation of the transaction contemplated hereby.

(iii) The individuals executing this Agreement and the instruments referenced herein on behalf of Buyer have the legal power, right and actual authority to bind Buyer to the terms and conditions hereof and thereof.

(iv) Neither the execution and delivery of this Agreement and the documents and instruments referenced herein, nor incurring the obligations set forth herein, nor the consummation of the transaction contemplated herein, nor compliance with the terms of this Agreement and the documents and instruments referenced herein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, partnership agreement, lease or other agreement or instrument to which Buyer is a party or by which any of Buyer's properties are bound.

(d) Subsequent Changes to Buyer's Representations and Warranties. If, prior to the Closing, Seller or Buyer should learn, discover or become aware of any existing or new item, fact or circumstance which renders a representation or warranty of Buyer set forth herein incorrect or untrue in any respect (collectively, the "Buyer's Representation Matter"), then the party who has learned, discovered or become aware of such Buyer's Representation Matter shall promptly give written notice thereof to the other party and Buyer's representations and warranties shall be automatically limited to account for the Buyer's Representation Matter. Seller shall have the right to approve or disapprove any such change and to terminate this Agreement by written notice to Buyer if Seller reasonably disapproves any such change. If Seller does not elect to terminate this Agreement, Buyer's representation shall be qualified by such Buyer's Representation Matter and Buyer shall have no obligation to Seller for such Buyer's Representation Matter.

14. Fair Value Price. Each of Buyer and Seller believe that the Purchase Price represents a fair value price for the Real Property. At such time as Buyer makes improvements to the Real Property, the costs for planning, designing, and constructing such improvements shall be borne exclusively by the Buyer and the Buyer shall construct or cause to be constructed such improvements in compliance with all the zoning, planning and design review requirements of the Lancaster Municipal Code, and all nondiscrimination, labor standard, and wage rate requirements to the extent such labor and wage requirements are applicable.

Buyer, including but not limited to its contractors and subcontractors, shall be responsible to comply with Labor Code Section 1720, *et seq.*, if applicable, and its implementing regulations, regarding the payment of prevailing wages (the "State Prevailing Wage Law") if applicable, and, if applicable, federal prevailing wage law ("Federal Prevailing Wage Law" and, together with State Prevailing Wage Law, "Prevailing Wage Laws") with regard to the construction of improvements to the Real Property, but only if and to the extent such sections are applicable to the development of the Real Property. Insofar as the parties understand that Buyer is paying a fair market price for the Real Property, the parties believe that the payment of prevailing wages will not be required. In any event, Buyer shall be solely responsible for determining and effectuating compliance with the Prevailing Wage Laws, neither the Seller nor the City makes any final representation as to the applicability or non-applicability of the Prevailing Wage Laws to improvements to the Real Property, or any part thereof. Buyer hereby releases from liability, and agrees to indemnify, defend, assume all responsibility for and hold each of the Seller and the City, and their respective officers, employees, agents and representatives, harmless from any and all claims, demands, actions, suits, proceedings, fines, penalties, damages, expenses resulting from, arising out of, or based upon Buyer's acts or

omissions pertaining to the compliance with the Prevailing Wage Laws as to the Real Property. This Section 14 shall survive Closing.

15. General Provisions.

(a) Condemnation. If any material portion of the Real Property shall be taken or appropriated by a public or quasi-public authority exercising the power of eminent domain, Buyer shall have the right, at its option, to (i) terminate this Agreement or (ii) proceed with the purchase of the Real Property and receive all of the award or payment made in connection with such taking.

(b) Notices. All notices, demands, requests or other communications required or permitted hereunder (collectively, "Notices") shall be in writing, shall be addressed to the receiving party as provided in the Basic Terms section above, and shall be personally delivered, sent by overnight mail (Federal Express or another carrier that provides receipts for all deliveries), sent by certified mail, postage prepaid, return receipt requested, or sent by facsimile transmission (provided that a successful transmission report is received). All Notices shall be effective upon receipt at the appropriate address. Notice of change of address shall be given by written notice in the manner detailed in this Section. Rejection or other refusal to accept or the inability to deliver because of changed address of which no Notice in accordance with this Section was given shall be deemed to constitute receipt of such Notice. The providing of copies of Notices to the parties' respective counsels is for information only, is not required for valid Notice and does not alone constitute Notice hereunder.

(c) Brokers. Seller assumes sole responsibility for any consultants or brokers ("Seller's Agents") it may have retained in connection with the sale of the Real Property (and Buyer shall have no responsibility in connection with such matters). Seller represents to Buyer that Seller has engaged no private parties as consultants, finders or real estate brokers in connection with the sale of the Real Property to the Buyer, and there are no brokerage commission, finder's fee or other compensation of any kind is due or owing to any person or entity in connection with this Agreement. Seller agrees to and does hereby indemnify and hold the Buyer free and harmless from and against any and all costs, liabilities or causes of action or proceedings which may be instituted by any broker, agent or finder, licensed or otherwise, claiming through, under or by reason of the conduct of the Seller in connection with this Agreement. Buyer assumes sole responsibility for any consultants or brokers ("Buyer's Representatives") it may have retained in connection with the purchase of the Real Property (and Seller shall have no responsibility in connection with such matters). Buyer represents to Seller that Buyer has engaged no consultants, finders or real estate brokers in connection with the sale of the Real Property to the Buyer, and there are no brokerage commission, finder's fee or other compensation of any kind is due or owing to any person or entity in connection with this Agreement. Buyer agrees to and does hereby indemnify and hold the Seller free and harmless from and against any and all costs, liabilities or causes of action or proceedings which may be instituted by any broker, agent or finder, licensed or otherwise, claiming through, under or by reason of the conduct of the Buyer in connection with this Agreement.

(d) Waiver, Consent and Remedies. Each provision of this Agreement to be performed by Buyer and Seller shall be deemed both a covenant and a condition and shall be a material consideration for Seller's and Buyer's performance hereunder, as appropriate, and any breach thereof by Buyer or Seller shall be deemed a material default hereunder. Either party may specifically and expressly waive in writing any portion of this Agreement or any breach thereof, but no such waiver shall constitute a further or continuing waiver of a preceding or succeeding breach of the same or any

other provision. A waiving party may at any time thereafter require further compliance by the other party with any breach or provision so waived. The consent by one party to any act by the other for which such consent was required shall not be deemed to imply consent or waiver of the necessity of obtaining such consent for the same or any similar acts in the future. No waiver or consent shall be implied from silence or any failure of a party to act, except as otherwise specified in this Agreement. All rights, remedies, undertakings, obligations, options, covenants, conditions and agreements contained in this Agreement shall be cumulative and no one of them shall be exclusive of any other. Except as otherwise specified herein, either party hereto may pursue any one or more of its rights, options or remedies hereunder or may seek damages or specific performance in the event of the other party's breach hereunder, or may pursue any other remedy at law or equity, whether or not stated in this Agreement.

(e) Cooperation. Buyer and Seller agree to execute such instruments and documents and to diligently undertake such actions as may be required in order to consummate the purchase and sale herein contemplated and shall use all reasonable efforts to accomplish the Closing in accordance with the provisions hereof and, following Closing.

(f) Remedies. Without limitation as to the availability of other remedies, this Agreement may be enforced by an action for specific enforcement.

(g) Time. Time is of the essence of every provision herein contained. In the computation of any period of time provided for in this Agreement or by law, the day of the act or event from which said period of time runs shall be excluded, and the last day of such period shall be included, unless it is a Saturday, Sunday, or legal holiday, in which case the period shall be deemed to run until 5:00 p.m. of the next day that is not a Saturday, Sunday, or legal holiday. Except as otherwise expressly provided herein, all time periods expiring on a specified date or period herein shall be deemed to expire at 5:00 p.m. on such specified date or period.

(h) Extensions at Sole Discretion of Seller. In the event Buyer requests that Seller extend the time for sale of the Real Property, such request may be granted, conditionally granted or denied at the sole and absolute discretion of Seller.

(i) Counterparts; Facsimile Signatures. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute but one and the same instrument. A facsimile signature shall be deemed an original signature.

(j) Captions. Any captions to, or headings of, the sections or subsections of this Agreement are solely for the convenience of the parties hereto, are not a part of this Agreement, and shall not be used for the interpretation or determination of the validity of this Agreement or any provision hereof.

(k) Obligations to Third Parties. City shall be deemed to be a third party beneficiary of this Agreement. Excepting only for the City, the execution and delivery of this Agreement shall not be deemed to confer any rights upon, nor obligate any of the parties to this Agreement to, any person or entity other than the parties hereto.

(l) Amendment to this Agreement. The terms of this Agreement may not be modified or amended except by an instrument in writing executed by each of the parties hereto.

(m) Waiver. The waiver or failure to enforce any provision of this Agreement shall not operate as a waiver of any future breach of any such provision or any other provision hereof.

(n) Applicable Law. This Agreement shall be governed by and construed in accordance with the local law of the State of California.

(o) Exhibits and Schedules. The exhibits and schedules attached hereto are incorporated herein by this reference for all purposes.

(p) Entire Agreement. This Agreement supersedes any prior agreements, negotiations and communications, oral or written, and contains the entire agreement between, and the final expression of, Buyer and Seller with respect to the subject matter hereof. The parties hereto expressly agree and confirm that this Agreement is executed without reliance on any oral or written statements, representations or promises of any kind which are not expressly contained in this Agreement. No subsequent agreement, representation or promise made by either party hereto, or by or to an employee, officer, agent or representative of either party hereto shall be of any effect unless it is in writing and executed by the party to be bound thereby.

(q) Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the permitted successors and assigns of the parties hereto.

(r) Survival. The provisions of subsection (f) of Section 7 hereof, as well as those portions of Sections 13 and 14 so indicated, shall be deemed to constitute provisions that survive Closing.

(s) Assignment. Neither party may assign its rights under this Agreement without the prior consent of the other party.

[signatures begin on the following page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

"SELLER"

SUCCESSOR AGENCY TO THE LANCASTER REDEVELOPMENT AGENCY, a public entity, corporate and politic

By: _____
Mark V. Bozigian
Executive Director

"BUYER"

AVMC LLC, a California limited liability company

By: 
Name: Stephen C. Cornelius
Its: Managing Member

Acceptance by Escrow Holder:

Pacific Trust Escrow, Inc. hereby acknowledges that it has received a fully executed copy of the foregoing Purchase and Sale Agreement and Joint Escrow Instructions by and between the Successor Agency to the Lancaster Redevelopment Agency, a public entity, corporate and politic ("Seller"), and AVMC LLC, a California limited liability company ("Buyer") and agrees to act as Escrow Holder thereunder and to be bound by and strictly perform the terms thereof as such terms apply to Escrow Holder.

Dated: _____, 201_

PACIFIC TRUST ESCROW, INC.

By: _____

Name: _____

Its: _____

EXHIBIT A
LEGAL DESCRIPTION

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

[to come]

An 8-acre portion of APN(s) 3125-009-904

EXHIBIT B

DEED

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

AVMC LLC
Attention: ~~Steve Cornelius~~ *MARK FELDMAN*
4490 Stevens Creek Blvd.
San Jose, CA 95129

APN: 3125-009-904

[Space above for recorder.]

DOCUMENTARY TRANSFER TAX

\$ _____
_____ computed on the consideration or value of
property conveyed; OR
_____ computed on the consideration or value less
liens or encumbrances remaining at time of sale.

Signature of Declarant or Agent determining tax - Firm
Name

GRANT DEED

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the Successor Agency to the Lancaster Redevelopment Agency, a public entity, corporate and politic ("Grantor"), hereby grants to AVMC LLC, a California limited liability company, that certain real property located in the County of Los Angeles, State of California, more particularly described on Attachment No. 1 attached hereto and incorporated herein by this reference (the "Property"), subject to existing easements, restrictions and covenants of record.

Field Code Changed

IN WITNESS WHEREOF, Grantor has executed this Grant Deed as of _____, 201__.

**SUCCESSOR AGENCY TO THE LANCASTER
REDEVELOPMENT AGENCY**

By: _____
Name: Mark V. Bozigian
Title: Executive Director

ATTACHMENT NO. 1 TO GRANT DEED

LEGAL DESCRIPTION

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

[to come]

An 8-acre portion of APN(s) 3125-009-904

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

STATE OF CALIFORNIA)

COUNTY OF Santa Clara) ss.

On April 15, 2018, before me, Kari Lynn Rogers Notary Public,
(Print Name of Notary Public)

personally appeared Stephen C. Cornelius

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.



K Rogers
Signature of Notary Public

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER	DESCRIPTION OF ATTACHED DOCUMENT
<input type="checkbox"/> Individual <input type="checkbox"/> Corporate Officer	_____
_____ Title(s)	_____ Title Or Type Of Document
<input type="checkbox"/> Partner(s) <input type="checkbox"/> Limited <input type="checkbox"/> General <input type="checkbox"/> Attorney-In-Fact <input type="checkbox"/> Trustee(s) <input type="checkbox"/> Guardian/Conservator <input type="checkbox"/> Other: _____	_____ Number Of Pages
Signer is representing: Name Of Person(s) Or Entity(ies) _____	_____ Date Of Documents
_____	_____ Signer(s) Other Than Named Above

Field Code Changed

EXHIBIT C

FIRPTA CERTIFICATE

TRANSFEROR'S CERTIFICATE OF NON-FOREIGN STATUS

To inform AVMC LLC ("Transferee"), that withholding of tax under Section 1445 of the Internal Revenue Code of 1986, as amended ("Code") will not be required upon the transfer of certain real property to the Transferee by the Successor Agency to the Lancaster Redevelopment Agency (the, "Transferor"), the undersigned hereby certifies the following:

1. The Transferor is not a foreign person or citizen, foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Code and the Income Tax Regulations promulgated thereunder);
2. The Transferor's social security number or U.S. employer identification number is as follows: _____.
3. The Transferor's home or office address is:

44933 N. Fern Avenue
Lancaster, California 93534

The Transferor understands that this certification may be disclosed to the Internal Revenue Service by the Transferee and that any false statement contained herein could be punished by fine, imprisonment or both. Under penalty of perjury, I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document.

**SUCCESSOR AGENCY TO THE LANCASTER
REDEVELOPMENT AGENCY**

EXHIBIT D

SITE MAP



STAFF REPORT
Lancaster Successor Agency

SA NB 2
05/08/18
MVB

Date: May 8, 2018

To: Chairman Parris and Agency Directors

From: Chenin Dow, Economic Development Manager

Subject: **Sale of Land to Fraber Properties II, LLC**

Recommendation:

Adopt **Resolution No. SA 03-18** approving a purchase and sale agreement with Fraber Properties II, LLC for the sale of APNs 3105-001-915 and 3105-001-916, comprising a 10.46-acre site in the Fox Field Industrial Corridor; and authorize the City Manager, or his designee, to execute all related documents.

Fiscal Impact:

The property will be sold for \$865,000, or approximately \$1.90 per square foot for the 10.46-acre parcel. This amount reflects the appraised value of the property. The Successor Agency's share of transactional costs (as seller of the property) will be paid from a portion of the purchase price.

As the property in question belongs to the Successor Agency to the former Lancaster Redevelopment Agency, proceeds from the sale will be forwarded to Los Angeles County for disbursement to the affected taxing agencies.

Background:

In 2014, the State of California's Department of Finance (DOF) approved the City of Lancaster's Long-Range Property Management Plan (LRPMP), designating the disposition plans for real estate assets owned by the former Lancaster Redevelopment Agency. Staff has received an offer for the purchase of two of these parcels, APNs 3105-001-915 and 3105-001-916. Together, these parcels comprise a 10.46-acre site located on the northeast corner of 47th Street West and Avenue G in the Fox Field Industrial Corridor.

The offer from Fraber Properties II, LLC is for \$865,000 (\$1.90 per square foot), the full appraised value of the property. The only other offer received for this property to date was for \$1 per square foot, or \$455,638.

CD:te

Attachments:

Resolution No. SA 03-18
Purchase and Sale Agreement
Site Map

RESOLUTION NO. SA 03-18

A RESOLUTION OF THE LANCASTER SUCCESSOR AGENCY
APPROVING THE PURCHASE AND SALE AGREEMENT
WITH FRABER PROPERTIES II, LLC FOR THE SALE OF
APNS 3105-001-915 AND 3105-001-916

WHEREAS, the Lancaster Successor Agency Oversight Board ("Oversight Board") previously approved a Long Range Property Management Plan (the "2013 LRPMP") as submitted by the Lancaster Successor Agency (the "Successor Agency"); and

WHEREAS, the Successor Agency received comments from the California Department of Finance ("DOF") indicating that certain revisions were required to the 2013 LRPMP, following the receipt of which the Successor Agency prepared and submitted to the Oversight Board for its consideration a revised draft long range property management plan, in a form subsequently approved by the Oversight Board and, thereafter, DOF in 2015 (as so amended, the "2014 LRPMP"); and

WHEREAS, two of the properties described in the 2014 LRPMP are: (i) an approximately 3.61 acre portion of the area subject to the Fox Field Specific Plan (which approximately 3.61 acre portion is referred to herein as the "Parcel One") and (ii) an approximately 6.85 acre portion of the area subject to the Fox Field Specific Plan (which approximately 6.85 acre portion is referred to herein as the "Parcel Two" and, together with Parcel One, the "Property"). The Successor Agency has received an offer by Fraber Properties II, LLC (the "Buyer") to purchase the Property for a price of Eight Hundred Sixty-Five Thousand Dollars (\$865,000.00) (the "Purchase Price") under those terms and conditions set forth in that certain draft instrument entitled "Purchase and Sale Agreement and Joint Escrow Instructions" in the form submitted herewith (the "Purchase and Sale Agreement"). The Purchase and Sale Agreement constitutes an offer by the Buyer to purchase the Property; and

WHEREAS, the Purchase and Sale Agreement has been negotiated at arm's length and the Purchase Price, having been arrived at following an extended marketing period, is similar to sales prices realized for nearby properties and represents the fair value of the Property; and

WHEREAS, in the event the sale of the Property is accomplished under the Purchase and Sale Agreement, the proceeds of sale, net of costs, will be available to be factored out ratably among taxing agencies after current payments are made on enforceable obligations as approved on the redevelopment obligation payment schedule ("ROPS"); and

WHEREAS, while the 2014 LRPMP provided for the possibility of acquisition of the Property by the City of Lancaster (the "City") for the promotion of future economic development opportunities, the Successor Agency has, instead, been able to locate a private purchaser of the Property which will generate revenues available to taxing agencies upon the successful implementation of the Purchase and Sale Agreement. Consequently, the proposed sale under the Purchase and Sale Agreement does not implicate acquisition by the City for future redevelopment activities (as that terminology is used in subsection (f)(1) of Section 34180 of the California Health & Safety Code) and no compensation agreements will be required to be entered into, now or in the future, by the Successor Agency or City related to the Property; and

WHEREAS, by this Resolution, the Successor Agency desires to approve the transfer of the Property by the Successor Agency to the City on the terms set forth above in this Resolution;

NOW THEREFORE, BE IT RESOLVED BY THE LANCASTER SUCCESSOR AGENCY AS FOLLOWS:

Section 1. The Successor Agency finds and determines that the foregoing recitals are true and correct. In particular, the Successor Agency specifically finds that (i) the disposition of the Property as described in the foregoing portion of this Resolution is consistent with and in furtherance of the 2014 LRPMP; (ii) the disposition of the Property as described above is not a transfer to the City for future redevelopment activities and (iii) under each of the bases set forth in the foregoing portion of this Section 1 (namely, (i) and (ii), respectively, each independently effective), neither the Successor Agency nor the City shall be required to enter into compensation agreements with taxing entities with respect to the Property; rather the Successor Agency will make available for the benefit of taxing agencies the net proceeds of sale, after covering costs, from the sale of the Property under the Purchase and sale Agreement. The Successor Agency further finds and determines that the Purchase Price represents the fair value of the Property.

Section 2. The Successor Agency approves and consents to the transfer by deed or other means of the Property by the Successor Agency to the Buyer under the Purchase and Sale Agreement. The Successor Agency approves the Purchase and Sale Agreement and authorizes and directs the Executive Director to execute the Purchase and Sale Agreement and to execute a grant deed to transfer the Property to the Buyer and such other instruments as may be necessary or convenient to effect the transfer of the Property to the Buyer under the Purchase and Sale Agreement.

Section 3. The Successor Agency shall maintain on file as a public record this Resolution.

PASSED, APPROVED, AND ADOPTED this the 8th day of May, 2018 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

BRITT AVRIT, MMC
City Clerk
City of Lancaster

R. REX PARRIS
Chairman
Lancaster Successor Agency

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES }ss
CITY OF LANCASTER }

CERTIFICATION OF RESOLUTION
LANCASTER SUCCESSOR AGENCY

I, _____, _____ City of Lancaster, CA, do hereby certify that this is a true and correct copy of the original Resolution No. SA 03-18, for which the original is on file in my office.

WITNESS MY HAND AND THE SEAL OF THE CITY OF LANCASTER, on this _____ day of _____, _____.

(seal)

PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

SELLER: Successor Agency to the Lancaster
Redevelopment Agency

BUYER: Fraber Properties II, LLC

DATED: May 8, 2018

(Approximately 10.46 acres in area subject to the Fox Field Specific Plan)

BASIC TERMS

Buyer: Fraber Properties II, a limited liability company

Buyer's Address: Fraber Properties II, LLC
44824 Cedar Avenue
Lancaster, California 93534
Attention: Frank Visco
(direct: 661-945-3494; email: frank@viscofinancial.com)

City: The City of Lancaster

Closing Contingency Date: August 6, 2018

Closing Date (or Closing): Estimated to occur by August 6, 2018, but not later than the Outside Date

Commission Amount: Seventeen Thousand Three Hundred Dollars (\$17,300.00)

Deed: A grant deed in the form of Exhibit B hereto

Effective Date: May 8, 2018

Escrow Holder: First American Title Company
42220 10th Street West, #108
Lancaster, California 91761
Attention: Marnie Kennedy, Senior Escrow Officer/Branch Manager
(direct: (661) 206-3415; email: mkenedy@firstam.com)

Independent Consideration Amount: Five Hundred Dollars (\$500.00)

Outside Date: September 4, 2018; provided that such date may be extended with the prior written approval of Buyer and Seller, each acting in its discretion

Purchase Price: Eight Hundred Sixty-Five Thousand Dollars (\$865,000.00)

Real Property: That property described in Exhibit A hereto; the subject property is sometimes referred to as APN(s) 3105-001-915 and 3105-001-916

Seller: Successor Agency to the Lancaster Redevelopment Agency

Seller's Address: 44933 N. Fern Avenue
Lancaster, California 93534
Attention: Chenin Dow
Tel. (661) 723-6165
Fax: (661) 723-6141
Email: cdow@cityoflancaster.org

Soil and Title Contingency
Date: June 12, 2018

Title Company: First American Title Company
42220 10th Street West, Suite 108
Lancaster, California 91761
Attention: Steve DeGrandis, Senior Title Officer
(direct: (661) 206-3421; email: sdegrandis@firstam.com)

**PURCHASE AND SALE AGREEMENT
AND
JOINT ESCROW INSTRUCTIONS**

This **PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS** (“Agreement”) is made and entered into as of May 8, 2018 (the “Effective Date”) by and between Seller and Buyer.

RECITALS

A. Seller is the fee owner of the Real Property. The Real Property is unimproved.

B. Seller has offered to sell to Buyer the Real Property described herein for the price and subject to the terms set forth below. Buyer has considered the offer by Seller and agrees to buy from Seller the Real Property, as more specifically described below.

C. In addition to the Purchase Price, material considerations to Seller in agreeing to enter into this Agreement, Buyer has agreed to pay to Seller the Independent Consideration Amount as more fully set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer agree as follows:

1. Purchase and Sale. Seller hereby agrees to sell the Real Property to Buyer, and Buyer hereby agrees to purchase the Real Property from Seller, on the terms and conditions set forth in this Agreement. The term Real Property is defined collectively as the following: The fee interest in the Real Property to be conveyed by a grant deed in the form of the Deed.

2. Payment of Consideration. As consideration for the sale of the Real Property from Seller to Buyer, Buyer shall, at the Closing (as defined below), pay to Seller the Purchase Price for the Real Property. Upon receipt of the Purchase Price (less any adjustments made to clear liens and to defray Seller’s costs of sale including, but not limited to, the preparation of legal documents and costs incurred by the City of Lancaster or Seller to validate the purchase price and the Seller’s share of closing costs), Seller may use such moneys for any purpose of its choosing.

3. Escrow and Independent Consideration.

(a) **Opening of Escrow.** For the purposes of this Agreement, the escrow (“Escrow”) shall be deemed opened (“Opening of Escrow”) on the date that Escrow Holder receives a copy of this Agreement fully executed by Buyer and Seller. Buyer and Seller shall use their best efforts to cause the Opening of Escrow to occur on or before five (5) business days after the Effective Date. Escrow Holder shall promptly notify Buyer and Seller in writing of the date of the Opening of Escrow. Buyer and Seller agree to execute, deliver and be bound by any reasonable or customary supplemental escrow instructions or other instruments reasonably required by Escrow Holder to consummate the transaction contemplated by this Agreement; provided, however, that no such instruments shall be inconsistent or in conflict with, amend or supersede any portion of this Agreement. If there is any conflict or inconsistency between the terms of such instruments and the terms of this Agreement, then the terms of this Agreement shall control. Without limiting the

generality of the foregoing, no such instruments shall extinguish any obligations imposed by this Agreement or any other agreement between Seller and Buyer.

(b) **Independent Consideration.** (i) Within two (2) days after the Effective Date, Buyer shall pay to Seller the Independent Consideration Amount to be retained by Seller as non-refundable independent consideration but applicable to the Purchase Price. The Independent Consideration Amount has been bargained for and agreed to as consideration for Seller's execution and delivery of this Agreement and Buyer holding the Real Property off the market for a period commencing as of the Effective Date and continuing until the Outside Date and for the rights and privileges granted to Buyer herein, including any and all rights granted to Buyer to terminate this Agreement under the circumstances provided for herein. Notwithstanding anything to the contrary contained in this Agreement, the Independent Consideration Amount shall be non-refundable in all events, except for (i) Seller's default hereunder, (ii) the failure of the Oversight Board of the Successor Agency to the Lancaster Redevelopment Agency (the "Oversight Board") to approve the sale of the Real Property as provided under this Agreement, and (iii) actions by the California Department of Finance ("DOF") which prevent the disposition of the Real Property to Buyer as provided under this Agreement. If the Closing occurs, a credit shall be applied to the Purchase Price based upon payment of the Independent Consideration Amount.

(ii) **Closing.** For purposes of this Agreement, the "Closing" or "Closing Date" shall be the date the Deed (as defined below) is recorded pursuant to applicable law in the county in which the Real Property is located. Unless changed in writing by Buyer and Seller, the Closing shall occur on the Closing Date, or as soon thereafter as the conditions precedent to closing are satisfied pursuant to Sections 6 and 7 of this Agreement. If the Closing has not, for any reason, occurred by the Closing Date, then either Buyer or Seller may terminate this Agreement by delivering written notice to the other at any time after the outside Closing Date; provided, however, that if either party is in default under this Agreement at the time of such termination, then such termination shall not affect the rights and remedies of the non-defaulting party against the defaulting party.

4. Seller's Delivery of Real Property and Formation Documents. Within ten (10) days after the Effective Date, Seller shall deliver to Buyer the following items (collectively, the "Property Documents"):

(a) Such proof of Sellers' authority and authorization to enter into this Agreement and to consummate this transaction as may be reasonably requested by Buyer and the Title Company consistent with the terms of this Agreement, including without limitation approval of the Oversight Board of the sale of the Real Property by Seller to Buyer or evidence that such approval is not necessary.

In addition, Seller shall cause Escrow Holder to obtain and deliver to Buyer a Natural Hazard Report as provided for under Sections 1102 and 1103 of the California Civil Code (the "Natural Hazard Report") on or before the Soil and Title Contingency Date.

5. Buyer's Right of Entry. From and after the Opening of Escrow through the earlier to occur of the termination of this Agreement or the Soil and Title Contingency Date, or as otherwise agreed in writing by Seller prior to entry is effected, Buyer and Buyer's employees, agents, consultants and contractors shall have the right to enter upon the Real Property during normal business hours, provided reasonable prior notice has been given to Seller.

(a) Investigation of the Real Property. In addition to the foregoing, the Buyer shall have the right, at its sole cost and expense, prior to the Soil and Title Contingency Date, to engage its own environmental consultant (the “Environmental Consultant”) to make such investigations as Buyer deems necessary or appropriate, including any “Phase 1” or “Phase 2” investigations of the Real Property. If, based upon such evaluation, inspections, tests or investigation, Buyer determines that it, in its discretion, does not wish to proceed with purchase of the Real Property based upon the condition of the Real Property, Buyer may cancel this Agreement by giving written notice of termination to Seller on or before the Soil and Title Contingency Date which specifically references this Section 5. If Buyer does not cancel this Agreement by the time allowed under this Section 5, Buyer shall be deemed to have approved the evaluation, inspections and tests as provided herein and to have elected to proceed with this transaction on the terms and conditions of this Agreement. Buyer shall provide a copy to Seller of all reports and test results provided by Buyer’s Environmental Consultant promptly after receipt by the Buyer of any such reports and test results without any representation or warranty as to their accuracy or completeness.

Buyer shall bear all costs, if any, associated with restoring the Real Property to the condition prior to its testing by or on behalf of Buyer if requested to so do by Seller. Buyer is a sophisticated party and is familiar with the acquisition and use of property, including for commercial uses.

Buyer shall bear all costs, if any, associated with restoring the Real Property to substantially the same condition prior to its testing by or on behalf of Buyer if requested to so do by Seller but excluding any latent defects or Hazardous Materials (as defined below) discovered by Buyer during its investigation of the Real Property. Buyer agrees to indemnify, protect, defend (with counsel satisfactory to Seller) and hold Seller and the Real Property free and harmless from and against all costs, claims, losses, liabilities, damages, judgments, actions, demands, attorneys’ fees or mechanic’s liens arising out of or resulting from any entry or activities on the Real Property by Buyer, Buyer’s agents, contractors or subcontractors and the contractors and subcontractors of such agents, but in no event shall the indemnity of this Section include the discovery of pre-existing conditions by Buyer or any such liabilities, costs, etc. arising from the negligence or willful misconduct of Seller and/or its consultants. The indemnity obligations of Buyer set forth in this Section 5(a) shall survive any termination of this Agreement or the Close of Escrow.

“Hazardous Materials” means any substance, material, or waste which is or becomes regulated by any local governmental authority, the County, the State of California, regional governmental authority, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a “hazardous waste,” “extremely hazardous waste,” or “restricted hazardous waste” under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law), (ii) defined as a “hazardous substance” under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a “hazardous material,” “hazardous substance,” or “hazardous waste” under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a “hazardous substance” under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) friable asbestos, (vii) polychlorinated biphenyls, (viii) listed under Article 9 or defined as “hazardous” or “extremely hazardous” pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20, (ix) designated as “hazardous substances” pursuant to Section 311 of the Clean Water Act (33 U.S.C. §1317), (x) defined as a “hazardous waste” pursuant

to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §6901 *et seq.* (42 U.S.C. §6903) or (xi) defined as “hazardous substances” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §6901 *et seq.*

(b) No Warranties as to the Real Property. The physical condition and possession of the Real Property, is and shall be delivered from Seller to Buyer in an “as is” condition, with no warranty expressed or implied by Seller, including without limitation, the presence of Hazardous Materials or the condition of the soil, its geology, the presence of known or unknown seismic faults, or the suitability of the Real Property for development purposes. In addition, Seller makes no representations, warranties or assurances concerning the Real Property, its suitability for any particular use or with regard to the approval process for entitlements as to the Real Property.

(c) Buyer Precautions after Closing. Upon and after the Closing, Buyer shall take all necessary precautions to prevent the release into the environment of any Hazardous Materials which are located in, on or under the Real Property. Such precautions shall include compliance with all laws, ordinances, statutes, codes, rules, regulations, orders, and decrees of the United States, the state, the County, the City, or any other political subdivision in which the Real Property is located, and of any other political subdivision, agency, or instrumentality exercising jurisdiction over the Real Property (“Governmental Requirements”) with respect to Hazardous Materials.

6. Buyer’s Conditions Precedent and Termination Right.

(a) Conditions Precedent. The Closing and Buyer’s obligation to consummate the purchase of the Real Property under this Agreement are subject to the timely satisfaction or written waiver of the following conditions precedent (collectively, “Buyer’s Contingencies”), which are for Buyer’s benefit only.

(i) Title Review. Within twenty (20) calendar days after the Opening of Escrow, Seller shall cause the Title Company to deliver to Buyer a preliminary title report (the “Report”) describing the title to the Real Property, together with copies of the plotted easements and the exceptions (the “Exceptions”) set forth in the Report; provided that the cost of the Report shall be borne by Seller. Seller acknowledges that the Buyer’s Title Policy shall include an endorsement against the effect of any mechanics’ liens; Seller will provide such indemnity or other assurances as necessary to induce the Title Company to provide such endorsement. On or before the Soil and Title Contingency Date, Buyer shall have approved in writing, in Buyer’s sole discretion, any matters of title disclosed by the following (collectively, the “Title Documents”): (i) the Report; (ii) the Exceptions; (iii) the legal description of the Real Property and (iv) any survey Buyer desires to obtain at Buyer’s sole cost and expense. Buyer shall have the same rights to approve or disapprove any exceptions to title that are not created by Buyer and that come into existence after issuance of the Report but prior to Closing. Seller shall, on or before the Closing, remove all deeds of trust, mortgages and delinquent taxes (but not the lien for any real property taxes or assessments not yet delinquent).

(ii) Buyer’s Title Policy. On or before the Closing, the Title Company shall, upon payment (by Buyer) of the Title Company’s premium, have agreed to issue to Buyer, a standard ALTA owner’s policy of title insurance insuring only as to matters of record title (“Standard Buyer’s Title Policy”) in the amount of the Purchase Price showing fee title to the Real Property vested solely in Buyer and subject only to the (i) the standard, preprinted exceptions to Buyer’s Title Policy; (ii) liens to secure payment of real estate taxes or assessments not yet delinquent; (iii) matters affecting the Real Property created by or with the written consent of Buyer; and (iv) those matters

specifically approved in writing by Buyer. Buyer shall have the right, at its sole cost and expense, to obtain coverage beyond that offered by a Standard Buyer's Title Policy (such as an owner's extended coverage ALTA policy); provided, however, that Buyer's ability to obtain such extended coverage shall not be a Buyer's Contingency and Buyer's obligations hereunder shall in no way be conditioned or contingent upon obtaining such extended coverage. Buyer shall have sole responsibility for obtaining, and bearing the cost of, any endorsements and for any survey or other matters required by the Title Company for such extended coverage.

In the event Buyer enters into a loan agreement to generate moneys to purchase the Real Property from Seller under this Agreement, Buyer and not Seller shall be responsible for the title insurance, closing costs and any other costs, fees or expenses in relation to Buyer obtaining such loaned moneys. The sale shall be all cash to Seller.

(iii) Physical and Legal Inspections and Studies. On or before Soil and Title the Contingency Date, Buyer shall have approved in writing, in Buyer's sole and absolute discretion, the results of any physical and legal (but not feasibility or economic) inspections, investigations, tests and studies Buyer elects to make or obtain, including, but not limited to, investigations with regard to zoning, building codes and other governmental regulations; engineering tests; soils, seismic and geologic reports; environmental audits, inspections and studies; environmental investigation or other invasive or subsurface testing; and any other physical or legal inspections and/or investigations as Buyer may elect to make or obtain.

(iv) Natural Hazard Report. Seller shall cause the Escrow Holder to provide to Buyer prior to the Soil and Title Contingency Date the Natural Hazard Report described at Section 8(a)(iii) of this Agreement; provided that Seller shall bear the cost to prepare such Natural Hazard Report.

(v) Property and Formation Documents. On or before the Soil and Title Contingency Date, Buyer shall have approved in writing, in Buyer's reasonable discretion, the terms, conditions and status of all of the Property Documents.

(vi) Delivery of Documents. Seller's delivery of all documents described in Section 8, below.

(vii) Representations and Warranties. All representations and warranties of Seller contained in this Agreement shall be materially true and correct as of the date made and as of the Closing.

(viii) Title Company Confirmation. The Title Company shall have confirmed that it is prepared to issue the Buyer's Title Policy consistent with the provisions of this Agreement.

(ix) Oversight Board and DOF Approval. The Oversight Board and, if required as a condition of the issuance of title insurance or by either party hereto, approval by DOF, shall have been given as to the disposition of the Real Property by Seller to Buyer under this Agreement.

(x) No Default. As of the Closing, Seller shall not be in default in the performance of any material covenant or agreement to be performed by Seller under this Agreement.

(b) Termination Right. Each of (i) and (ii) shall operate independently and each shall entitle Seller to terminate this Agreement, as follows:

(i) If the Independent Consideration Amount is not paid by Buyer to Seller by the Initial by the time set forth therefor in Section 3(b)(i) of this Agreement, then this Agreement shall terminate upon Seller giving notice thereof to Buyer;

(ii) If any of Buyer's Contingencies are not met by the Outside Date, and Buyer so informs Seller, Buyer may, by written notice to Seller, terminate this Agreement.

If this Agreement is so terminated, then (except to the extent expressly allocated to one party hereto by this Agreement) any escrow, title or other cancellation fees shall be paid by Buyer, unless Seller is in default hereunder, in which case Seller shall pay all such fees. If the Agreement has not been terminated pursuant to (i) or (ii) of this Section 6(b) and Buyer has not terminated this Agreement in writing ("Termination Notice") on or before 5:00 p.m. on the Monday preceding the scheduled Closing ("Termination Notice Deadline"), then all such Buyer's Contingencies shall be deemed to have been satisfied and this Agreement shall continue pursuant to its terms. If Buyer has not delivered a Termination Notice as the items set forth in Sections 6(a)(i)-(xi) inclusive, prior to the Termination Notice Deadline, such Buyer's Contingencies shall be deemed to have been satisfied.

If this Agreement is terminated, then (except to the extent expressly allocated to one party hereto by this Agreement) any escrow, title or other cancellation fees shall be paid by Buyer, unless Seller is in default hereunder, in which case Seller shall pay all such fees.

(c) Seller's Cure Right. Buyer shall notify Seller, in Buyer's Termination Notice, of Buyer's disapproval or conditional approval of any Title Documents. Seller shall then have the right, but not the obligation, to (i) remove from title any disapproved or conditionally approved Exception(s) (or cure such other title matters that are the basis of Buyer's disapproval or conditional approval of the Title Documents) within five (5) business days after Seller's receipt of Buyer's Termination Notice, or (ii) provide assurances reasonably satisfactory to Buyer that such Exception(s) will be removed (or other matters cured) on or before the Closing. With respect to any such Exception, it shall be sufficient for purposes hereof for Seller to commit in writing, within the applicable period, to remove such Exception at or before the Closing. Seller's failure to remove such Exception after committing to do so shall be a default hereunder. An Exception shall be deemed removed or cured if Seller furnishes Buyer with evidence that the Title Company will issue the Buyer's Title Policy, as defined herein, at the Closing deleting such Exception or providing an endorsement (at Seller's expense) reasonably satisfactory to Buyer concerning such Exception. If Seller cannot or does not remove or agree to remove any of the disapproved Exception(s) (or cure other matters) within such five (5) business day period, Buyer shall have three (3) business days after the expiration of such five (5) business day period to give Seller written notice that Buyer elects to proceed with the purchase of the Real Property subject to the disapproved Title Document(s), it being understood that Buyer shall have no further recourse against Seller for such disapproved Title Exception(s).

7. Seller's Conditions Precedent and Termination Right. The Closing and Seller's obligations with respect to the transaction contemplated by this Agreement are subject to the timely satisfaction or written waiver of the following condition precedent ("Seller's Contingencies"), which are for Seller's benefit only:

(a) Completion of Title Review. Seller shall have received written confirmation from Buyer on or before the Soil and Title Contingency Date that Buyer has completed its review of title and that the condition of title satisfactory.

(b) Confirmation Concerning Site. Seller shall have received written confirmation from Buyer on or before the Soil Contingency Date that Buyer has reviewed the condition of the Real Property, including without limitation concerning Hazardous Materials, zoning and suitability, and approves the condition of the Real Property.

(c) Confirmation Regarding Buyer's Title Policy. Seller shall have received written confirmation from Buyer on or before the Soil and Title Contingency Date that Buyer has approved a pro forma title policy.

(d) Liens. Seller shall have obtained the consent of any lien holder to the release of such liens prior to or concurrent with closing.

(e) Execution and Delivery of Quitclaim. If required by the Title Company as a condition to issue Buyer's Title Policy, Buyer shall cause to be executed and delivered to Escrow a quitclaim by a spouse of Buyer (if any).

(f) Oversight Board and DOF Approval. The approval by the Oversight Board and DOF shall have been given as to the disposition of the Real Property by Seller to Buyer under this Agreement unless the Title Company determines that such approval is not required in order for the Title Company to insure title.

(g) Delivery of Documents. Buyer's delivery of all documents described in Section 9(a), below.

Should any of Buyer's Contingencies not be met by the respective times set forth for the satisfaction for such contingency (and without regard to whether all such contingencies have been removed or satisfied) and Buyer has so informed Seller, Seller may, by written notice to Buyer, terminate this Agreement; such termination rights shall be in addition to those termination rights of Seller as set forth in Section 6. If this Agreement is so terminated, then (except to the extent expressly allocated to one party hereto by this Agreement) any escrow, title or other cancellation fees shall be paid by Buyer.

8. Seller's Deliveries to Escrow Holder.

(a) Seller's Delivered Documents. At least one (1) business day prior to the Closing Date, Seller shall deposit or cause to be deposited with Escrow Holder the following items, duly executed and, where appropriate, acknowledged ("Seller's Delivered Items"):

(i) Deed. The Deed.

(ii) FIRPTA/Tax Exemption Forms. The Transferor's Certification of Non-Foreign Status in the form attached hereto as Exhibit C (the "FIRPTA Certificate"), together with any necessary tax withholding forms, and a duly executed California Form 593-C, as applicable (the "California Exemption Certificate").

(iii) Hazard Disclosure Report. Unless earlier delivered to Buyer, Seller shall cause Escrow Holder to obtain and deliver to Buyer, at Seller's cost, a Natural Hazard Report as provided for under Sections 1102 and 1103 of the California Civil Code (the "Natural Hazard Report") before the Closing.

(iv) Possession of Real Property. Possession of the Real Property free of any tenancies or occupancy.

(v) Authority. Such evidence of Seller's authority and authorization to enter into this Agreement and to consummate this transaction as may be reasonably requested by Buyer and the Title Company which are consistent with the terms of this Agreement.

(vi) Further Documents or Items. Any other documents or items reasonably required to close the transaction contemplated by this Agreement as determined by the Title Company which are consistent with the terms of this Agreement.

(b) Failure to Deliver. Should any of Seller's Delivered Items not be timely delivered to Escrow, Buyer may, by written notice to Seller, terminate this Agreement; provided, however, that Buyer may (but shall not be obligated to) in such notice provide Seller with five (5) business days to deliver all of Seller's Delivered Items. If Buyer's notice provides Seller such five (5) business days to deliver Seller's Delivered Items, and if Seller's Delivered Items are not delivered within such period, then this Agreement shall automatically terminate without further action or notice. In the event of any such termination, any cash deposited by Buyer shall immediately be returned to Buyer. Under no circumstances shall Buyer have any responsibility to or duty to pay consultants or real estate brokers retained by Seller, Seller being solely responsible in connection with any such contractual arrangements of Seller.

9. Buyer's Deliveries to Escrow. At least one (1) business day prior to the Closing Date, Buyer shall deposit or cause to be deposited with Escrow Holder the following, each duly executed and acknowledged, by Buyer as appropriate ("Buyer's Delivered Items"):

(a) Purchase Price. The Purchase Price, less amounts which Seller confirms in writing to Escrow Holder were theretofore paid to Seller as the Independent Consideration Amount, together with additional funds as are necessary to pay Buyer's closing costs set forth in Section 10(b) herein. In the event Seller does not qualify for an exemption from California withholding tax under Section 18662 of the California Revenue and Taxation Code, as evidenced by the delivery at Closing of the California Exemption Certificate duly executed by Seller, Title Company shall withhold three and one-third percent (3-1/3%) of the Purchase Price on behalf of Buyer for payment to the California Franchise Tax Board in accordance with Section 11(b) hereof. In the event Seller is not exempt from such withholding or does not otherwise deliver the California Exemption Certificate at Closing, Buyer shall execute and deliver three (3) originals of California Form 593 to Title Company at or immediately after Closing.

(b) Change of Ownership Report. One (1) original Preliminary Change of Ownership Report.

(c) Final Escrow Instructions. Buyer's final written escrow instructions to close escrow in accordance with the terms of this Agreement.

(d) Authority. Such proof of Buyer's authority and authorization to enter into this Agreement and to consummate the transaction contemplated hereby as may be reasonably requested by Seller or the Title Company.

(e) Further Documents or Items. Any other documents or items reasonably required to close the transaction contemplated by this Agreement as determined by the Title Company.

10. Costs and Expenses

(a) Seller's Costs. If the transaction contemplated by this Agreement is consummated, then Seller shall be debited for and bear the following costs: (i) costs and charges associated with the removal of encumbrances; (ii) Seller's share of prorations; (iii) one half of the premium for a Standard Buyer's Title Policy with coverage in the amount of the Purchase Price; (iv) one half of the Escrow Holder's fee; (v) one half of the appraisal charges incurred by Seller or the City as to the Real Property; (vi) documentary recording fees, if any; (vii) documentary transfer tax, if any; (viii) payment of the Commission Amount to Dennis Greer/Coldwell Banker; and (ix) costs, if any, allocable to Seller under this Agreement and costs for such services as Seller may additionally request that Escrow perform on its behalf (which foregoing items collectively constitute "Seller's Costs and Debited Amounts").

(b) Buyer's Costs. If the transaction contemplated by this Agreement is consummated, then Buyer shall bear the following costs and expenses: (i) one half of the Escrow Holder's fee; (ii) Buyer's share of prorations, (iii) one half of the premium for a Standard Buyer's Title Policy with coverage in the amount of the Purchase Price; (iv) the premium for title insurance other than or in excess of a Standard Buyer's Title Policy based on the Purchase Price, and, if applicable, the cost for any survey required in connection with the delivery of an ALTA owner's extended coverage policy of title insurance; (v) one half of escrow charges; (vi) one half of the appraisal charges incurred by Seller or the City as to the Real Property; (vii) one half of recording and other costs of closing; (viii) costs, if any, for such services as Buyer may additionally request that Escrow perform on its behalf; (ix) any remuneration payable to Buyer's Agent (which may be paid outside of escrow as referenced in Section 9(e), above); and (x) any costs associated with Buyer borrowing money in order to pay to Seller the Purchase Price (collectively, "Buyer's Costs and Debited Amounts").

(c) Generally. Each party shall bear the costs of its own attorneys, consultants, and real estate brokers in connection with the negotiation and preparation of this Agreement and the consummation of the transaction contemplated hereby. Escrow Holder shall disburse those amounts for matters referenced in Section 2 as directed in writing by Seller. Buyer represents to Seller that Buyer has not engaged the services of any consultants, finders or real estate brokers in connection with the purchase of the Real Property from the Seller other than Buyer's Agent; Buyer shall be solely responsible to compensate Buyer's Agent, which shall occur outside of escrow and is a matter with which Escrow Holder and Seller need not be concerned. Seller represents to Buyer that Seller has not engaged the services of any consultants, finders or real estate brokers in connection with the sale of the Real Property to the Buyer.

11. Prorations; Withholding

(a) All revenues (if any) and expenses relating to the Real Property (including, but not limited to, property taxes, utility costs and expenses, water charges and sewer rents and refuse

collection charges) shall be prorated as of the Closing Date; provided that all delinquent taxes shall be satisfied at the expense of Seller. Not less than five (5) business days prior to the Closing, Seller shall deliver to Buyer a tentative schedule of prorations for Buyer's approval (the "Proration and Expense Schedule"). If any prorations made under this Section shall require final adjustment after the Closing, then the parties shall make the appropriate adjustments promptly when accurate information becomes available and either party hereto shall be entitled to an adjustment to correct the same. Any corrected or adjustment proration shall be paid promptly in cash to the party entitled thereto.

(b) In the event Seller does not qualify for an exemption from California withholding tax under Section 18662 of the California Revenue and Taxation Code (the "Tax Code") as evidenced by the delivery to Buyer at Closing of the California Exemption Certificate duly executed by Seller, (i) Title Company shall withhold three and one-third percent (3-1/3%) of the Purchase Price on behalf of Buyer at Closing for payment to the California Franchise Tax Board in accordance with the Tax Code, (ii) Buyer shall deliver three (3) duly executed copies of California Form 593 to Title Company at or immediately after Closing, (iii) two (2) copies of California Form 593 shall be delivered by Title Company to Seller, and (iv) on or before the 20th day of the month following the month title to the Real Property is transferred to Buyer (as evidenced by the recording of the Grant Deed), Title Company shall remit such funds withheld from the Purchase Price, together with one (1) copy of California Form 593 to the California Franchise Tax Board on behalf of Buyer. Buyer and Seller hereby appoint Title Company as a reporting entity under the Tax Code, authorized to withhold and remit the withholding tax contemplated under the Tax Code, together with such other documents required by the Tax Code (including, without limitation, California Form 593), to the California Franchise Tax Board.

12. Closing Procedure. When the Title Company is unconditionally prepared (subject to the payment of the premium therefor) to issue the Buyer's Title Policy and all required documents and funds have been deposited with Escrow Holder, Escrow Holder shall immediately close Escrow in the manner and order provided below.

(a) Recording. Escrow Holder shall cause the Deed to be recorded pursuant to applicable law in the county in which the Real Property is located and obtain conformed copies thereof for distribution to Buyer and Seller.

(b) Disburse Funds. Escrow Holder shall debit or credit (as provided herein) all Buyer's Costs and Debited Amounts, Seller's Costs and Debited Amounts and General Expenses, prorate matters and withhold funds as provided herein. The Purchase Price, less any applicable debits or credits (which have been confirmed in writing by Seller to Escrow Holder and which may include any liens as to which such liens and the amount to satisfy such liens) shall be distributed by check payable to Seller unless Escrow Holder is instructed otherwise in writing signed by Seller (and, in such event, in accordance with such instructions). Seller authorizes Escrow Holder to request demands for payment and to make such payments from the Purchase Price (or such other funds, if any, as are advanced by Seller) to defray the cost of removing deeds of trust, liens and other encumbrances (but not for obligations of Buyer). Escrow Holder shall disburse on behalf of Buyer such moneys as are deposited by Buyer (in addition to the Purchase Price and Buyer's share of closing costs) as the commission for Buyer's Agent (unless Buyer's Agent shall deliver a written statement to Escrow Holder which indicates that Buyer has arranged to pay Buyer's Agent outside escrow and that payment of such remuneration is a matter with respect to which Escrow Holder and Seller need not be concerned).

(c) Documents to Seller. Escrow Holder shall deliver to Seller a conformed copy of the Deed, and documents, if any, recorded on behalf of any lender, as duly recorded among the official land records of the County of Los Angeles, and a copy of each other document (or copies thereof) deposited into Escrow by Buyer pursuant hereto.

(d) Documents to Buyer. Escrow Holder shall deliver to Buyer the original FIRPTA Certificate, the original California Exemption Certificate (as applicable), and a conformed copy of each of the Deed as duly recorded among the official land records of the County of Los Angeles, the Natural Hazard Report, and each other document (or copies thereof) deposited into Escrow by Seller pursuant hereto, including, without limitation, those documents referenced in Section 8.

(e) Title Company. Escrow Holder shall cause the Title Company to issue the Buyer's Title Policy to Buyer.

(f) Closing Statement. Escrow Holder shall forward to both Buyer and Seller a separate accounting of all funds received and disbursed for each party.

(g) Informational Reports. Escrow Holder shall file any information reports required by Internal Revenue Code Section 6045(e), as amended.

(h) Possession. Possession of the Real Property shall be delivered to Buyer at the Closing.

13. Representations and Warranties.

(a) Seller's Representations and Warranties. In consideration of Buyer entering into this Agreement and as an inducement to Buyer to purchase the Real Property, Seller makes the following representations and warranties as of the Effective Date and as of the Closing, each of which is material and is being relied upon by Buyer (and the truth and accuracy of which shall constitute a condition precedent to Buyer's obligations hereunder), and all of which are material inducements to Buyer to enter into this Agreement (and but for which Buyer would not have entered into this Agreement) and shall survive Closing; provided that each of the representations and warranties of Seller is based upon the information and belief of the Executive Director of the Seller:

(i) Seller believes that it has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transaction contemplated, subject to the approval of the Oversight Board and, as may be applicable, DOF.

(ii) Subject to the approval of the Oversight Board and, as may be applicable, DOF, Seller believes that all requisite action (corporate, trust, partnership or otherwise) has been taken by Seller in connection with entering into this Agreement and the instruments referenced herein; and, by the Closing, all such necessary action will have been taken to authorize the consummation of the transaction contemplated hereby.

(iii) Subject to the approval of the Oversight Board and, as may be applicable, DOF, the individual executing this Agreement and the instruments referenced herein on behalf of Seller has the legal power, right and actual authority to bind Seller to the terms and conditions hereof and thereof.

(iv) Seller believes that neither the execution or delivery of this Agreement or the documents or instruments referenced herein, nor incurring the obligations set forth herein, nor the consummation of the transaction contemplated herein, nor compliance with the terms of this Agreement or the documents or instruments referenced herein or therein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, lease or other agreement or instrument to which Seller is a party or that affect the Real Property, including, but not limited to, any of the Title Documents or the Property Documents.

(v) There is no pending litigation nor, to the best of Seller's knowledge, threatened litigation, which does or will adversely affect the right of Seller to convey the Real Property. There are no claims which have been received by Seller that have not been disclosed to Buyer.

(vi) Seller has made no written or oral commitments to or agreements with any governmental authority or agency materially and adversely affecting the Real Property, or any part hereof, or any interest therein, which will survive the Closing.

(vii) There are no leases or rental agreements in effect as to the Real Property.

(viii) Seller is not in default of its obligations under any contract, agreement or instrument to which Seller is a party pertaining to the Real Property.

(ix) There are no mechanics', materialmen's or similar claims or liens presently claimed or which will be claimed against the Real Property for work performed or commenced for Seller or on Seller's behalf prior to the date of this Agreement.

(x) There are no undisclosed contracts, licenses, commitments, undertakings or other written or oral agreements for services, supplies or materials concerning the use, operation, maintenance, or management of the Real Property that will be binding upon Buyer or the Real Property after the Closing. There are no oral contracts or other oral agreements for services, supplies or materials, affecting the use, operation, maintenance or management of the Real Property.

(xi) There are not as of the Effective Date, nor will there be as of the Closing, any written or oral leases or contractual right or option to lease, purchase, or otherwise enjoy possession, rights or interest of any nature in and to the Real Property or any part thereof, and no person other than Buyer shall have any right of possession to the Real Property or any part thereof as of the Closing.

(xii) No person, excepting Seller, has possession or any rights to possession of the Real Property or portion thereof.

(b) Subsequent Changes to Seller's Representations and Warranties. If, prior to the Closing, Buyer or Seller should learn, discover or become aware of any existing or new item, fact or circumstance which renders a representation or warranty of Seller set forth herein incorrect or untrue in any respect (collectively, the "Seller Representation Matter"), then the party who has learned, discovered or become aware of such Representation Matter shall promptly give written notice thereof to the other party and Seller's representations and warranties shall be automatically limited to

account for the Representation Matter. Buyer shall have the right to approve or disapprove any such change and to terminate this Agreement by written notice to Seller if Buyer reasonably disapproves any such change. If Buyer does not elect to terminate this Agreement, Seller's representation shall be qualified by such Seller Representation Matter and Seller shall have no obligation to Buyer for such Seller Representation Matter.

(c) Buyer's Representations and Warranties. In consideration of Seller entering into this Agreement and as an inducement to Seller to sell the Real Property, Buyer makes the following representations and warranties as of the date hereof and at and as of the Closing, each of which is material and is being relied upon by Seller (and the truth and accuracy of which shall constitute a condition precedent to Seller's obligations hereunder), and all of which shall survive Closing:

(i) Buyer has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transaction contemplated hereby.

(ii) All requisite action has been taken by Buyer in connection with entering into this Agreement and the instruments referenced herein; and, by the Closing, all such necessary action will have been taken to authorize the consummation of the transaction contemplated hereby.

(iii) The individuals executing this Agreement and the instruments referenced herein on behalf of Buyer have the legal power, right and actual authority to bind Buyer to the terms and conditions hereof and thereof.

(iv) Neither the execution and delivery of this Agreement and the documents and instruments referenced herein, nor incurring the obligations set forth herein, nor the consummation of the transaction contemplated herein, nor compliance with the terms of this Agreement and the documents and instruments referenced herein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, partnership agreement, lease or other agreement or instrument to which Buyer is a party or by which any of Buyer's properties are bound.

(d) Subsequent Changes to Buyer's Representations and Warranties. If, prior to the Closing, Seller or Buyer should learn, discover or become aware of any existing or new item, fact or circumstance which renders a representation or warranty of Buyer set forth herein incorrect or untrue in any respect (collectively, the "Buyer's Representation Matter"), then the party who has learned, discovered or become aware of such Buyer's Representation Matter shall promptly give written notice thereof to the other party and Buyer's representations and warranties shall be automatically limited to account for the Buyer's Representation Matter. Seller shall have the right to approve or disapprove any such change and to terminate this Agreement by written notice to Buyer if Seller reasonably disapproves any such change. If Seller does not elect to terminate this Agreement, Buyer's representation shall be qualified by such Buyer's Representation Matter and Buyer shall have no obligation to Seller for such Buyer's Representation Matter.

14. Fair Value Price. Each of Buyer and Seller believe that the Purchase Price represents a fair value price for the Real Property. At such time as Buyer makes improvements to the Real Property, the costs for planning, designing, and constructing such improvements shall be borne

exclusively by the Buyer and the Buyer shall construct or cause to be constructed such improvements in compliance with all the zoning, planning and design review requirements of the Lancaster Municipal Code, and all nondiscrimination, labor standard, and wage rate requirements to the extent such labor and wage requirements are applicable.

Buyer, including but not limited to its contractors and subcontractors, shall be responsible to comply with Labor Code Section 1720, *et seq.*, if applicable, and its implementing regulations, regarding the payment of prevailing wages (the “State Prevailing Wage Law”) if applicable, and, if applicable, federal prevailing wage law (“Federal Prevailing Wage Law” and, together with State Prevailing Wage Law, “Prevailing Wage Laws”) with regard to the construction of improvements to the Real Property, but only if and to the extent such sections are applicable to the development of the Real Property. Insofar as the parties understand that Buyer is paying a fair market price for the Real Property, the parties believe that the payment of prevailing wages will not be required. In any event, Buyer shall be solely responsible for determining and effectuating compliance with the Prevailing Wage Laws, neither the Seller nor the City makes any final representation as to the applicability or non-applicability of the Prevailing Wage Laws to improvements to the Real Property, or any part thereof. Buyer hereby releases from liability, and agrees to indemnify, defend, assume all responsibility for and hold each of the Seller and the City, and their respective officers, employees, agents and representatives, harmless from any and all claims, demands, actions, suits, proceedings, fines, penalties, damages, expenses resulting from, arising out of, or based upon Buyer’s acts or omissions pertaining to the compliance with the Prevailing Wage Laws as to the Real Property. This Section 14 shall survive Closing.

15. General Provisions.

(a) Condemnation. If any material portion of the Real Property shall be taken or appropriated by a public or quasi-public authority exercising the power of eminent domain, Buyer shall have the right, at its option, to (i) terminate this Agreement or (ii) proceed with the purchase of the Real Property and receive all of the award or payment made in connection with such taking.

(b) Notices. All notices, demands, requests or other communications required or permitted hereunder (collectively, “Notices”) shall be in writing, shall be addressed to the receiving party as provided in the Basic Terms section above, and shall be personally delivered, sent by overnight mail (Federal Express or another carrier that provides receipts for all deliveries), sent by certified mail, postage prepaid, return receipt requested, or sent by facsimile transmission (provided that a successful transmission report is received). All Notices shall be effective upon receipt at the appropriate address. Notice of change of address shall be given by written notice in the manner detailed in this Section. Rejection or other refusal to accept or the inability to deliver because of changed address of which no Notice in accordance with this Section was given shall be deemed to constitute receipt of such Notice. The providing of copies of Notices to the parties’ respective counsels is for information only, is not required for valid Notice and does not alone constitute Notice hereunder.

(c) Brokers. Seller assumes sole responsibility for any consultants or brokers (“Seller’s Agents”) it may have retained in connection with the sale of the Real Property (and Buyer shall have no responsibility in connection with such matters). Seller represents to Buyer that Dennis Greer of Coldwell Banker (“Greer”) is to be compensated in the amount of the Commission Amount in connection with procuring Buyer to purchase the Real Property under this Agreement. Excepting only for Greer, Seller has engaged no private parties as consultants, finders or real estate brokers in

connection with the sale of the Real Property to the Buyer, and there are no brokerage commission, finder's fee or other compensation of any kind is due or owing to any person or entity in connection with this Agreement other than the Commission Amount. Seller agrees to and does hereby indemnify and hold the Buyer free and harmless from and against any and all costs, liabilities or causes of action or proceedings which may be instituted by any broker, agent or finder, licensed or otherwise, claiming through, under or by reason of the conduct of the Seller in connection with this Agreement. Buyer assumes sole responsibility for any consultants or brokers ("Buyer's Representatives") it may have retained in connection with the purchase of the Real Property (and Seller shall have no responsibility in connection with such matters). Buyer represents to Seller that Buyer has engaged no consultants, finders or real estate brokers in connection with the sale of the Real Property to the Buyer, and there are no brokerage commission, finder's fee or other compensation of any kind is due or owing to any person or entity in connection with this Agreement. Buyer agrees to and does hereby indemnify and hold the Seller free and harmless from and against any and all costs, liabilities or causes of action or proceedings which may be instituted by any broker, agent or finder, licensed or otherwise, claiming through, under or by reason of the conduct of the Buyer in connection with this Agreement.

(d) Waiver, Consent and Remedies. Each provision of this Agreement to be performed by Buyer and Seller shall be deemed both a covenant and a condition and shall be a material consideration for Seller's and Buyer's performance hereunder, as appropriate, and any breach thereof by Buyer or Seller shall be deemed a material default hereunder. Either party may specifically and expressly waive in writing any portion of this Agreement or any breach thereof, but no such waiver shall constitute a further or continuing waiver of a preceding or succeeding breach of the same or any other provision. A waiving party may at any time thereafter require further compliance by the other party with any breach or provision so waived. The consent by one party to any act by the other for which such consent was required shall not be deemed to imply consent or waiver of the necessity of obtaining such consent for the same or any similar acts in the future. No waiver or consent shall be implied from silence or any failure of a party to act, except as otherwise specified in this Agreement. All rights, remedies, undertakings, obligations, options, covenants, conditions and agreements contained in this Agreement shall be cumulative and no one of them shall be exclusive of any other. Except as otherwise specified herein, either party hereto may pursue any one or more of its rights, options or remedies hereunder or may seek damages or specific performance in the event of the other party's breach hereunder, or may pursue any other remedy at law or equity, whether or not stated in this Agreement.

(e) Cooperation. Buyer and Seller agree to execute such instruments and documents and to diligently undertake such actions as may be required in order to consummate the purchase and sale herein contemplated and shall use all reasonable efforts to accomplish the Closing in accordance with the provisions hereof and, following Closing.

(f) Remedies. Without limitation as to the availability of other remedies, this Agreement may be enforced by an action for specific enforcement.

(g) Time. Time is of the essence of every provision herein contained. In the computation of any period of time provided for in this Agreement or by law, the day of the act or event from which said period of time runs shall be excluded, and the last day of such period shall be included, unless it is a Saturday, Sunday, or legal holiday, in which case the period shall be deemed to run until 5:00 p.m. of the next day that is not a Saturday, Sunday, or legal holiday. Except as otherwise expressly provided herein, all time periods expiring on a specified date or period herein shall be deemed to expire at 5:00 p.m. on such specified date or period.

(h) Extensions at Sole Discretion of Seller. In the event Buyer requests that Seller extend the time for sale of the Real Property, such request may be granted, conditionally granted or denied at the sole and absolute discretion of Seller.

(i) Counterparts; Facsimile Signatures. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute but one and the same instrument. A facsimile signature shall be deemed an original signature.

(j) Captions. Any captions to, or headings of, the sections or subsections of this Agreement are solely for the convenience of the parties hereto, are not a part of this Agreement, and shall not be used for the interpretation or determination of the validity of this Agreement or any provision hereof.

(k) Obligations to Third Parties. City shall be deemed to be a third party beneficiary of this Agreement. Excepting only for the City, the execution and delivery of this Agreement shall not be deemed to confer any rights upon, nor obligate any of the parties to this Agreement to, any person or entity other than the parties hereto.

(l) Amendment to this Agreement. The terms of this Agreement may not be modified or amended except by an instrument in writing executed by each of the parties hereto.

(m) Waiver. The waiver or failure to enforce any provision of this Agreement shall not operate as a waiver of any future breach of any such provision or any other provision hereof.

(n) Applicable Law. This Agreement shall be governed by and construed in accordance with the local law of the State of California.

(o) Exhibits and Schedules. The exhibits and schedules attached hereto are incorporated herein by this reference for all purposes.

(p) Entire Agreement. This Agreement supersedes any prior agreements, negotiations and communications, oral or written, and contains the entire agreement between, and the final expression of, Buyer and Seller with respect to the subject matter hereof. The parties hereto expressly agree and confirm that this Agreement is executed without reliance on any oral or written statements, representations or promises of any kind which are not expressly contained in this Agreement. No subsequent agreement, representation or promise made by either party hereto, or by or to an employee, officer, agent or representative of either party hereto shall be of any effect unless it is in writing and executed by the party to be bound thereby.

(q) Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the permitted successors and assigns of the parties hereto.

(r) Assignment. Neither party may assign its rights under this Agreement without the prior consent of the other party.

[signatures begin on the following page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

“SELLER”

SUCCESSOR AGENCY TO THE LANCASTER REDEVELOPMENT AGENCY, a public entity, corporate and politic

By: _____
Mark V. Bozigian
Executive Director

“BUYER”

FRABER PROPERTIES II, LLC, a limited liability company

By: _____
Name: Frank Visco
Its: Managing Member

Acceptance by Escrow Holder:

Placer Title Company hereby acknowledges that it has received a fully executed copy of the foregoing Purchase and Sale Agreement and Joint Escrow Instructions by and between the Successor Agency to the Lancaster Redevelopment Agency, a public entity, corporate and politic (“Seller”), and Fraber Properties II, LLC (“Buyer”) and agrees to act as Escrow Holder thereunder and to be bound by and strictly perform the terms thereof as such terms apply to Escrow Holder.

Dated: _____, 201_

FIRST AMERICAN TITLE COMPANY

By: _____
Name: _____
Its: _____

EXHIBIT A

LEGAL DESCRIPTION

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

[to come]

APN(s) 3105-001-915 and 3105-001-916

APN(s) _____

EXHIBIT B

DEED

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

Fraber Properties II, LLC
Attention: Frank Visco
44824 Cedar Avenue
Lancaster, California 93534

APN: 3105-001-915 and 3105-001-916

[Space above for recorder.]

DOCUMENTARY TRANSFER TAX

\$ _____

_____ computed on the consideration or value of
property conveyed; OR

_____ computed on the consideration or value less
liens or encumbrances remaining at time of sale.

Signature of Declarant or Agent determining tax - Firm
Name

GRANT DEED

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the Successor Agency to the Lancaster Redevelopment Agency, a public entity, corporate and politic (“Grantor”), hereby grants to Fraber Properties II, LLC, a limited liability company, that certain real property located in the County of Los Angeles, State of California, more particularly described on **Attachment No. 1** attached hereto and incorporated herein by this reference (the “Property”), subject to existing easements, restrictions and covenants of record.

IN WITNESS WHEREOF, Grantor has executed this Grant Deed as of _____, 201__.

**SUCCESSOR AGENCY TO THE LANCASTER
REDEVELOPMENT AGENCY**

By: _____

Name: Mark V. Bozigian
Title: Executive Director

ATTACHMENT NO. 1 TO GRANT DEED

LEGAL DESCRIPTION

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

[to come]

APN(s) 3105-001-915 and 3105-001-916

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

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____, Notary Public,
(Print Name of Notary Public)

personally appeared _____

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

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

WITNESS my hand and official seal.

Signature of Notary Public

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- Individual
- Corporate Officer

Title(s)

Title Or Type Of Document

- Partner(s) Limited General
- Attorney-In-Fact
- Trustee(s)
- Guardian/Conservator
- Other: _____

Number Of Pages

Signer is representing:
Name Of Person(s) Or Entity(ies)

Date Of Documents

Signer(s) Other Than Named Above

EXHIBIT C

FIRPTA CERTIFICATE

TRANSFEROR'S CERTIFICATE OF NON-FOREIGN STATUS

To inform Fraber Properties II, LLC ("Transferee"), that withholding of tax under Section 1445 of the Internal Revenue Code of 1986, as amended ("Code") will not be required upon the transfer of certain real property to the Transferee by the Successor Agency to the Lancaster Redevelopment Agency (the, "Transferor"), the undersigned hereby certifies the following:

1. The Transferor is not a foreign person or citizen, foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Code and the Income Tax Regulations promulgated thereunder);

2. The Transferor's social security number or U.S. employer identification number is as follows: _____.

3. The Transferor's home or office address is:

44933 N. Fern Avenue
Lancaster, California 93534

The Transferor understands that this certification may be disclosed to the Internal Revenue Service by the Transferee and that any false statement contained herein could be punished by fine, imprisonment or both. Under penalty of perjury, I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document.

**SUCCESSOR AGENCY TO THE LANCASTER
REDEVELOPMENT AGENCY**

Site Map

APNs 3105-001-915 and 3105-001-916



STAFF REPORT
City of Lancaster

NB 1
05/08/18
MVB

Date: May 8, 2018

To: Mayor Parris and City Council Members

From: Jason Caudle, Deputy City Manager, and Kathy Wells, Energy Projects Coordinator

Subject: **Acceptance of Funds from Southern California Edison’s Energy Efficiency Portfolio Budget for Administration of Energy Efficiency Program Plan**

Recommendations:

- a. Accept funding from Southern California Edison as directed by the California Public Utilities Commission for Administration of Energy Efficiency Program Plan and recognize revenue in the amount of \$1,174,996 over the course of the three-year plan to Revenue Account No. 490-3470-100.
- b. Appropriate funds to Lancaster Choice Energy Expenditure Account No. 490-4370-770.

Fiscal Impact:

\$1,174,996 in revenue will be received over the course of the three-year program. Budget consists of three annual payments: \$372,341 for first year, \$401,317.50 for second year, and \$401,317.50 for third year.

Background:

In May 2015, the City launched Lancaster Choice Energy (LCE), Lancaster’s locally-operated, locally-controlled community choice electric power provider. In alignment with the City’s goal of becoming the nation’s first net zero city, LCE is making great strides in power generation, energy conservation, and sustainability. The path to net zero requires considerable progress in energy efficiency, the most cost-effective option in a portfolio of green energy procurement and savings strategies.

On May 9, 2017, Council approved Lancaster’s Energy Efficiency Program Plan for submittal to the California Public Utilities Commission requesting funding for administration of the programs. The plan includes two programs that would benefit both residential and business customers. The Energy Advisor program offer’s Lancaster Choice Energy residential customers energy efficiency information and evaluation services to connect participants with applicable programs for energy upgrade measures. The Small Commercial Direct Install program will provide no- and low-cost energy efficiency retrofits through approved installation contractors to reduce overall energy usage costs.

On October 13, 2017, Lancaster Choice Energy filed Advice Letter 5-E with the California Public Utilities Commission for approval and certification of the Energy Efficiency Program Plan.

On April 26, 2018, the California Public Utilities Commission Energy Division approved Resolution E-4917 certifying Lancaster Choice Energy's request in Advice Letter 5-E and Supplemental 5-E-A to Elect to Administer an Energy Efficiency Program Plan. The Commission approved the budget for Lancaster Choice Energy in the amount of \$1,174,996 over the course of the three-year plan pursuant to PUC Code Section 381.1 (e) and (f) in D. 14-01-033. Funding will come from Southern California Edison's Energy Efficiency Portfolio Budget. The initial installment of \$372,241 will be released to Lancaster within 10 days of approval of the resolution.

KW:te

Attachment:

CPUC Draft Resolution E-4917

DRAFT

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

AGENDA ID # 16375

ENERGY DIVISION

RESOLUTION E-4917

April 26, 2018

R E S O L U T I O N

RESOLUTION E-4917: Certification of Lancaster Choice Energy's Advice Letters 5-E and Supplemental 5-E-A to Elect to Administer an Energy Efficiency Program Administration Plan pursuant to Public Utilities Code Section 381.1(e) and (f) and Commission direction in D.14-01-033.

PROPOSED OUTCOME: This Resolution certifies Lancaster Choice Energy's request in Advice Letters 5-E and Supplemental 5-E-A to Elect to Administer their Energy Efficiency Program Administration Plan, submitted pursuant to Public Utilities Code Section 381.1(e) and (f) and Commission direction in D.14-01-033.

SAFETY CONSIDERATIONS: Lancaster Choice Energy's Energy Efficiency Program Administration Plan will likely have a very limited impact on safety by improving customer health and safety through the installation of more efficient equipment that should improve in-door air quality and provide safer operation than the equipment that is replaced.

ESTIMATED COST: The Commission approves a budget for Lancaster Choice Energy of \$1,174,996 over the course of their three-year Energy Efficiency Program Plan. This funding will come from Southern California Edison's Energy Efficiency Portfolio Budget and thus not result in any incremental costs for Southern California Edison's ratepayers.

By Advice Letter 5-E, filed on October 13, 2017 and Supplemental 5-E-A, filed on January 12, 2018.

SUMMARY

Public Utilities Code Section (Section) 381.1,¹ gives Community Choice Aggregators (CCAs) the option to elect to become an administrator of cost-effective energy efficiency (EE) programs, subject to Commission adoption of a CCA's EE Program Administration Plan (EE plan) approved by the CCA's governing board. Lancaster Choice Energy (LCE) submitted a three-year budget request of \$1,244,482 to the Commission on October 13, 2017, via a Tier 3 Advice Letter (AL) 5-E and supplemental AL 5-E-A on January 12, 2018, to elect to administer their EE plan for their customers.

This resolution approves LCE's request to elect to administer their EE Program Administration Plan according to the criteria set forth in the Section 381.1(e) and (f) (1) - (6) and Commission direction in D.14-01-033. The budget that LCE requested to receive to fund their EE plan is \$1,244,482. However, Southern California Edison (SCE) is ordered to transfer \$1,174,996 to LCE for their three-year EE Plan.²

BACKGROUND

Sections 331.1, 366.2, and 381.1 of the Public Utilities Code, enable cities and or counties to form a CCA. The legislation allows CCAs to offer procurement services to electric customers within their boundaries. Senate Bill 790 (Leno) modified Public Utilities Code Section 381.1(a) and added subsections (d) - (g). Subsections (a)-(d) allows a CCA to apply to administer cost-effective EE and conservation programs which "allows CCAs to access EE funds from, and provide EE programs to, both their customers *and* other utilities' customers"³ CCA to pursuing this approach must file a formal application to administer EE, which complies with the Commission's prior decisions and resolutions regarding the content of IOUs applications to administer EE.⁴ The "elect" approach differs from the "apply" approach in that PU Code 381.1(e) and (f) expressly limits CCAs EE offerings to their own customers and CCAs that pursues "elect to administer" option shall file their EE plan through a Tier 3 AL.⁵

¹ All statutory references are to the Public Utilities Code unless otherwise noted will be referred to as "Section."

² Commission staff has determined that the request in LCE's AL 5-E-A exceeds the maximum funding LCE can request consistent with the funding cap for CCA's that elect to administer in D.14-01-033.

³ D.14-01-033, COL 4.

⁴ D.14-01-033, OP 2

⁵ D.14-01-033, OP 6.

Section 381.1(e) states:

“The impartial process established by the commission shall allow a registered community choice aggregator to elect to become the administrator of funds collected from the aggregator's electric service customers and collected through a non-bypassable charge authorized by the commission, for cost-effective energy efficiency and conservation programs, *except those funds collected for broader statewide and regional programs authorized by the commission.*” (Emphasis added)

Section 381.1(f) states:

“A community choice aggregator electing to become an administrator of energy efficiency shall submit an EE plan, approved by its governing board, to the commission for the administration of cost-effective energy efficiency and conservation programs for the aggregator's electric service customers that includes funding requirements, a program description, a cost-effectiveness analysis, and the duration of the program. The commission shall certify that the EE plan submitted does all the following:

1. Is consistent with the goals of the programs established pursuant to Sections 381.1 and 399.4;
2. Advances the public interest in maximizing cost-effective electricity savings and related benefits;
3. Accommodates the need for broader statewide or regional programs;
4. Includes audit and reporting requirements consistent with the audit and reporting requirements established by the commission pursuant to this section;
5. Includes evaluation, measurement, and verification protocols established by the community choice aggregator; and
6. Includes performance metrics regarding the community choice aggregator's achievement of the objectives listed in paragraphs (1) to (5), inclusive, and in any previous plan.

On June 20, 2012, Administrative Law Judge Fitch issued a ruling in R.09-11-014 regarding procedures for CCAs to become administrators of EE programs through Section 381.1(a), the

Lancaster Choice Energy AL 5-E and AL 5-E-A/NS2

application process to administer EE program and through Section 381.1(e) and (f), the election process to administer EE programs. In the interim, the ruling directed CCAs on how to make such requests “while the permanent procedures for program cycles beginning in 2015 are under consideration and finalized by the Commission.”⁶

Ordering Paragraph (OP) 6 of D.14-01-033 held that CCAs that elect to administer EE programs shall file their EE plan through a Tier 3 resolution, which is not considered either effective or approved until a Commission resolution.⁷ OP 7 asserts the materials submitted by a CCA who elects to administer EE programs must contain sufficient information for the Commission to certify the CCA’s EE plan meets the six requirements in Section 381.1(f).⁸ OP 8 directs the CCAs to also conduct financial and management audits of its EE programs and provide a copy of the audits to the Commission.⁹ Finally, D.14-01-033 set the formula for establishing a budget for the maximum funding that a CCA who elects to administer can request:

“CCA maximum funding = Total electricity energy efficiency non-bypassable charge collections from the CCA’s customers – (total electricity EE non-bypassable charge collections from the CCA’s customers * % of the applicable Investor Owned Utility (IOU) portfolio budget that was dedicated to statewide and regional programs in the most recently authorized program cycle).”^{10,11}

On August 2, 2017, LCE submitted AL 4-E as a Tier 3 AL to elect to administer an EE program funded by ratepayers for three years and included their EE plan as approved by the Lancaster City Council on July 11, 2017. After filing AL 4-E, LCE received a protest from the Office of Ratepayer Advocates (ORA), and comments from SCE and the Southern California Regional Energy Network (SoCalREN) and additional guidance from the Commission and other stakeholders. Following the feedback LCE withdrew AL 4-E on August 24, 2017.

⁶ ALJ’s June 20, 2012 Ruling on REN and CCA Administration of EE at p. 2, located at: <http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=62166>.

⁷ D.14-01-033, OP 6.

⁸ D.14-01-033, OP 7.

⁹ D.14-01-033, OP 8.

¹⁰ ALJ’s June 20, 2012 Ruling on REN and CCA Administration of EE at p. 10.

¹¹ D.14-01-033, pg 22.

Lancaster Choice Energy AL 5-E and AL 5-E-A/NS2

On October 13, 2017, LCE filed their EE plan in AL 5-E as a Tier 3 AL and submitted a partial supplemental AL 5-E-A on January 12, 2018. Advice Letter 5-E sought approval for two programs: the Energy Advisor for residential customers and a Small Commercial Direct Install program. In AL 5-E-A, LCE provided the Commission with their estimate of the formula set forth in D. 14-01-033 for the maximum funding that they could request as a CCA who elects to administer EE programs, as well as additional details about their proposed programs.

LCE's Proposed EE Plan:

LCE proposes two programs in AL 5-E with a combined budget of \$1,244,482 to implement and evaluate the programs over three years. The two programs are a Small Commercial Direct Install program and an Energy Advisor program for residential customers. Lancaster Choice Energy's EE plan has forecasted cost effectiveness of 1.04 (Total Resource Cost test) and 1.07 (Program Administrator Cost).¹²

LCE's Small Commercial Direct Install program will provide no-and low-cost EE retrofits through eligible contractors to reduce demand and energy consumption for LCE small commercial customers with peak electric demand of 200 kW or less per month. LCE will provide a free on-site assessment to eligible customers and recommend EE measures. Eligible measures will include:

- Light-emitting Diode lighting;
- Fluorescent lighting;
- Hi-Bay lighting;
- Refrigeration;
- Light-emitting Diode signs;
- Occupancy Sensors;
- Smart Power Strips; and
- Communicating Programmable Thermostats.

¹² LCE AL 5-E-A, pg 3.

Lancaster Choice Energy AL 5-E and AL 5-E-A/NS2

The three-year requested budget for the Small Commercial Direct Install program is \$879,322. The projected number of retrofits through the program is 775¹³ by the end of year three, and the retrofits are estimated to save 517 kW in gross (338 kW net) and 1.9 million kWh of gross savings (1.3 million kWh net) over three years. The program has a forecasted Total Resource Cost test of 1.4 and a Program Administrator Cost test of 1.45.

LCE's Energy Advisor program will provide free information on EE products, programs and evaluation services to residential customers. The services will include telephone administered home surveys and will recommend EE upgrades or applicable programs for customers to consider enrolling in based on the survey. In addition to the telephone surveys, certain eligible customers will receive in-person audits, and the auditor will provide the customer with suggestions for EE upgrades and connect the participants with appropriate programs they are eligible to enroll in. Applicable programs not administered by LCE that the customer could be encouraged to join may include, but not be limited to, the following programs:

- Home Upgrade;
- Behavior change or similar programs;
- Plug Loads and Appliances;
- Residential Heating Ventilation and Air Conditioning;
- Income Qualified Program, such as the Energy Savings Assistance program;
- Financing programs; and
- Local Government Programs.

The three-year requested budget for the Energy Advisor program is \$315,660. The projected number of in-home audits are 225 and support calls providing home surveys and recommendations is 525, with a total projected number of people, who the program provides EE advice and support to totaling 750¹⁴ over the three-year period. Since the Energy Advisor program is a non-resource program, it has no savings claims and thus a Total Resource Cost and Program Administrator Cost of zero.

¹³ Out of the 5,047 customers that LCE serves and considers falling under the small commercial category, LCE AL 5-E, pg 1.

¹⁴ Out of the 44,640 residential customers that LCE serves, LCE AL-5-E, pg 1.

LCE's Compliance with Maximum Funding Request and Meeting the Six Criteria Established in Section 381.1(f)(1) - (6)

Funding Request

LCE requested a total amount of \$1,244,482 to implement and evaluate their two EE programs over a three-year period. The formula established for the maximum funding a CCA can request who elects to administer an EE Program Administration Plan is as follows:

“CCA maximum funding = Total electricity energy efficiency non-bypassable charge collections from the CCA's customers – (total electricity EE non-bypassable charge collections from the CCA's customers * % of the applicable IOU portfolio budget that was dedicated to statewide and regional programs in the most recently authorized program cycle.”¹⁵

D.14-01-033 adopted the definitions for “regional” and “statewide” programs to be excluded from the maximum funding a CCA can request as follows:

- “Statewide Programs” – Programs, as defined and designated by the Commission, that are offered throughout the four IOU service territories on a generally consistent basis. Evaluation, Measurement and Verification budgets are included in statewide programs, as these budgets are overseen by Commission staff across all four IOUs on a consistent basis.¹⁶
- “Regional Programs” – Programs offered to all eligible customers throughout an individual IOU's service territory in which a CCA is offering service, but not necessarily offered in other IOU service territories. This includes state and institutional government partnerships. This does not include any programs that are offered only in a geographic subset of an IOU territory.¹⁷

¹⁵ D.14-01-033, pg 22.

¹⁶ D.14-01-033, pg 25.

¹⁷ D.14-01-033, pg 25.

In LCE's supplemental AL 5-E-A, LCE provides the following inputs to the formula for the maximum funding they can request. First, LCE estimates that the total electricity energy efficiency non-bypassable charge collections from the LCE's customers for a 46 month funding period are \$23,979,513.^{18,19} In Appendix A to AL 5-E-A, LCE categorized SCE's EE portfolio as "statewide", "regional" and "other" and calculated a percentage of SCE's EE budget not dedicated to "statewide" and "regional" programs.

In the table titled "SCE Total Portfolio Budget Breakdown by Category" LCE uses SCE's 2018 EE Budget AL 3654-E and supplemental AL 3654-E-A to determine that out of the \$282,323,155 EE budget request by SCE \$265,659,990 is dedicated to "statewide" and "regional" programs or 94.1% of SCE's EE portfolio budget and all other programs were 5.9% of SCE's portfolio budget.²⁰ Lancaster Choice Energy then multiplied the total electricity EE non-bypassable charge collections from LCE customers or \$23,979,513 by 5.9%, the percentage of SCE's portfolio not dedicated to "statewide" or "regional" programs to determine that the maximum funding for LCE's EE plan is \$1,415,309.²¹ According to LCE's calculation, their budget request of \$1,244,482 falls within the CCA maximum funding allowed.

Compliance with Section 381.1(f) (1) – (6)

Pursuant to Section 381.1(f), the Commission must certify that a CCA proposal to elect to administer a ratepayer funded EE Program Administration Plan meet the six criteria, specified in paragraphs (1) - (6), which include:

1. Is consistent with the goals of the programs established pursuant to Sections 381.1 and 399.4;
2. Advances the public interest in maximizing cost-effective electricity savings and related benefits;
3. Accommodates the need for broader statewide or regional programs.
4. Includes audit and reporting requirements consistent with the audit and reporting requirements established by the commission pursuant to this section;

¹⁸ LCE AL 5-E-A, Appendix A, pg 1 table titled "Estimated LCE Non-bypassable charges."

¹⁹ LCE has based this estimate for non-bypassable charges collected that were collected in August 2017.

²⁰ LCE AL 5-E-A, Appendix A, pg 1 table titled "SCE Total Portfolio Budget Breakdown by Category."

²¹ LCE AL 5-E-A, pg 3.

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5. Includes evaluation, measurement, and verification protocols established by the community choice aggregator; and
6. Includes performance metrics regarding the community choice aggregator's achievement of the objectives listed in paragraphs (1) to (5), inclusive, and in any previous plan.

LCE provided the following responses in AL 5-E to justify that their proposed Energy Plan is compliant with the six criteria in Section 381.1(f).

Consistency with the Goals in Sections 381.1. and 399.4

LCE's EE plan must demonstrate that it is consistent with the goals established in Sections 381.1 and 399.4 that specify the Commission's role in overseeing EE programs and emphasize the overarching goal of serving the public interest through cost effective EE. LCE makes the following points to demonstrate how their programs are consistent with the goals established in Sections 381.1 and 399.4:

- LCE claims that both their programs are consistent and able to collaborate with other statewide efforts. They claim that their Small Commercial Direct Install program is compatible with a similar program implemented by SCE. LCE adds that they will provide marketing materials that clearly differentiates the programs and prevents customer confusion.
- LCE adds that their proposed EE plan complies with cost- effectiveness requirements in 381.1 and the Small Commercial Direct Install program not only provides cost-effective EE, but also provides these services to hard-to-reach customers as defined by the EE Policy Manual Version V by targeting small commercial customers.^{22,23}
- LCE asserts they will comply with Section 399.4(2) (b) (1) requiring that program participants certify compliance with applicable Title 24 permitting requirements.

²² EE Policy Manual Version V, pg 15.

²³ Hard to reach residential customers are defined as "those customers who do not have easy access to program information or generally do not participate in energy efficiency programs due to a language, income, housing type, geographic, or home ownership (split incentives) barrier." Hard to reach business customers also include factors such as business size and lease (split incentive) barriers.

Advances the public interest in maximizing cost-effective electricity savings and related benefits

LCE responds that their proposed EE plan complies with cost- effectiveness requirements in 381.1, as the programs have a combined Total Resource Cost test of 1.04 and Program Administrator Cost test of 1.07.

Accommodation of Statewide and Regional Programs

LCE intends to clearly distinguish their EE plan as unique and offered exclusively to LCE customers. Marketing and branding for the Energy Advisor program will target only LCE customers, but the resulting interactions will include significant communications regarding participation in statewide and regional programs available from SCE, Southern California Gas Company (SoCalGas) and SoCalREN to ensure that customers are able to access the most appropriate EE resources for their needs. LCE claims that when making recommendations to customers about programs to enroll in, they will clearly communicate who the pertinent program implementers are to their customers and will coordinate with other program administrators to provide LCE customers with the most accurate, up-to-date materials on available programs, thus accommodating and supporting regional and statewide programs.

Auditing and Reporting

When performing annual financial audits, LCE currently uses generally approved auditing practices specific to government entities, which are publically available and will be provided to the Commission on request. They add that once their EE plan is certified and the programs begin, their current auditing procedures will be extended to include EE program administrative data. LCE also claims that they will also complete all regulatory filings and reports as directed by the Commission and that these documents will provide the results of program efforts that can be evaluated against the performance metrics identified by LCE.

EM&V Protocols

According to LCE, studies they lead will be performed by third-parties according to the process of Energy Division oversight of IOU EM&V projects as detailed in LCE's EE EM&V Plan. LCE will be subject to the same protocol as the IOUs for Energy Division impact evaluations to determine actual energy savings, benefits, costs, and goal achievement as

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defined in D.05-01-055. LCE estimates costs of \$49,500 during the three-year program to perform market and process evaluations.

LCE claims that any of their EM&V efforts will draw upon data from program databases, program descriptions, implementation plans, surveys, interviews, marketing collateral, work papers and actual energy savings at the meter developed for or used during program implementation. Objectives identified by LCE include, but will not be limited to:

1. Comparing program efforts in Lancaster to efforts for other programs.
2. Evaluating the successes, failures, and replicability of programs.
3. Evaluating the differences and unique qualities within Lancaster and determine how best to respond. Do they match original data collection and estimates prior to program launch?

Performance Metrics

LCE offers the following Performance Metrics to judge progress toward meeting the goals and objectives of the Commission adopted in the EE Strategic Plan and LCE's municipal service goals, including:

1. Progress toward becoming a zero-net energy city.
2. Program energy savings.
3. Tracking and serving hard-to-reach customers.
4. Cost-effectiveness calculations.
5. Percentage of customers audited who install at least one program measure.
6. Percentage of recommended measures installed by customers.
7. Evaluation, Measurement, and Verification process, tracking, and incorporation into program design.

NOTICE

LCE states this advice letter was mailed and distributed in accordance with General Order 96-B, Section IV. As required by General Order 96-B, Section IV LCE served these advice letters to the relevant parties on the A.17-01-013 and R.13-11-005 service lists.

COMMENTS AND RESPONSES

On November 1, 2017, SoCalREN filed comments on LCE's AL 5-E and on November 2, 2017, SCE filed comments on LCE's AL 5-E. On November 9, 2017, LCE replied to the comments filed by SoCalREN and SCE. All comments and LCE's reply to the comments were timely filed.

SoCalREN Comments:

SoCalREN's comments included three main points about LCE's AL 5-E. First, they state that LCE's filing reminds them of the challenges with the growth of CCAs administering EE programs and the overlap of programs that will increasingly be commonplace. They suggest that the Commission faces and should consider many key questions in preparation for many new EE program administrators through CCA requests, including: a) scale as a function of cost effectiveness, b) avoiding dilution of the portfolio, c) managing an acute escalation in resource burdens on Commission staff, d) and the creation of a durable, flexible on-ramp mechanism for CCAs.²⁴

Second, SoCalREN states that there are established CCAs who demonstrate successful pathways that appear to incorporate growth, scale, opportunity and risk principles into their implementation efforts. They point to Marin Clean Energy and Sonoma Clean Power as successful models for CCAs. SoCalREN claims that Marin Clean Energy has administered a small but effective EE portfolio and benefited along with other program administrators by participating in the California Energy Efficiency Coordinating Committee (CAEECC) process.²⁵ Sonoma Clean Power has completed a number of renewable energy installation projects, while operating a fully self-funded EE portfolio.²⁶ SoCalREN concludes that well-informed planning and vetting are essential to successful portfolio-integration and implementation of CCA EE plans.²⁷

²⁴ SoCalREN Comments, pg 2.

²⁵ Ibid

²⁶ Ibid

²⁷ Ibid.

Finally, SoCalREN strongly recommends that the Commission require that LCE's EE plan be vetted through the stakeholder process at CAEECC prior to submission to the Commission.²⁸ SoCalREN adds that this recommendation aligns with recent EE decisions, such as D.16-08-019, and with requests from stakeholders that all implementers of EE should be evaluated through a public and transparent process.²⁹ In addition, and to account for resources, SoCalREN recommends that the LCE's EE plan is evaluated through CAEECC after the currently filed business plans are approved. They conclude that once the business plans are approved LCE could avail itself of the unique support and guidance offered through CAEECC.³⁰

SCE Comments:

SCE included four major points in their comments to LCE's AL 5-E. First, SCE states approval of LCE's EE Plan program should align with the Commission's decision and timing of approval for the current EE business plans.³¹ SCE states that CAEECC was envisioned by the Commission to provide input into the development of business plans prior to and throughout the drafting process. Thus, SCE recommends prior to approval of LCE's proposal, LCE engage CAEECC to acquire additional stakeholder input.³² They believe that engaging CAEECC would allow the opportunity for stakeholder "input into development and revision of metrics for inclusion in business plans and implementation plans as intended by the Commission."³³

Second, SCE requests that funding for LCE should coordinate and align with the Commission's decision and timing on other EE program administrators' business plans.³⁴ SCE cites D.16-08-019, which the Commission ordered Marin Clean Energy and any other CCAs proposing business plans to coordinate with the other EE program administrators in filing their business plans.³⁵ They add that since the business plans haven't been approved,

²⁸ Ibid.

²⁹ Ibid.

³⁰ Ibid.

³¹ SCE Comments, pg 2.

³² Ibid.

³³ Ibid.

³⁴ Ibid.

³⁵ Ibid.

there is still no clear direction on program proposals. This lack of clarity includes funding for LCE's proposed programs.³⁶ SCE concludes that to allow for better alignment with the Commission's business plan decision, the Commission should align LCE's program funding with the approval of SCE's EE Business Plan.³⁷

Third, SCE also requests that LCE should abide by EM&V data definition for small business customers. SCE states that LCE defines small commercial using a threshold of 200 kW or less monthly, which is higher than SCE's threshold definition of 20 kW or less monthly for small business customers.³⁸ SCE claims LCE should abide by existing EM&V definitions and update hard to reach net-to- gross assumptions for the program.^{39,40}

Finally, in their fourth major point, SCE believes that LCE should develop new labor and materials cost estimates to calculate the cost-effectiveness of its Small Commercial Direct Install Program. LCE uses SCE's labor and materials costs from SCE's 2017 annual EE budget advice letter "due to the direct territorial relationship between SCE's existing program"⁴¹ and LCE's program. SCE agrees that they do share a territorial relationship with LCE, but that LCE's labor and material costs may not be the exactly the same as SCE. SCE adds that since this assumption may have an impact on the program's cost effectiveness, they recommend that LCE develop labor and material cost estimates specific to their program.⁴²

LCE's Responses:

LCE rejects the assertion by SoCalREN and SCE that they are required to engage in the CAEECC process and SCE's assertion that the funding should be coordinated with the timing of SCE's Business Plan approval.⁴³ LCE claims that to engage in this resource intensive process is unnecessary for an initial filing to elect to administer EE their EE plan.⁴⁴ They add

³⁶ Ibid.

³⁷ Ibid.

³⁸ Ibid.

³⁹ SCE Comments, pg 3.

⁴⁰ LCE uses a net-to-gross of 0.85 which applies to hard to reach customers for Commercial Direct Install.

⁴¹ LCE AL 5-E, pg 5.

⁴² SCE Comments, pg 3.

⁴³ LCE Reply Comments, pg 2.

⁴⁴ Ibid.

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that Senate Bill 790 modified Section 381.1 to provide CCAs a simpler route to elect to administer EE programs, in which a Tier 3 AL was sufficient and thus do not need to file an application or participate in CAEECC.⁴⁵ LCE adds that despite their decision to pursue the elect to administer option, LCE recognizes the value of stakeholder input and solicited input from SCE, SoCalREN and ORA.⁴⁶

In response to SCE's assertion that LCE should update their hard to reach net-to-gross to align with SCE's EM&V definition for small business as business that use under 20 kW or less monthly, LCE responds that SCE and other program administrators also offer direct installation services for businesses using under 200 kW monthly.⁴⁷ LCE adds that they intend to target small businesses under 20 kW monthly, but will set the upper limit to 200 kW.⁴⁸ LCE claims the net-to-gross values used in their cost effectiveness input file were derived from approved workpapers or from the Database for Energy Efficiency Resources and are aligned with current industry standards for direct install for small commercial measures.⁴⁹

In response to SCE's assertion that LCE should develop labor and material costs for their Small Commercial Direct Install program rather than use SCE's estimates, LCE states that new and non-IOU program administrators are at a distinct disadvantage for gaining useful data to inform these calculations.⁵⁰ However, LCE expects to be able to develop such estimates subsequent to running the program.⁵¹

LCE claims that SoCalREN, while not providing discussion related to LCE AL 5-E, appears to advocate for a new proceeding. LCE responds that they are following an existing process from D.14-01-033 and that any consideration of further rulemaking is immaterial to the certification of LCE's plan.⁵²

⁴⁵ Ibid.

⁴⁶ Ibid.

⁴⁷ See PG&E, SCE and SDG&E small and medium commercial direct install programs.

⁴⁸ LCE Reply Comments, pg 2.

⁴⁹ LCE Reply Comments, pg 3.

⁵⁰ Ibid.

⁵¹ Ibid.

⁵² Ibid.

Finally, SoCalREN provided comments on successful CCA growth models without any discussion of LCE, from which one might infer that LCE may not be operating with long term stability in mind. LCE claims that they have proven their commitment to sustainable growth with other programs, such as their Electric Vehicle Action Plan.⁵³ LCE concludes that like other successful CCAs in California, LCE is capable of meeting the demands and protocols of the Commission, as evidenced in LCE AL 5-E.⁵⁴

DISCUSSION

Review of Funding Request

First, the Commission notes that in the formula for a CCA's maximum funding to elect to administer EE programs, the applicable IOU portfolio budget should include funding from the most recently authorized program cycle, see below:

“CCA maximum funding = Total electricity energy efficiency non-bypassable charge collections from the CCA's customers – (total electricity EE non-bypassable charge collections from the CCA's customers * % of the applicable IOU portfolio budget that was dedicated to statewide and regional programs **in the most recently authorized program cycle**).”⁵⁵

The last time the Commission approved a budget for SCE was in in SCE's EE 2017 Budget AL 3465-E-B in the amount of \$316,058,001,⁵⁶ instead of the \$282,323,155 used by LCE in AL 5-E-A. To determine the percentage of the total amount of the non-bypassable funds for their EE plan that LCE is eligible for the Commission staff categorized what programs and budgets are “statewide” and “regional” programs and excluded from the calculation for a CCAs maximum funding.

The Commission determines that the following SCE program are “statewide”: the Statewide Residential Energy Efficiency Program; the Statewide Commercial Energy Efficiency Programs; the Statewide Industrial Energy Efficiency Program; the Statewide Agricultural Energy Efficiency Program; the Lighting Program; the Integrated Demand Side Management

⁵³ Ibid.

⁵⁴ Ibid

⁵⁵ D.14-01-033, pg 22.

⁵⁶ SCE AL 3654 E-B, excluding budget for SoCalREN.

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Program; the Statewide Finance Program; the Codes and Standards Program; the Emerging Technology Program and the Workforce Education and Training Program. The total budget for programs considered “statewide” is \$252,208,478. The “regional” programs include the Third Party Programs that serve SCE’s entire service territory and the Institutional and Government Core Energy Efficiency Partnerships. The total budget for these programs is \$48,510,611. Finally, geographically restricted programs that are included for determining the percentage of LCE’s non-bypassable funds that can be used for their EE Plan includes the Local Government Partnerships and the Third Party program Enhanced Retrocommissioning. These programs have a total budget of \$15,338,001.⁵⁷

To determine LCE’s maximum EE funding the Commission divided the total budget of the programs that are not categorized as “statewide” or “regional” by SCE’s total EE budget or \$15,338,001 divided by \$316,058,001, to get a percentage of the budget not categorized as “statewide” or “regional”, which is 4.9%. Finally, we multiplied 4.9% by the total electricity EE non-bypassable charge from LCE customers which is \$23,979, 513 to get the maximum funding that LCE can request of \$1,174,996 over the three year period, based on sales forecasts provided by LCE.⁵⁸

Resolution E-4518 approved the budget request by Marin Clean Energy in their proposal to elect to administer their EE plan, even though the request by Marin Clean Energy exceeded the formula for the maximum funding that a CCA can request. The decision to approve Marin Clean Energy’s requested budget was based on the rationale that the actual sales collected by CCA customers could exceed their projected sales in their budget request.⁵⁹ However, no subsequent Commission decision has issued guidance on whether a CCA can exceed the maximum funding in the formula most recently issued in D.14-01-033 or an acceptable range that a CCA budget request can exceed the formula and still have their budget request approved. For these reasons, we approve a budget of \$1,174,996 for LCE to administer their EE plan.

⁵⁷ See Appendix A Table 1 “SCE Total Portfolio Budget Breakdown by Funding Category” for a breakdown of how the Commission categorized SCE’s EE programs.

⁵⁸ See Appendix A Table 2 “Calculation of LCE Maximum Funding.”

⁵⁹ See Resolution E-4518, pg 10, in which the Commission approved budget request from Marin Clean Energy (then known as Marin Energy Authority) of \$428,270 even though Commission staff determined based on the funding formula Marin Clean Energy was eligible to only receive about \$379,249.

Review of Compliance with Section 381.1 (f) Criteria**Consistency with Goals in Sections 381.1 and 399.4**

Section 381.1 encourages the administration of cost-effective EE and conservation programs by CCAs that advances the public interest and accommodates the need for broader statewide and regional programs. Section 399.4 (a) states that prudent EE investments should continue to be made in order to “produce cost-effective energy savings, reduce customer demand, and contribute to the safe and reliable operation of the electric distribution grid.”

Consistent with the guidance on cost-effectiveness in Sections 381.1 and 399.4(a), the LCE EE plan forecasts the achievement of cost effective reductions in energy and demand. The Small Commercial Direct Install program is estimated to save 517 kW in gross demand and 338 kW in net demand, 1.9 million kWh of gross savings and 1.3 million kWh in net savings over three years. While not claiming savings, the Energy Advisor program is designed to encourage LCE customers to undertake EE improvements and inform them of addition programs offered by program administrators, and thus is likely to increase program uptake and savings for program administrators’ residential EE programs operating in LCE’s service territory.

Section 399.4(b)(1) states that, in evaluating energy efficiency investments, the Commission shall require that:

“If a customer or contractor is the recipient of a rebate or incentive offered by a public utility for an energy efficiency improvement or installation of energy efficient components, equipment, or appliances in a building, the public utility shall provide the rebate or incentive only if the customer or contractor certifies that the improvement or installation has complied with any applicable permitting requirements, including any applicable specifications or requirements set forth in the California Building Standards Code (Title 24 of the California Code of Regulations), and, if a contractor performed the installation or improvement, that the contractor holds the appropriate license for the work performed.”

LCE claims that their programs will fulfill the requirements of Section 399.4(b)(1) by requiring that for their rebate program, the customer or contractor must certify that any installation has

complied with permitting requirements as set forth in the California Building Standards Code.⁶⁰

Section 399.4(c) states “the commission, in evaluating energy efficiency investments under its statutory authority, shall also ensure that local and regional interests, multifamily dwellings, and energy service industry capabilities are incorporated into program portfolio design and that local governments, community-based organizations, and energy efficiency service providers are encouraged to participate in program implementation where appropriate.”

LCE’s Small Commercial Direct Install program serves a hard to reach market. The Energy Advisor program also serves the local efforts in LCE’s service territory by both encouraging LCE customers to make EE improvements and informing the customers about and advancing EE programs offered by other program administrators in their territory. Thus the Commission is convinced that the efforts of LCE’s EE plan sufficiently meet the achievable requirements of 399.4(c) given that they have two program offerings

Section 399.4(d)(2) states that the commission, in a new or existing proceeding, shall review and update its policies governing energy efficiency programs funded by utility customers. In updating its policies, the commission shall, at a minimum do all of the following:

1. “Authorize market transformation programs with appropriate levels of funding to achieve deeper energy efficiency savings.”
2. “Authorize pay for performance programs that link incentives directly to measured energy savings. As part of pay for performance programs authorized by the commission, customers should be reasonably compensated for developing and implementing an energy efficiency plan, with a portion of their incentive reserved pending post project measurement results.”
3. “Authorize programs to achieve deeper savings through operational, behavioral and retro commissioning activities.”

⁶⁰ LCE AL 5-E, pg 13.

Commission staff interprets Section 399.4(d)(2) to refer to the ratepayer funded EE portfolio as offered throughout the state and not require every individual Program Administrator's EE offerings to meet all the policies outlined in Section 399.4(d)(2). The EE portfolios as offered by California's ratepayer funded Program Administrators throughout the state meet these objectives and thus so would LCE's EE plan. Additionally, LCE does propose an Energy Advisor program, which would be classified as behavioral activity to achieve deeper savings.

Therefore, we certify that LCE's EE plan has demonstrated compliance with the criteria set forth in Section 381.1(f)(1).

Advances the public interest in maximizing cost-effective electricity savings and related benefits

The forecasted Total Resource Cost and Program Administrator Cost test for LCE's EE plan as filed meets the minimum threshold for cost effectiveness of a CCA who elects or applies to administer EE programs for the first three years. Therefore, we certify that LCE's EE plan has demonstrated compliance with the criteria set forth in Section 381.1(f)(2).

Accommodation of Statewide and Regional Programs

Accommodation of statewide and regional programs as defined in D.14-01-033 includes the clear requirement that "a CCA should include in its plan marketing and branding strategies to minimize customer confusion, and to otherwise distinguish between CCA programs and any similar statewide or regional programs that may also be ongoing."⁶¹

For their EE programs LCE intends to clearly distinguish the two programs as unique programs and offer them exclusively to LCE customers. LCE adds that program marketing will be targeted to LCE customers as well as clearly describing which ratepayers will be eligible to participate in their programs.

LCE states that marketing and branding for the Energy Advisor program will target only LCE customers. However, they acknowledge that the resulting interactions will include communications from LCE to their customers about participating in both statewide and regional program offered by SCE, SoCalGas and SoCalREN. LCE states that in

⁶¹ D.14-01-033, pg 29.

communications with their customers LCE will clearly communicate who is the relevant program implementer of a specific offering and coordinate with other program administrators to provide LCE customers with the most accurate, up-to-date materials on available programs. To avoid customer confusion with potentially overlapping commercial direct install programs, LCE proposes to be the only administrator of the Small Commercial Direct Install program for LCE customers, thus removing LCE customers' eligibility from SCE's Small and Medium Commercial Direct Install program.

The Commission believes that LCE has provided sufficient information that their marketing materials will clearly distinguish their two EE programs from other Program Administrators' programs and will target only LCE customers.

While SCE has a direct install program for the commercial sector that may overlap with the LCE proposal, the Commission believes there are a few important reasons and differences in the program approaches to justify LCE's program. First and most importantly LCE's small and medium business customers do not appear to be underserved by the SCE program. For instance in the 2018 Annual Budget AL SCE proposes a budget of over \$21 million⁶² for their Small and Medium Commercial Direct Install program and latest Program Implementation Plan projects annual uptake in their Small and Medium Commercial Direct Install program to reach 11,000 in 2014.^{63,64} However, despite the large budget and projected uptake for SCE's Small and Medium Commercial Direct Install program, less than 300 Lancaster customers received retrofits through the SCE program in 2014 and 2015 combined,⁶⁵ while LCE projects that their program will complete 775 retrofits for LCE customers within three years of the approval of LCE's EE plan.

Second, in Commission staff's review of both SCE and LCE's description of their programs, the proposed LCE Small Commercial Direct Install and SCE's Small and Medium Commercial Direct Install indicates that the programs offer different EE measures to eligible customers. In SCE's Program Implementation Plan for their Small and Medium Commercial

⁶² SCE AL 3654-E-A, Attachment F, Table 14.

⁶³ SCE's Customer Energy Efficiency and Solar Division Program Implementation Plans 2013-14, pg 345.

⁶⁴ Note that in the 2018 Annual Budget Advice Letter there is only a Commercial Direct Install Program listed, but in the 2017 SCE Business Plan and Program Implementation Plans the program is called Small and Medium Commercial Direct Install and in none of the these filings in their any mention of SCE's commercial direct install targeting large commercial.

⁶⁵ LCE AL5-E, pg 4.

Direct Install the only eligible measures include: Lighting; Heating, Ventilation and Air Conditioning; and Refrigeration.⁶⁶ While LCE's Small Commercial Direct Install program will offer lighting, HVAC and refrigeration, but also proposes offering smart power strips.⁶⁷

In addition, LCE acknowledges that SCE and other program administrators also offer direct installation services for businesses using under 200 kW monthly.⁶⁸ However, LCE claims that their program intends to target small businesses under 20 kW monthly, but will set the upper limit to 200 kW.⁶⁹ Commission staff was unable to find who SCE's targeted customers are in terms of energy usage or type of small and medium commercial customer. Also, SCE did not assert in their comments that LCE's proposed Small Commercial Direct Install program was duplicative of their own program.

For these reasons the Commission believes that there is sufficient evidence that the LCE Small Commercial Direct Install program should be approved on the grounds that LCE small commercial customers in their territory could benefit from LCE's proposed program and the program is not duplicative of SCE's program.

Finally, the Commission believes that the greatest challenge will be for the LCE staff or contractors who support the Energy Advisor program to clearly differentiate the programs available to customers and correctly direct the customer to other programs offered by different program administrators who serve the city of Lancaster. However, LCE's proposal seems sufficient as long as the LCE staff or contractors interacting with the customers are sufficiently trained about the programs offered LCE and other program administrators' offerings. Thus, we certify that LCE has met the criteria set forth in Section 381.1(f)(3).

Auditing and Reporting

Decision 14-01-033 states that a "CCA should conduct financial and management audits of its energy efficiency programs and provide a copy of the audits to the Commission upon request. The financial audit will consist of a review of the financial statements of the CCA's

⁶⁶ SCE's Customer Energy Efficiency and Solar Division Program Implementation Plans 2013-14, pg 343.

⁶⁷ LCE AL 5-E, pg 6.

⁶⁸ See PG&E, SCE and SDG&E small and medium commercial direct install programs.{provide a link]

⁶⁹ LCE Reply Comments, pg 3.

EE operations to determine that the statements are accurate, complete, and consistent with Commission policy and standard accounting practices. The management audit will assess the CCA's management procedures and the effective use of resources in implementing their EE portfolio."⁷⁰

When performing annual financial audits LCE currently uses generally approved auditing practices specific to government entities, which are publicly available and will be provided to the Commission on request. LCE adds that once their EE Plan is certified and the programs begin, current auditing procedures will be extended to include EE program administrative data. They also claim that they will also complete all regulatory filings and reports as directed by the Commission. These documents will provide the results of program efforts that can be evaluated against the performance metrics identified by LCE, including adherence to cost-effectiveness requirements. Thus the Commission certifies that the LCE is compliant with the auditing and reporting requirements set forth in Section 381.1(f)(4).

EM&V Protocols

D.14-01-033 requires the CCA to establish its own EM&V protocols. The Commission's role is to certify that a CCA's plan includes EM&V protocols. That said, the Commission encourages CCAs to use the same EM&V requirements that apply to other energy efficiency program administrators. In its advice letter, the CCA should describe clearly and completely the EM&V protocols it will use.⁷¹

In analyzing LCE's EM&V plan it is clear that they understand the roles of the Energy Division and Program Administrator and which types of evaluations each are responsible for completing. LCE also states that they will adhere to the same protocol as the IOUs for Energy Division's impact evaluations to estimate actual energy savings, benefits, costs, and goal achievement, as directed in D.05-01-055. LCE requests a budget of \$49,500 during the three-year program to conduct process evaluations to qualitatively evaluate the program and market.⁷² The amount requested is appropriate as it is under the 4% cap for EM&V considering LCE's requested budget. The Commission certifies LCE's EM&V protocols as set forth in Section 381.1(f)(5).

⁷⁰ D.14-01-033, pg 29.

⁷¹ Ibid.

⁷² LCE AL 5-E, pg 15.

Performance Metrics

D.14-01-033 states that “the CCA should provide reports that meets the requirements and format the Commission has established for IOUs and RENs, as set forth in the Policy Manual Version V.”⁷³ The process for developing Program Performance Metrics (performance metrics) is described in Appendix 2 of D.09-09-047. The proposed performance metrics shall comply with the following principles:

1. The metrics shall be designed for simplicity and cost effectiveness when considering data collection and reporting requirements.
2. Integrated metrics shall be developed for programs that employ more than one technology or approach, such as whole building programs.
3. Program models and logic should be dynamic and change in response to external, e.g., market conditions, and internal conditions.
4. The metrics shall link short-term and long-term strategic planning goals and objectives to identified program logic models.
5. Performance metrics shall be maintained and tracked in the EEGA database (or a similar database to be determined under the guidance of Commission staff).

LCE’s plan identifies the following items as performance metrics:

1. Progress toward becoming a zero-net energy city.
2. Program energy savings.
3. Tracking and serving hard-to-reach customers.
4. Cost-effective calculations.
5. Percentage of customers who install at least one program measure.
6. Percentage of recommended measures installed by customers.
7. Evaluation, Measurement and Verification process, tracking and incorporation into program design.

LCE’s list suggests it has at least one performance metric for each of the five objectives listed in paragraphs (1) to (5) of Section 381.1(f) and complies with D.09-09-047, Appendix 2, processes for developing performance metrics. The metrics submitted by LCE could be

⁷³ D.14-01-033, pg 30.

improved, especially in providing a clearer metric that states how “the metrics shall link their short-term and long-term strategic planning goals and objectives to identified program logic models.”

However, Resolution E-4518, which approved Marin Clean Energy’s request for certification to elect to administer its EE plan also found similar problems with a lack of clarity for the proposed metrics and suggested that the metrics could have been improved by identifying the units of measurement that will be used to determine them.⁷⁴ That resolution concluded that these “subtle changes do not lead us to deny MCE’s request for certification of its plan; while recognizing that improvements could be made.”⁷⁵ Similarly, we determine that LCE’s metrics could be improved, but sufficient enough to not deny LCE’s request for certification, as it has met the criteria set forth in Section 381.1(f)(6).

Analysis of Party Comments and LCE Reply Comments

LCE Should Engage the CAEECC Process

The Commission agrees with LCE that because they have elected to administer ratepayer funded EE programs and have not filed an application that includes a business plan requesting long term EE plans and funding they have met their obligations by filing a Tier 3 AL with the Commission.⁷⁶ In the current EE proceeding R.13-11-005, there is no mention that a CCA electing to administer EE programs must participate in CAEECC or follow the approval process of other Program Administrators who filed business plans.

Therefore, we do not require LCE participate and receive input from the CAEECC before the Commission decides on whether to approve or reject their EE plan. However, we do encourage LCE to participate in stakeholder groups, like CAEECC. Finally, if LCE does file an application to administer EE programs, we would expect that LCE would follow the same protocols as all the other program administrators who filed business plans and work through the CAEECC process.

⁷⁴ Resolution E-4818, pg 18.

⁷⁵ Resolution E-4818, pg 18.

⁷⁶ D.14-01-033 OP 6 states that a CCA who “elects to administer” shall file their proposed EE plan via a tier 3 AL.

The Commission Should Defer Adoption of the LCE EE Implementation Plans until after the Business Plans are Approved

The Commission does not find compelling SCE and SoCalREN's argument compelling that the Commission should wait until the business plans are approved before considering the LCE AL, because LCE is only requesting funding to administer their EE plan over a three year period. However, this should not be interpreted as a precedent and in other cases the Commission may determine that a CCA proposed EE plan will require greater coordination with other program administrator's business plans before considering the CCA's EE plan to administer ratepayer funded EE. We also disagree with SCE's assertion that the Commission should wait until the approval of the SCE business plan in order to "align" LCE's program funding with the approval of their business plan. SCE has a current authorized budget for 2018 of \$333 million⁷⁷ and should be able to adjust to LCE's request for an annual budget of under \$400 thousand to fund their two EE programs.

LCE Should Abide by EM&V Data for their Small Commercial Direct Install Program

SCE states that since LCE define small commercial buildings for its programs using a threshold monthly use of 200 kW instead of SCE's threshold definition small commercial of 20 kW, LCE should update their net-to-gross assumptions for their Small Commercial Direct Install program. LCE responds that they will target buildings using under 20 kW monthly, but will offer services to businesses using under 200 kW monthly. For now, we will allow the LCE Small Commercial Direct Install program utilize a 0.85 net-to-gross; however the program should be monitored and later evaluated to determine if a 0.85 net-to-gross is appropriate or a default net-to-gross for small and medium commercial direct install. Thus, the Commission will not adopt SCE's request that LCE update their net-to-gross for the program at this time. However, if after evaluation results it is determined that the program's net-to-gross is too high Energy Division can later update the program's net-to-gross ration.

LCE Should Develop Labor and Material Cost Estimates

The Commission agrees with SCE that the labor and materials cost estimates in LCE's Small Commercial Direct Install program may differ from SCE's labor and materials cost estimates in SCE's program. However, the Commission also understands that new program

⁷⁷ Includes EM&V budget not included in the formula in D.14-01-033 for maximum funding a CCA can request.

administrators are at a distinct disadvantage to have this data by county, city or other jurisdictions. In the interim and until LCE can develop labor and materials cost estimates that are more accurate and applicable to the city of Lancaster, we believe utilizing SCE's labor and material costs estimates is a reasonable approach.

Initial Framework for CCAs and CCA Growth Models

The Commission appreciates SoCalREN's suggestion that the Commission consider a number of key questions in order to prepare for the evolution of the EE portfolios and the introduction of a new large and diverse class of program administrators and their example of stable growth models being use by current CCAs is well taken. This issue is beyond the scope of this AL and should be considered in the EE rulemaking R.13-11-015.

FINDINGS:

1. Lancaster Choice Energy exercised its election right under Public Utilities Code Section 381.1(e) and (f) and D.14-01-033 by submitting its Energy Efficiency Program Administration Plan as a Tier 3 advice letter to the Commission and serving it on all parties in R.13-11-005 and A.17-01-013 on October 13, 2017 and filed a supplemental advice letter on January 12, 2018
2. Decision 14-01-033 adopted methodology and definition of terms to determine the maximum amount of eligible funding Community Choice Aggregators may elect to administer.
3. Using the adopted methodology from D.14-01-033 of the maximum amount of funds Lancaster Choice Energy would be eligible to collect funds for the administration of their its Energy Efficiency Program Administration Plan in the amount of \$1,174,996.
4. Decision 14-01-033 provided further guidance to a Community Choice Aggregators who elect to administer energy efficiency programs on how to seek Commission approval to elect to administer ratepayer funded energy efficiency programs without filing a formal application. The decision adopted the processes in Public Utilities Code Section 381.1(e) – (g) and the June 20, 2012 Administrative Law Judge's ruling in R.09-11-014.

Lancaster Choice Energy AL 5-E and AL 5-E-A/NS2

5. Lancaster Choice Energy's Energy Efficiency Program Administration Plan was approved by its governing board and contains the plan's funding requirements, a program description, a cost-effectiveness analysis, and the duration of the program.
6. To administer their Energy Efficiency Program Administration Plan, Lancaster Choice Energy seeks \$1,244,482 in funds collected by Southern California Edison from Lancaster Choice Energy's customers through non-bypassable charges (specifically, the Procurement Energy Efficiency Revenue Adjustment Mechanism and the Public Purpose Program Revenue Adjustment Mechanism).
7. Lancaster Choice Energy's requested funding is denied and the Commission directs Southern California Edison to transfer \$1,174,996 to Lancaster Choice Energy to implement their Energy Efficiency Program Administration Plan.
8. Lancaster Choice Energy's Energy Efficiency Program Administration Plan is consistent with the goals of the programs established pursuant to Public Utilities Code Sections 381.1, 399.4 and D.14-01-033 and therefore meets the Public Utilities Code Section 381.1 (f)(1) criteria.
9. Lancaster Choice Energy's Energy Efficiency Program Administration Plan forecasted Total Resource Cost meets the required cost effectiveness threshold.
10. Lancaster Choice Energy's Energy Efficiency Program Administration Plan meets the Public Utilities Code Section 381.1(f)(3) criteria.
11. Lancaster Choice Energy's Energy Efficiency Program Administration Plan meets the Public Utilities Code Section 381.1(f)(4) criteria.
12. Lancaster Choice Energy's Energy Efficiency Program Administration Plan includes evaluation, measurement and verification protocols established by the Community Choice Aggregator. Lancaster Choice Energy's energy efficiency evaluation, measurement and verification proposal therefore meets the Public Utilities Code Section 381.1(f)(5) criteria.
13. Lancaster Choice Energy's Energy Efficiency Program Administration Plan therefore meets the Public Utilities Code Section 381.1(f)(6) criteria.

THEREFORE IT IS ORDERED THAT:

1. Lancaster Choice Energy's Energy Efficiency Program Administration Plan, as submitted on October 13, 2017, is certified pursuant to Public Utilities Code Section 381.1(f).
2. Southern California Edison shall transfer to Lancaster Choice Energy \$1,174,976, which Commission staff determined was the maximum funding Lancaster Choice Energy could request utilizing the Commission adopted formula in D.14-01-033.
3. Within 10 days of the approval of this resolution Southern California Edison shall transfer \$372,341 to Lancaster Choice Energy cover their first year budget request. Within a year of the first transfer Southern California Edison shall transfer \$401,317.50 to Lancaster Choice Energy to cover Lancaster Choice Energy's second year budget request. Similarly, to cover the third year budget request by Lancaster Choice Energy, Southern California Edison shall transfer \$401,317.50 to Lancaster Choice Energy within a year of the second transfer. After Lancaster Choice Energy is transferred the initial funds they shall proceed with implementing and reporting on their Energy Efficiency Program Administration Plan.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on April 26, 2018; the following Commissioners voting favorably thereon:

ALICE STEBBINS
Executive Director

APPENDIX A**Table 1. SCE Total Portfolio Budget Breakdown by Funding Category**

	SCE budget request in AL 3465-E or the 2017 Annual Budget AL	* SCE budget request in AL 3465-E or the 2017 Annual Budget AL
Program Category	Budget Excluded	Budget Included
Statewide	\$238,875,478	\$0
EM&V	\$13,333,000 ⁷⁸	\$0
3P - No Geographic restrictions	\$39,864,156	\$0
3P – Geographic restrictions	\$0	\$1,509,260 ⁷⁹
LGP	\$0	\$13,829,652
LG Institutional	\$7,546,685 ⁸⁰	\$0
Total Included	\$15,338,001	
Total Portfolio	\$316,058,001	
% Included	0.048	
% Excluded	0.952	

Table 2. Calculation of LCE Maximum Funding

LCE Maximum Funding	Total Electricity EE Non-bypassable Charges from LCE Customers	% of SCE's Budget Not Dedicated to Statewide and Regional Programs
\$ 1,174,996.14	\$23,979,513	4.9%

⁷⁸ According to D.14-01-033, pg 25 EM&V is considered "Statewide Program."⁷⁹ The Third Party Program that has geographic restrictions is Enhanced Retromissioning.⁸⁰ According to D.14-01-033, pg 25, LG Institutional Partnerships are considered "Regional Programs."