



UPLAND CITY COUNCIL

AGENDA

March 11, 2019

City Council Chamber

**DEBBIE STONE, MAYOR
JANICE ELLIOTT, MAYOR PRO TEM
RICKY FELIX, COUNCILMEMBER
RUDY ZUNIGA, COUNCILMEMBER
BILL VELTO, COUNCILMEMBER**

**JEANNETTE VAGNOZZI, CITY MANAGER
JAMES L. MARKMAN, CITY ATTORNEY**

DISRUPTION OF MEETINGS

Individuals who demonstrate disruptive conduct during City Council meetings that prevent the City Council from conducting its meeting in an orderly manner are guilty of a misdemeanor as stated in PC403, disrupting a public meeting, and are subject to removal from the chamber or arrest.

6:00 PM - Closed Session

- 1. CALL TO ORDER AND ROLL CALL**
- 2. ADDITIONS-DELETIONS TO AGENDA**
- 3. ORAL COMMUNICATIONS**

This is a time for any citizen to comment on item listed on the closed session agenda only. Anyone wishing to address the legislative body is requested to submit a speaker card to the City Clerk at or prior to speaking. The speakers are requested to keep their comments to no more than three (3) minutes. The use of visual aids will be included in the time limit.

- 4. CLOSED SESSION**

A. CONFERENCE WITH LEGAL COUNSEL- ANTICIPATED LITIGATION

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of California Government Code Section 54956.9: 1 case.

7:00 PM

5. INVOCATION

Pastor Julius West, Sunergeo Christian Fellowship Church

6. PLEDGE OF ALLEGIANCE

7. PRESENTATIONS

Introduction of Fire Battalion Chief Jason Serrano by Assistant Chief Birchfield

Recognition of Volunteers Responsible for the Green Belt Park Improvements

Historic Downtown Upland Invitation to the Irish Festival

8. CITY ATTORNEY

9. ORAL COMMUNICATIONS

This is a time for any citizen to comment on any item listed on the agenda only. Anyone wishing to address the legislative body is requested to submit a speaker card to the City Clerk at or prior to speaking. The speakers are requested to keep their comments to no more than three (3) minutes. Speakers will be given five (5) minutes during public hearings. The use of visual aids will be included in the time limit.

10. COUNCIL COMMUNICATIONS

11. CONSENT CALENDAR

All matters listed under the Consent Calendar are considered to be routine and will be enacted by one roll call vote. There will be no separate discussion of these items unless members of the legislative body request specific items be removed from the Consent Calendar for separate action.

A. APPROVAL OF WARRANT AND PAYROLL REGISTERS FEBRUARY 2019

Approve the February Warrant Registers and Direct Disbursements (check numbers 24032-24367) totaling \$5,575,107.27 and Payroll Registers totaling \$1,167,423.73 (check Numbers 160511-160543 and EFTs 13297-13790). (Staff Person: Londa Bock-Helms)

B. APPROVAL OF MINUTES

Approve the Regular Meeting Minutes of February 25, 2019 and the Special Meeting Minutes of March 4, 2019. (Staff Person: Keri Johnson)

C. YEARLY SOFTWARE SUPPORT FOR POLICE CAD/RMS

Authorize the City Manager to execute a one year Software Support Agreement with Tritech in the amount of \$94,236.87 for continued software support of police computer aided dispatch software. (Staff Person: Richard Jeganathan)

12. PUBLIC HEARINGS

13. COUNCIL COMMITTEE REPORTS

- A. SPECIAL INVESTMENTS COMMITTEE MEETING, FEBRUARY 27, 2019
- B. ECONOMIC DEVELOPMENT COMMITTEE MEETING, MARCH 4, 2019

14. BUSINESS ITEMS

- A. CONTINUED DISCUSSION OF AN APPOINTMENT TO THE PERSONNEL BOARD OF REVIEW
Select an appointment from the Employee Associations' nominees, Gifty Beets and Steve Bierbaum; and ratify the appointment to the Personnel Board of Review, term to expire June, 2019. (Staff Person: Keri Johnson)
- B. RESOLUTION APPROVING A PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS BETWEEN THE CITY AND THE SAN ANTONIO WATER COMPANY FOR THE CITY'S PURCHASE OF PROPERTY (A PORTION OF ASSESSOR'S PARCEL NO. 1005-271-03, 1723 N. BENSON AVENUE) TO FACILITATE THE CONSTRUCTION OF A REPLACEMENT 7.5 MG WATER RESERVOIR
Adopt a Resolution approving the purchase and sale agreement and escrow instructions between the City and the San Antonio Water Company for the purchase (by the City) of property to facilitate the construction of a 7.5 MG replacement reservoir (Project No. 9128) for a purchase price of \$1,720,000 and authorize a contingency in the amount of \$30,000. The purchase price will be payable in five annual installments with interest at a rate of 1.88% per annum. (Staff Person: Rosemary Hoerning)
- C. REVIEW OF THE 2018 HOUSING ELEMENT ANNUAL PROGRESS REPORT ON IMPLEMENTATION OF THE GENERAL PLAN HOUSING ELEMENT
Receive comments from the public on the 2018 Housing Element Annual Progress Report, and direct staff to submit the report to the Governor's Office of Planning and Research and the California Department of Housing and Community Development to comply with State Law. (Staff Person: Robert Dalquest)
- D. CONSIDER APPROVAL OF AN AGREEMENT FOR HOMELESS SERVICES COORDINATOR
Approve an Agreement in substantially the form as attached with SBC Pathways to Housing Network for Homeless Services Coordination and authorize the City Manager to execute the Agreement. (Staff Person: Jeannette Vagnozzi)
- E. CONSIDER RENEWAL OF ANIMAL SHELTER AGREEMENT
Provide direction to staff regarding the extension of the lease with Friends of the Upland Animal Shelter for Animal Care & Adoption Services. (Staff Person: Jeannette Vagnozzi)

15. ORAL COMMUNICATIONS

This is a time for any citizen to comment on any item not listed on the agenda. Anyone wishing to address the legislative body is requested to submit a speaker card to the City Clerk at or prior to speaking. The speakers are requested to keep their comments to no more than three (3) minutes. The use of visual aids will be included in the time limit. Public comments and questions for the purpose of hearing current matters of concern in our community and to provide citizens a method for the public to hear those concerns in an open venue is encouraged. However, under the provisions of the Brown Act, the City Council is

prohibited from discussion of items not listed on the agenda, and therefore, the City Council, City Manager, or City Attorney will take communications under advisement for consideration and appropriate response or discussion at a later time.

16. CITY MANAGER

17. ADJOURNMENT

The next regularly scheduled City Council meeting is Monday, March 25, 2019.

NOTE: If you challenge the public hearing(s) or the related environmental determinations in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City of Upland, at, or prior to, the public hearing.

All Agenda items and back-up materials are available for public review at the Upland Public Library, downstairs reference desk at 450 North Euclid Avenue, the City Clerk's Office at 460 North Euclid Avenue and the City website at www.ci.upland.ca.us, subject to staff's ability to post the documents before the meeting.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office, 931-4120. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. [28 CFR 35.102-35.104 ADA Title II]

POSTING STATEMENT: On March 7, 2019 a true and correct copy of this agenda was posted on the bulletin boards at 450 N. Euclid Avenue (Upland Public Library) and 460 N. Euclid Avenue (Upland City Hall).

**MINUTES OF THE REGULAR MEETING OF THE
UPLAND CITY COUNCIL
FEBRUARY 25, 2019**

OPENING

The regular meeting of the Upland City Council was called to order by Mayor Debbie Stone at 6:00 p.m. in the Council Chamber of the Upland City Hall.

1. ROLL CALL

Present: Mayor Debbie Stone, Council Members Janice Elliott, Ricky Felix, Bill Velto, and Rudy Zuniga

Staff: City Manager Jeannette Vagnozzi, City Attorney James L. Markman, and City Clerk Keri Johnson

2. ADDITIONS/DELETIONS TO AGENDA None

3. ORAL COMMUNICATIONS None

4. CLOSED SESSION

At 6:01 p.m. Mayor Stone announced the City Council would recess to Closed Session pursuant to Government Code Section

A. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Paragraph (1) of subdivision (d) of California Government Code Section 54956.9)

Case Name: San Antonio Heights Association v. County of San Bernardino Local Agency Formation Commission et. al. San Bernardino Superior Court Case No. CIVDS 1715504

B. GOVERNMENT CODE SECTION 54956.9 (d) (1) EXISTING LITIGATION
(WORKER'S COMP CLAIM)

Claimant: Judy Jauregui
Agency: City of Upland

C. GOVERNMENT CODE SECTION 54956.9 (d) (1) EXISTING LITIGATION
(WORKER'S COMP CLAIM)

Claimant: Phillip Watkins
Agency: City of Upland

D. GOVERNMENT CODE SECTION 54956.9 (d) (1) EXISTING LITIGATION
(WORKER'S COMP CLAIM)

Claimant: Anthony Yoakum
Agency: City of Upland

E. GOVERNMENT CODE SECTION 54957 - PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: City Attorney

The City Council reconvened in open session at 7:00 p.m.

5. INVOCATION Zayneb Shakely, City of Knowledge School

6. PLEDGE OF ALLEGIANCE Jim Thomas

7. PRESENTATIONS

A Certificate Recognizing the 90th Anniversary of the Placement of the Madonna of the Trail Statue was accepted by Kathy Holloway.

8. CITY ATTORNEY

City Attorney Markman announced there was nothing to report from Closed Session.

9. ORAL COMMUNICATIONS

John Goss, Upland, questioned whether the City had performed due diligence in testing the structure of the reservoir that is in need of replacement.

Sharon Hardin, Upland City Employees Association (UCEA), stated the UCEA had nominated Steve Bierbaum to the Personnel Board of Review and as the association with the largest membership that should be taken into consideration.

Gifty Beets, Upland, introduced herself to the Council and spoke regarding her background and qualifications to serve on the Personnel Board of Review.

Moe Duran, Upland Police Officers' Association, questioned the use of funds set aside in the budget for negotiations and stated dissatisfaction with the negotiation process.

Bob Cable, Upland, questioned the details of the tax sharing agreement with Ford of Upland and whether a small business would receive the same type of agreement. He also stated support for Martha Goss and Shawn Stone to serve on the San Antonio Water Company Board.

Shawn Stone, Upland, stated interest in serving on the San Antonio Water Company Board and provided information on his background and qualifications.

Nick Peelman, Upland Police Officers' Association President, stated dissatisfaction with the negotiations process. He also requested the Council appoint Steve Bierbaum to the Personnel Board of Review.

Dede Ramella, Upland, stated support for the appointment of Martha Goss to the San Antonio Company Water Board.

Glenn Bozar, Upland, commented on the Statement of Decision issued in the San Antonio Heights V. LAFCO lawsuit.

Steve Bierbaum, Upland, provided information on his background and qualifications to serve on the Personnel Board of Review.

10. COUNCIL COMMUNICATIONS

Councilmembers announced various activities throughout the community, including providing an update on the meetings they attended.

11. CONSENT CALENDAR

Councilmember Zuniga removed Consent Calendar Item 11D, and Councilmember Felix removed Consent Calendar Item 11E for separate action. Motion by Councilmember Elliott to approve the remainder of the Consent Calendar, seconded by Councilmember Velto, and carried unanimously.

A. APPROVAL OF WARRANT AND PAYROLL REGISTERS JANUARY 2019

Approved the January Warrant Registers and Direct Disbursements (check numbers 23634-24031) totaling \$7,870,525.23 and Payroll Registers totaling \$1,768,651.89 (check Numbers 160471-160510 and EFTs 12557-13296).

B. APPROVAL OF MINUTES

Approved the Regular Meeting Minutes of February 11, 2019.

C. DESIGNATION OF A DELEGATE TO THE SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS GENERAL ASSEMBLY MEETING

Appointed Councilmember Janice Elliott as the delegate to represent the City of Upland at the Southern California Association of Governments General Assembly Meeting on May 2, 2019.

F. APPOINTMENT OF TRAFFIC SAFETY ADVISORY COMMITTEE MEMBERS

Ratified the following appointments to the Traffic Safety Advisory Committee: Eddie Limbaga, term to expire in December 2020, and Lisa Nassar, term to expire in December 2022.

G. APPOINTMENT TO THE BUILDING BOARD OF APPEALS

Ratified the appointment of Jason Gaudy to the Building Board of Appeals, term to expire in December 2022.

H. APPROVAL OF A PROFESSIONAL SERVICES AGREEMENT FOR BENEFIT BROKER SERVICES

Approved a Professional Services Agreement for benefit broker services with Keenan and Associates; and authorized the City Manager to execute the agreement.

ITEMS REMOVED FOR SEPARATE ACTION

D. APPROVAL OF PARCEL MAP 19856 FOR THE COLONIES PARTNERS, L.P.

Public Works Director Hoerning answered Council's questions regarding traffic circulation and future development of the property.

Development Services Director Dalquest provided additional information regarding the proposed development for the property.

Motion by Councilmember Zuniga to conditionally approve Parcel Map 19856 subject to the recordation of the Ingress/Egress Easement Agreement referenced on the map on the same date as the final map recordation, seconded by Councilmember Felix, and carried unanimously.

E. EMERGENCY PURCHASE AND INSTALLATION OF EQUIPMENT AND PROFESSIONAL SERVICES FOR WATER SYSTEM IMPROVEMENTS

Public Works Director Hoerning answered Council's questions regarding the inspection and assessment of the reservoir, measures that have been taken to prevent catastrophic failure, and the loan process for construction of a new reservoir.

Motion by Councilmember Zuniga to receive and file the status update, seconded by Councilmember Felix, and carried unanimously.

12. PUBLIC HEARINGS

A. CONTINUED PUBLIC HEARING: ALLEY VACATION AT 1148 SAN BERNARDINO ROAD AND ORDER TO VACATE

Public Works Director Hoerning presented the staff report which is on file in the City Clerk's office.

There was discussion on the San Antonio Regional Hospital project and whether there would be public access once the alley was vacated.

Mayor Stone opened the public hearing.

Steven Cable, Upland, compared the project to another project in the City and questioned whether all businesses are required to follow the same guidelines. He also questioned why the property was already fenced off and whether the City would receive any compensation for the property.

Bob Cable, Upland, stated that the alley was already blocked off from public access and it looked like the project was moving ahead of the approval process. He questioned whether the proper procedures had been followed; and requested transparency and fairness.

There being no other speakers, Mayor Stone closed the public hearing.

There was discussion on the existing fencing around the construction area, whether the hospital had received encroachment permits for the project and the City's costs for alley maintenance.

City Attorney Markman clarified that vacating the alley relieved the City of maintenance and liability responsibilities.

Motion by Councilmember Felix to adopt Resolution No. 6481 declaring the order to vacate 20-foot wide alley located at 1147 San Bernardino Road,

approximately 813 linear feet, seconded by Councilmember Velto, and carried unanimously.

13. COUNCIL COMMITTEE REPORTS

14. BUSINESS ITEMS

A. CONSIDER RENEWAL OF LIBRARY AGREEMENT

Administrative Consultant Hal Fredericksen presented the staff report, which is on file in the City Clerk's Office.

Motion by Councilmember Felix to direct staff to negotiate and prepare a draft Agreement for renewal of the existing Agreement with Library Systems and Services, LLC for continued operation of the Upland Public Library, for a period of five years, seconded by Mayor Stone, and carried unanimously.

B. APPOINTMENT TO PERSONNEL BOARD OF REVIEW

City Clerk Johnson presented the staff report, which is on file in the City Clerk's Office.

There was discussion on the qualifications of the nominees.

Motion by Councilmember Elliott to appoint Steve Bierbaum to the Personnel Board of Review; and ratify the appointment, term to expire June, 2019, seconded by Councilmember Zuniga. The motion failed with Mayor Stone, and Councilmembers Felix and Velto opposed.

There was discussion on the number of members in each employee association and which associations nominated Ms. Beets and Mr. Bierbaum.

Motion by Councilmember Felix to table the item for future discussion, seconded by Councilmember Velto, and carried with Councilmember Elliott opposed.

C. MID-YEAR BUDGET FY 2018-19 REVIEW

Finance Officer Bock-Helms presented the staff report, which is on file in the City Clerk's Office.

There was discussion on the timing of revenues received, building maintenance projects, and the current commitment of fund balance. There were suggestions for possible use of the unreserved fund balance.

City Manager Vagnozzi stated that if funds are committed to reserve then it would require a 4/5 vote of the Council to uncommit the funds.

Motion by Councilmember Felix to receive and file the Mid-Year Budget Report for Fiscal Year 2018/19; approve the Proposed Mid-Year Adjustments; and to leave the fund balance unreserved/undesignated, seconded by Councilmember Elliott, and carried unanimously.

- D. CONSIDERATION OF A SECOND AMENDMENT TO THE RESTATED AND AMENDED OWNER PARTICIPATION AGREEMENT BY AND BETWEEN THE CITY OF UPLAND AND FORD OF UPLAND, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY (FORMALLY NAMED PARK PLACE, LLC)

Development Services Director Dalquest presented the staff report, which is on file in the City Clerk's Office.

There was discussion on the history of the project and unforeseen issues that resulted in increased expenses and an extended timeline for construction.

Mark Bertone of Madole and Associates, Inc. spoke regarding the challenges that led to changes in the construction plan.

Jason Annigian, Attorney for Ford of Upland, stated that Ford of Upland was committed to finishing the project and had already met the financial obligation of the tax sharing agreement.

There was discussion on the terms of the tax sharing agreement and changes to the design for the proposed dealership; including less square footage and fewer ancillary buildings.

Motion by Mayor Stone to approve the Second Amendment to the Restated and Amended Owner Participation Agreement between the City of Upland and Ford of Upland, LLC, a California limited liability company, seconded by Councilmember Elliott, and carried with Councilmember Felix opposed.

- E. PROXY FOR SAN ANTONIO WATER COMPANY

Public Works Director Hoerning presented the staff report, which is on file in the City Clerk's Office.

Councilmember Zuniga suggested the Council consider including the appointment of Martha Goss to the San Antonio Water Company for the slate of directors. He further suggested that his appointment to the slate of directors be temporary and he would serve until the Council could find a qualified candidate to replace him.

Motion by Councilmember Zuniga to appoint Tom Thomas as proxy to vote all shares at the annual stockholder's meeting of the San Antonio Water Company for the slate of directors; and to include the appointment of Martha Goss and Councilmember Rudy Zuniga to the proposed Board slate, seconded by Councilmember Elliot, and carried with Mayor Stone opposed.

- F. CREATE TWO AD HOC COMMITTEES

City Manager Vagnozzi presented the staff report, which is on file in the City Clerk's Office.

Motion by Mayor Stone to create an ad hoc committee to discuss facility use with Upland Unified School District; and appoint Councilmembers Felix and

Zuniga, and a staff member to the committee, seconded by Councilmember Felix, and carried unanimously.

Motion by Councilmember Felix to create an ad hoc committee to discuss concerns related to Historic Downtown Upland, seconded by Councilmember Zuniga, and carried unanimously.

15. ORAL COMMUNICATION (items not on the agenda)

Kristine Scott, Public Affairs Manager with Southern California Gas Company, provided an update on SoCal Gas and the importance of natural gas in a balanced energy portfolio.

Steve Scovill, spoke about a recent incident in his neighborhood and the prompt response of Upland Police Department. He further stated the need for more funding for the Police Department.

Lois Sicking Dieter, Upland, spoke in opposition of a proposed cell phone tower installation in McCarthy Park.

Allesandra Lopez, spoke in opposition of a proposed cell phone tower installation in McCarthy Park.

16. CITY MANAGER

17. ADJOURNMENT

At 10:13 p.m., Mayor Stone adjourned in memory of two Upland residents: Hilario Rodriguez, owner of Genoveva's Restaurant and Nicholas O'Laughlin, a San Bernardino County Sherriff's Deputy. The next regularly scheduled City Council meeting is Monday, March 11, 2019.

SUBMITTED BY



Keri Johnson, City Clerk

APPROVED

March 11, 2019

**MINUTES OF A SPECIAL MEETING OF THE
UPLAND CITY COUNCIL
MARCH 4, 2019**

OPENING The special meeting of the Upland City Council was called to order by Mayor Stone at 7:30 a.m. in the City Council Chambers.

ROLL CALL

Present: Mayor Debbie Stone, Council Members Janice Elliott, Ricky Felix, Bill Velto, and Rudy Zuniga

Staff: City Manager Jeannette Vagnozzi, City Attorney James L. Markman and City Clerk Keri Johnson

1. ORAL COMMUNICATIONS

April Flores, Upland City Employees Association President, stated a lack of trust and confidence in the City Manager.

Rami Asad, Upland Employees Association Board Member, spoke regarding an incident of alleged workplace harassment and requested the Council hire a neutral investigator to handle the investigation.

Rick LeBlanc, Upland Employees Association Board Member, requested the Council place the City Manager on administrative leave.

Mark Walters, Upland, requested the Council place the City Manager on administrative leave and appoint a temporary replacement.

Nick Peelman, Upland Police Officers' Association President, stated the City Manager should lead by example and be held to a standard of honesty and integrity.

Moe Duran, Upland Police Management Association President, stated that his association conducted a survey of all members which resulted in a vote of no confidence in the City Manager.

Anthony Kabayan, Upland Police Management Association Vice President, questioned the process for the appointment of the current City Manager and whether it was a competitive selection process; and further, requested the Council review the steps taken in the hiring process.

Ralph Cavallo, Upland, stated support for the City Manager and commented that the City Manager takes direction from the Council regarding labor negotiations.

Steve Bierbaum, Upland, stated a lack of trust in the City Manager and requested the Council place the City Manager on administrative leave.

Terri D. stated concern about the work environment in the City and encouraged the Council to place the City Manager on administrative leave.

Sharon Hardin, Ontario, stated that the issue is not about negotiations, but the leadership of the City.

SPECIAL MEETING MINUTES
UPLAND CITY COUNCIL
MARCH 4, 2019
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City Attorney Markman clarified that while this meeting was regarding a personnel issue; this was not an evaluation of City Manager Vagnozzi, but an evaluation of a process.

At 8:04 a.m. Mayor Stone announced the City Council would recess to Closed Session pursuant to Government Code Section.

2. CLOSED SESSION

Pursuant to California Government Code Section 54957 on the following subject:
PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Title: City Manager

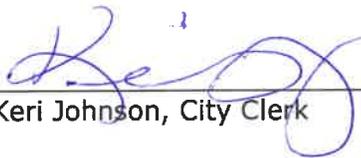
The City Council reconvened in open session at 9:00 a.m.

The City Attorney announced that the closed session discussion was regarding process and no reportable action was taken.

ADJOURNMENT

Mayor Stone adjourned the meeting at 9:01 a.m. The next regular meeting of the City Council is Monday, March 11, 2019.

SUBMITTED BY:



Keri Johnson, City Clerk

APPROVED:

March 11, 2019



STAFF REPORT

ITEM NO. 11.C.

DATE: March 11, 2019
TO: MAYOR AND CITY COUNCIL
FROM: JEANNETTE VAGNOZZI, CITY MANAGER
PREPARED BY: JEANNETTE VAGNOZZI, CITY MANAGER
RICHARD JEGANATHAN, IT MANAGER
SUBJECT: YEARLY SOFTWARE SUPPORT FOR POLICE CAD/RMS

RECOMMENDED ACTION

It is recommended that the City Council authorize the City Manager to execute a one year Software Support Agreement with Trittech Software Systems in the amount of \$94,236.87 for continued software support of police computer aided dispatch software.

GOAL STATEMENT

The proposed action supports the City's goal of providing safe, efficient, and effective law enforcement for the citizens of Upland.

BACKGROUND

In April 2017, the Council approved the Software Support Agreement with Trittech for Computer Aided Dispatch and Records Management System for the Police Department.

Trittech CAD/RMS is the technology platform of the Police Department's primary delivery system of police service to the public. This system is responsible for dispatching all calls for police service(s) and various data gathering, categorizing and reporting. This is a critical public safety requirement for the Police Department and it's very important that a current Software Support contract with Trittech is maintained.

ISSUES/ANALYSIS

The original agreement for the purchase of the software system approved by the City Council included one year of software support with annual renewal required thereafter. The current Software Support Agreement with Trittech expires on March 20, 2019. Therefore, renewal of

the Software Support contract with Tritech is necessary so that software enhancements, troubleshooting of any issues, and general user support will continue.

FISCAL IMPACTS

This item is already budgeted under Information Technology Services. No budget adjustment or additional appropriation is necessary.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

Software Support Agreement
Tri Tech Software Agreement

January 24, 2019

Upland Police Department
Attn: Graham Hendrickson
1499 W. 13th Street
Upland, CA 91786

Renewal of Software Support Agreement

This letter is an important notice to renew your Software Support Agreement for your TriTech System, which is due to expire on March 20, 2019. The renewal of the Software Support Agreement will allow you to continue to take advantage of the software support and maintenance services provided by TriTech Software Systems and allow you to receive upgrades to your TriTech System.

Please complete and sign this Support Renewal Agreement and return it to TriTech along with your payment to assure uninterrupted software support and maintenance services coverage. Action on this Support Renewal Agreement is time sensitive; services to support your system will not be provided if you have not paid your Support Renewal Fee by the Expiration date of your Software Support Agreement.

TriTech Support Services Renewal Agreement Amendment

Client agrees to renew its Software Support Agreement dated April 2017, the terms of which are incorporated by reference herein as though set forth in full, and according to the terms and conditions included herein. Except as modified herein, all other terms and conditions of the Software Support Agreement shall remain in full force and effect. With respect to the content herein, in the event of any conflict between this Software Support Renewal Agreement Amendment and the Software Support Agreement, the terms of this Software Support Renewal Agreement Amendment shall control. **This Support Renewal Agreement Amendment and applicable support fees must be signed, paid and returned by March 21, 2019 to avoid any interruptions in the software support and maintenance services provided by TriTech. Payment of \$94,236.87 for this period is due by March 21, 2019.**

Payment

For your convenience, we have enclosed an invoice for the full amount of the TriTech Support Services Renewal Fees covering 12-month period beginning March 21, 2019 to March 20, 2020.

The Support Renewal Agreement for TriTech Support Services is based upon the following TriTech Software licenses:

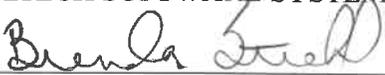
Upland Police Department (CA320)

Product Name	Notes	# of Licenses	Cost per License	Total LicenseCost	Support Term 3/21/19-3/20/20
Inform CAD Browser (A - 1-40 Concurrent Users)		1	9,000.00	9,000.00	2,079.00
Inform CAD Position		5	9,000.00	45,000.00	10,395.00
Inform CAD Routing Server		1	18,700.00	18,700.00	4,319.70
Inform CAD Server Software (A - 1-5 Positions)		1	24,300.00	24,300.00	5,613.30
Inform CAD Test or Training System		1	0.00	0.00	1,683.99
NCIC/State Query Position for Inform CAD		5	450.00	2,250.00	519.75
Standard ANI/ALI Interface		1	8,100.00	8,100.00	1,871.10
Inform CAD Mapping		5	500.00	2,500.00	577.50
Inform CAD Mapping Test or Training		2	500.00	1,000.00	231.00
Inform CAD the Archive Server		1	2,500.00	2,500.00	577.50
Inform CAD The GISLink Utility Position		1	5,000.00	5,000.00	1,155.00
TriTech Message Switch		1	22,000.00	22,000.00	5,082.00
TriTech Message Switch Query Builder		1	20,000.00	20,000.00	4,620.00
TriTech Message Switch Additional Provider	[a]	1	6,750.00	6,750.00	0.00
Standard Inform CAD to Inform CAD Basic Interface (single side)		1	0.00	0.00	0.00
Inform FBR v4.6+ User		15	823.50	12,352.50	2,334.62
Inform RMS v4.6+ Accident		1	11,761.20	11,761.20	2,222.87
Inform RMS v4.6+ Barcode Handheld Reader Software		1	1,552.50	1,552.50	293.42
Inform RMS v4.6+ Equipment Maintenance		1	11,761.20	11,761.20	2,222.87
Inform RMS v4.6+ Evidence and Barcoding		1	11,763.00	11,763.00	2,223.21
Inform RMS GIS (With CAD)		1	0.00	0.00	0.00
Inform RMS v4.6+ Server Software (A - 1-10 Users)		1	13,725.00	13,725.00	2,594.03
Inform RMS v4.6+ Test or Training System		1	0.00	0.00	1,530.90
Inform RMS v4.6+ User		20	1,431.00	28,620.00	5,409.18
NCIC/State Software Position Inform RMS or Jail v4.6+		5	450.00	2,250.00	425.25
Inform Mobile Base Position with CJIS/NCIC Forms		25	900.00	22,500.00	5,197.50
Inform Mobile Server Software (A - 1-40 Positions)		1	13,500.00	13,500.00	2,551.50
Field Ops	[d]	88	120.00	0.00	0.00
Inform Mobile Mapping		25	200.00	5,000.00	1,155.00
CopLink Interface	[b]	1	9,750.00	9,750.00	514.96
CrossRoads Interface		1	9,750.00	9,750.00	1,842.75
Standard Alpha Numeric Paging Interface		1	8,100.00	8,100.00	1,871.10
Subscriptions					
TriTech.com IQ Search (a - 1-10 Concurrent Users)	[a]	1		0.00	0.00
CrimeView Dashboard T5 (50k to 100k)	[c]			0.00	13,576.64
CrimeView Dashboard Data Hosting per Additional Dataset T5 (50k to 100K)	[c]			0.00	1,019.41
CrimeView Advanced Reports Module T5 (20 Users)	[c]			0.00	7,413.86
Crimemapping.com T5 (50k to 100k)	[c]			0.00	1,112.97
Ten8Tech Case Service - Web Only - Subscription	[a]	1		0.00	0.00
Total Support Base Cost:				329,485.40	
				Total Support Renewal Fee:	94,236.87
NOTES:					
[a] Not Live					
[b] prorated 12/10/19 - 3/20/20					
[c] term 6/28/18 - 3/20/20					
[d] support 7/18/18 - 7/17/20 paid with project					

ACCEPTED AND AGREED:

TRITECH SOFTWARE SYSTEMS

Signature



Brenda Stiehl
VP of Finance

Printed Name

Title

Date



9477 Waples St, Suite 100
San Diego, CA 92121

Invoice	INF0000000893
Date	1/24/2019
Page	1

REMIT TO
Tritech Software Systems
P.O. Box 203223
Dallas, TX 75320-3223

Bill To:

Upland Police Dept
1499 W 13th Street
Upland CA 91786

Ship To:

Upland Police Dept
1499 W 13th Street
Upland CA 91786

Purchase Order No.	Customer ID	Salesperson ID	Shipping Method	Payment Terms	Req Ship Date	Master No.
RENEWAL	CA320			Net 30 Days	1/24/2019	65,556
Quantity	Contract Num	Item Number		Term	Unit Price	Ext. Price
1.00	0000009977	I-INFORM CAD Maintenance Contracts Inform Maintenance 19-20	Period:	3/21/2019 - 3/20/2020	\$40,595.94	\$40,595.94
1.00	0000009977	I-INFORM MOBILE Maintenance Contracts Inform Maintenance 19-20	Period:	3/21/2019 - 3/20/2020	\$8,904.00	\$8,904.00
1.00	0000009977	I-INFORM RMS/FBR Maintenance Contracts Inform Maintenance 19-20	Period:	3/21/2019 - 3/20/2020	\$21,614.05	\$21,614.05
1.00	0000009977	OG-CV DASHBOARD HOSTING CrimeView Dashboard Hosting Inform Maintenance 19-20	Period:	6/28/2018 - 3/20/2020	\$14,596.04	\$14,596.04
1.00	0000009977	OG-CV ARM HOSTING CrimeView ARM Hosted Inform Maintenance 19-20	Period:	6/28/2018 - 3/20/2020	\$7,413.86	\$7,413.86
1.00	0000009977	OG-CRIMEMAPPING CrimeMapping.com Inform Maintenance 19-20	Period:	6/28/2018 - 3/20/2020	\$1,112.98	\$1,112.98

Subtotal	\$94,236.87
Misc	\$0.00
Tax	\$0.00
Freight	\$0.00
Trade Discount	\$0.00
Total	\$94,236.87



TriTech Software Systems
9477 Waples Street, Ste. 100
San Diego, CA 92121
Phone: 858.799.7000
Fax: 858.799.7011
www.tritech.com

SOFTWARE SUPPORT AGREEMENT

TRITECH SOFTWARE SYSTEMS

**SOFTWARE SUPPORT AGREEMENT
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SOFTWARE SUPPORT AGREEMENT

Client: The City of Upland, a municipal corporation
Upland Police Department
Address: 1499 W. 13th St.
City, State, Zip: Upland, CA 91786
Phone, Fax: 909.367.9881 / fax:
Contact Name: Chief Brian Johnson

This Agreement is made by and between TriTech Software Systems, a California corporation, referred to herein as "TriTech", with offices at 9477 Waples Street, Ste. 100, San Diego, California 92121 and Client named above, referred to herein as "Client".

A. WHEREAS, TriTech and Client have entered into a System Purchase Agreement dated _____, (the "Purchase Agreement"); and

B. WHEREAS, this Software Support Agreement (this "Agreement") is entered into to provide Software Support for the TriTech Software on an annual basis as further defined herein; and

C. WHEREAS, during the initial term of this Agreement, TriTech shall act as the Prime Contractor for maintenance of the System and shall provide the single point of contact with the Client as further defined herein;

NOW, THEREFORE, in consideration of the terms, promises, mutual covenants and conditions contained in this Agreement, TriTech and Client agree as follows:

1.0 DEFINITIONS

1.1 All capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings given them in the Definitions section of the Purchase Agreement, which section is incorporated by reference herein as though set forth in full.

2.0 TERM AND TERMINATION

2.1 The initial term of Software Support services provided under this Agreement shall begin at first Go Live for the TriTech Software and end twelve (12) months thereafter. Software Support for subsequent annual terms shall be subject to renewal of this Agreement and payment of the renewal Software Support fees. Following the initial term, either party may terminate this Agreement upon written notice to the other party ninety (90) days prior to the end of the then current annual support term. Provided that notice of termination has not been provided, on or

before the expiration of the then current support term, and at each annual anniversary thereof, TriTech shall provide to Client a Software Support Renewal Notice for signature. TriTech reserves the right to change the terms and conditions upon which Software Support shall be offered for renewal terms, subject to written notice to Client.

2.2 Following the initial term of this Agreement, either party shall have the option, upon prior written notice as provided in this section, to terminate support and maintenance for applicable Subcontractor Software which is provided through TriTech as the Prime Contractor. In such event the Client shall enter directly into Support Agreement(s) with the individual Subcontractor(s). In order to provide continuity of support, either party shall notify the other party at least ninety (90) days prior to the end of the initial term of this Agreement of its intentions for continuation through TriTech as the Prime Contractor of support and maintenance for such Subcontractor Software. Support for Subcontractor Software if applicable under this Agreement will be provided in accordance with the applicable Subcontractor's terms for support which are attached hereto at Addendum C.

2.3 Either party may terminate this Agreement upon written notice to the other party in the event that (i) the other party fails to comply with any material term or condition of this Agreement, provided that such failure has not been cured within thirty (30) days receipt of written notice of such failure; or (ii) the other party's business operations are disrupted or discontinued for more than thirty (30) days by reason of insolvency, bankruptcy, receivership or business termination; or (iii) written notice of termination for convenience is provided by one Party to the other Party within ninety (90) days' prior to the end of the then current support term.

2.4 Client may terminate this Agreement without cause upon thirty (30) days' prior, written notice. Prepaid Support fees for the annual term in which such termination occurs will not be refunded.

3.0 SUPPORT FEE(S)

3.1 Software Support fee(s) to be paid by Client for the initial term of this Agreement are established based on the software licenses purchased under the System Purchase Agreement. The Software Support fee for the first renewal term shall be the amount specified in Addendum A hereto, subject to the adjustments as described in 3.2. In the event that this Agreement is terminated due to a claim of infringement pursuant to Section 18.0 of the Purchase Agreement, then TriTech will provide a prorated refund of the Software Support fees paid for the annual term in which this Agreement is terminated.

3.2 Unless otherwise terminated as provided herein, TriTech shall notify Client prior to the end of the initial support term of the Software Support fees for the first renewal term. Unless otherwise agreed in writing, Software Support fees shall be due on or before the commencement of each annual support term and are due for all TriTech Software applications and modules licensed to Client. Software Support fee for the first renewal term and all renewals thereafter shall be subject to increase on an annual basis at a rate of 5%. Additional licenses purchased by Client during any annual support period will result in additional support fees which shall be prorated to be coterminous with Client's then current support period.

3.3 Software Support fees do not include reasonable travel, food or lodging expenses incurred by TriTech for support services provided at Client's site or other locations remote from TriTech's principal place of business, as approved in writing in advance by Client. Such expenses shall be paid by Client on receipt of TriTech's invoice for such expenses. Travel costs submitted for reimbursement will be actual costs, plus a five percent (5%) administrative fee.

3.4 If Client ceases to keep in force an annual Software Support Agreement, any resumption of such annual support shall be subject to payment by Client of all past unpaid Software Support fees in addition to the Software Support fee for the current support year. Payment of applicable fees for any additional services required to bring Client's system current, which fees shall be charged at TriTech's then current rates for such services, shall also be the responsibility of the Client. Client acknowledges and agrees that the preceding clause is reasonable in light of the fact that the expenses incurred and resources devoted by TriTech to further development, enhancement and support of the TriTech Software must be spread over TriTech's client base and fairly shared by all TriTech Software users.

3.5 All amounts due and payable to TriTech hereunder shall, if not paid when due, bear a late charge equal to one and one-half percent (1-1/2 %) per month, or the highest rate permitted by law, whichever is less, from thirty (30) days after their due date until paid. Failure to pay annual Software Support fees when due may result in a notice of termination in accordance with section 2.3.

Remittance Address for Payments Only:

TriTech Software Systems
P.O. Box 203223
Dallas, TX 75320-3223

3.5.1 Payments may be made by check; wire transfer; or Automated Clearing House ("ACH"). TriTech will provide banking information if Client requests to pay by wire transfer or ACH.

3.6 Except for taxes for which Client provides TriTech with written certification of its tax-exempt status, if TriTech is required to collect or pay sales, use, property, value-added, or other such taxes based on the software or services provided under this Agreement, and/or Client's use thereof, then such taxes shall be invoiced to and paid by Client on receipt of such invoice.

4.0 SUPPORT SERVICES, POINT OF CONTACT, AND CODE OF CONDUCT

4.1 TriTech will provide support services as more fully described in Addendum B. Services will be performed in compliance with all applicable local, State, and federal laws, statutes, orders and regulations and applicable industry standards for such services.

4.2 Client shall appoint a principal point of contact with a level of knowledge of the TriTech Software and Client's computer environment to manage the reporting of Software Errors to TriTech in accordance with the Software Error Guidelines and Procedures set forth in Addendum B. TriTech reserves the right to request that Client appoint a replacement point of contact upon reasonable written notice to Client.

4.3 At all times during the term of this Agreement or any renewal period, each party shall ensure that its employees do not engage in a disrespectful, disruptive, demeaning, or otherwise inappropriate or abusive manner in dealing with the other party and its employees. Any such behavior shall be reported to the party's supervisor, manager, or executive as applicable for corrective action. A party's failure to remedy any reported issues related to employee misconduct, including removal of the offending employee from direct contact with the other party, may be cause for termination in accordance with section 2.3 herein.

5.0 SOFTWARE ERROR CORRECTION AND ACCESS

5.1 If, during the term of this Agreement, Client determines that Software Error(s) exist, it will first follow any error procedures specified in the TriTech Documentation. If following the error procedures does not correct the Software Error, Client shall promptly notify TriTech pursuant to the guidelines and procedures described in Addendum B, setting forth the defects noted with specificity requested by TriTech. Upon notification of a reported Software Error, TriTech shall attempt to reproduce and verify the error and, if so verified, will manage the Software Error(s) in accordance with Addendum B. If TriTech is unable to reproduce the Software Error at TriTech's facility, the Client will assist in the research of a support issue including logging or other diagnostic tools as provided by TriTech. TriTech will provide onsite assistance if the Client and TriTech determine that it is necessary for TriTech personnel to travel to Client's site to reproduce the error. If it is determined that reported problem was caused by the TriTech Software, TriTech will be responsible for its travel and related expenses for the onsite visit. In the event that the reported problem is determined to be the result of Equipment, Subcontractor Software or hardware, or System Software not provided by TriTech, or is otherwise not attributable to the TriTech Software Client shall reimburse TriTech for its travel expenses incident to the on-site visit, as well as TriTech's labor related to the on-site visit at its then current hourly rates for technical support and engineering.

5.1.1 If, during the term of this Agreement, Client experiences performance issues with the TriTech Software related to user transaction times (the elapsed time between electronically requesting information [i.e., depressing the "enter" key or mouse button] to the appearance of the data requested on the next screen) that materially degrades the operational use of the TriTech Software, the Client shall notify TriTech in accordance with Addendum B. TriTech will assist the Client to determine the source of the user transaction times issue (TriTech Software, third party products, Client supplied network, etc.). If the related to user transaction times is found to be caused by the TriTech Software, TriTech will use commercially reasonable efforts to resolve the issue according to the Priority status (defined in Addendum B) assigned based on the Subsystem, transaction type, and operational impact on the Client's Users.

5.2 TriTech maintains a Security program for security managing access to Client data – particularly HIPAA and CJIS information. This includes 1) a Pre-employment background check, 2) security training required by Federal CJIS regulations, and 3) criminal background checks/fingerprints required by Federal or State regulations. TriTech will work with the Client to provide required documentation (such as the CJIS Security Addendum Certification form and VPN documents). At all times TriTech shall comply with the data security provisions set forth in Section 11.2 of the Purchase Agreement.

5.3 If required by the Client, TriTech will provide paper fingerprint cards for such Security Approved personnel with the fingerprinting performed in the state of the TriTech staff's job assignment. If the Client requires fingerprints submitted in a form other than paper prints (such as Live Scan) or that such fingerprints be performed at the Client's site, the Client will reimburse TriTech for the cost of TriTech Security Approved Personnel traveling to the Client's site or for a vendor (such as Live Scan) to travel to the applicable TriTech Offices. This provision will apply during the duration of this Agreement.

6.0 SOFTWARE UPDATES

6.1 From time to time at TriTech's discretion, Updates to the TriTech Software and TriTech Documentation will be developed and provided to Client. All Updates to the TriTech Software and TriTech Documentation shall be subject to the terms and conditions of the Purchase Agreement and shall be deemed licensed TriTech Software thereunder. (Updates do not include new versions or separate modules or functions that are separately licensed and priced.)

7.0 LIMITATIONS

7.1 Software Support for the TriTech Software shall be subject to and conditional on Client's implementation and use of a version of the TriTech Software that is the most current general release version thereof that is offered to Client. If Client does not implement the most current general release version when it is made available, TriTech shall only be obligated to provide Software Support for Client's version of the TriTech Software for a period of twelve (12) months thereafter.

7.2 TriTech shall not be obligated to provide Software Support if Client is not current on the payment of all Software Support fees and expenses.

7.3 If any of the following circumstances exist, TriTech shall be entitled to charge additional Software Support fees plus expenses at its then current rates:

7.3.1 Problems in the TriTech Software are caused by modification of the TriTech Software, Subcontractor Software or Hardware, System Software, or Equipment by Client or a third party.

7.3.2 Problems in the TriTech Software are caused by the TriTech Software not being used in accordance with the TriTech Documentation, or other instructions provided by TriTech, or by misuse or neglect.

7.3.3 Problems in the TriTech Software are caused by software not provided by TriTech, not approved by TriTech in writing or not specified as compatible in the TriTech Documentation. (The procedures for loading third party software on a Workstation or Server are set forth in paragraph 7.4 of this Agreement.)

7.3.4 Problems in the TriTech Software are caused by equipment not supplied by TriTech which does not meet the configuration requirements, or Client does not maintain the site and facility as specified in the TriTech Documentation.

7.3.5 Problems in the TriTech Software are caused by one or more computer viruses that have not been introduced into Client's system by TriTech. Client shall maintain up-to-date virus checking software in accordance with TriTech Documentation and shall check all software received from TriTech or any other person or entity for viruses before introducing that software into any part of the TriTech System. If desired by Client, TriTech will provide Updates on media rather than direct downloading to facilitate this virus checking. If, despite such check, a virus is introduced by TriTech, TriTech will provide a virus-free copy of the TriTech Software, and will, at its expense, reload said software on Client's Equipment. Client shall practice reasonable back-up procedures for the TriTech System in accordance with TriTech Documentation.

7.3.6 Problems in the TriTech Software are caused by Subcontractor Software, unless support for Subcontractor Software is provided under this Agreement, or System Software, including, but not limited to, operating system software.

7.3.7 Problems in the TriTech Software are caused by Equipment or software provided by Client or third parties with which the TriTech Software interfaces or operates (including but not limited to Subcontractor Software or Hardware or System Software), including but not limited to problems caused by changes in such Equipment or software.

7.4 If, at any time after installation of the System, Client desires to load on a Workstation or Server any software not provided by TriTech, it shall, before loading such software, follow the procedures regarding third party software compatibility in the TriTech Documentation, and contact the TriTech Customer Service Department at the telephone numbers listed in Addendum B for assistance as required. **Such action shall not constitute approval, express or implied, for the loading of specific software on a Workstation or Server, nor any express or implied warranty, representation or other obligation by TriTech with respect to such software, including but not limited to its suitability, operability or capability to meet Client's needs or expectations.** Client agrees that if the loading of such third party software by Client degrades the performance of the System, Client shall immediately uninstall such software. TriTech shall not be responsible for any obligations or liabilities related to operation or performance of the System, the TriTech Software, Subcontractor Software, or any other item provided by TriTech under this Agreement, including but not limited to any liabilities for damages related thereto in connection with the installation of such third party software.

7.5 TriTech Software Support under this Agreement, or any renewal or extension thereof, shall not include design, engineering, programming, testing, implementation or other services rendered necessary by changes in Subcontractor Software, System Software or Equipment, or in any other hardware, firmware or software provided by third parties or Client ("Third Party Changes"). Any such services shall be subject to additional charges by TriTech and the written agreement of the parties as to the terms and conditions under which such services are rendered. Absent such agreement, TriTech shall be under no obligation, express or implied, with respect to such Third Party Changes.

7.6 Problems in the TriTech Software or transmission of data caused by wireless services, including cell phone carriers, cell phone devices and operating systems, and any personal

settings on the devices are not warranted by TriTech, or covered under the terms of this Agreement. Client's use of services provided by wireless service providers or carriers, or transmission of data from cell phone carriers, cell phones and operating system are at the Client's sole risk.

7.7 Client is responsible for maintaining the required certifications for access to Client's state CJIS system(s), NCIC and/or other local state, federal and/or other applicable systems.

8.0 EQUIPMENT, SUBCONTRACTOR SOFTWARE AND HARDWARE, AND SYSTEM SOFTWARE

8.1 Maintenance and support for Equipment provided under the Purchase Agreement (except as otherwise stated therein) is not included under this Agreement. However, since proper computer equipment maintenance is required for proper system operation, Client shall acquire and keep in force equipment maintenance agreements for the computer and peripheral equipment used to operate the TriTech Software, or to provide such maintenance in-house with qualified personnel. If Client determines that an item of Equipment provided under this Agreement does not perform as provided in the applicable specifications, Client may contact TriTech using the procedures described in Addendum B. TriTech shall thereupon provide Help Desk services to Client with respect to the reported problem and reasonable assistance, as defined in 8.2 below, in determining the cause of the reported problem. Notwithstanding the above, TriTech is not and shall not be a party to such third party maintenance agreements nor shall TriTech have any obligation or liability thereunder.

8.2 Maintenance and support for Subcontractor Software, Subcontractor Hardware, or System Software sold or licensed under the Purchase Agreement shall be subject to and provided in accordance with any maintenance agreements between Client and the suppliers thereof, or other third party maintenance providers, or the provisions of the applicable Subcontract support terms provided hereto at Addendum C if continued annual support for the applicable Subcontractor Software is provided under this Agreement as further defined herein. If Client determines that an item of Subcontractor Software or Hardware, or System Software provided under the Purchase Agreement does not perform as provided in the applicable Specifications, Client may contact TriTech using the procedures described in Addendum B. TriTech shall thereupon provide Help Desk services to Client with respect to the reported problem and provide reasonable assistance to Client in determining the causes of the reported problem. Reasonable assistance consists of an evaluation of the reported problem in order to determine if the problem is being caused by a TriTech Software issue or an issue with a Third Party Item that needs to be addressed by the applicable Vendor. As part of the evaluation process, TriTech will share with the Client non-proprietary information related to the diagnosis such as error messages, database trace information and other information that led TriTech to diagnose the Third Party Item as the likely cause and which may aid the Client in seeking a resolution from the applicable manufacturer or Vendor. For issues involving Windows O/S software (Microsoft) that generally affect the operation of the TriTech Software and are not caused by a Client specific installation or configuration of the O/S, TriTech will work with Microsoft to coordinate the resolution. Notwithstanding the above, TriTech is not and shall not be a party to such third party maintenance agreements nor shall TriTech have any obligation or liability thereunder.

9.0 INDEMNIFICATION AND LIMITATION OF LIABILITY

9.1 TriTech shall indemnify, defend, save, and hold the City of Upland, its elected officials, officers, employees, volunteers, and agents (collectively, "Indemnitees") harmless from any and all claims, lawsuits and/or liability, including attorneys' fees and costs, allegedly arising out of, in connection with, or incident to any loss, damage or injury to persons or property or arising from a wrongful or negligent act, error or omission of TriTech, its employees, agents, contractors, or any subcontractor as a result of TriTech's or any subcontractor's performance pursuant to this Agreement; however, TriTech shall not be required to indemnify Client for any claims or actions caused to the extent of the negligence or wrongful act of any Indemnitee. Notwithstanding anything to the contrary in the foregoing, if a claim, lawsuit or liability results from or is contributed to by the actions or omissions of any Indemnitee, TriTech's obligations under this provision shall be reduced to the extent of such actions or omissions based upon the principle of comparative fault.

9.2 Notwithstanding the foregoing, the total liability of TriTech for any claim or damage arising under this Agreement or renewals thereof, whether in contract, tort, by way of indemnification or under statute shall be limited to (i) direct damages which shall not exceed the Software Support fees paid under this Agreement by Client to TriTech for the twelve (12) month term during which the cause of action for such claim or damage arose; or (ii) in the case of bodily injury, death, or property damage for which defense and indemnity coverage is provided by TriTech's insurance carrier(s), the coverage limits of such insurance. While this Agreement is in force, TriTech shall maintain insurance coverage as set forth in Section 17 of the Purchase Agreement.

9.3 IN NO EVENT SHALL TRITECH BE LIABLE, WHETHER IN CONTRACT OR IN TORT, FOR LOST PROFITS, LOST SAVINGS, LOST DATA, LOST OR DAMAGED SOFTWARE, OR ANY OTHER CONSEQUENTIAL OR INCIDENTAL DAMAGES ARISING OUT OF THE USE OR NON-USE OF THE TRITECH SOFTWARE, OR OTHERWISE RELATED TO THIS AGREEMENT, REGARDLESS OF WHETHER TRITECH HAD KNOWLEDGE OF THE POSSIBILITY OF ANY SUCH LOSS OR DAMAGE.

10.0 DISPUTE RESOLUTION

10.1 The Parties desire to first attempt to resolve certain disputes, controversies and claims arising out of this Agreement or any Addenda hereto before a Party begins litigation. Prior to commencing litigation, at the written request of either Party, the Parties agree to meet onsite at the Client's location as determined by the Parties, and negotiate in good faith to resolve any dispute arising under this Agreement. Each Party shall be responsible for its associated travel costs. If the above negotiations do not resolve the dispute with sixty (60) days of the initial written request, either Party may take appropriate legal action.

11.0 SEVERABILITY

11.1 If any term, clause, sentence, paragraph, article, subsection, section, provision, condition or covenant of this Agreement is held to be invalid or unenforceable, for any reason, it shall not affect, impair, invalidate or nullify the remainder of this Agreement, but the effect thereof shall be confined to the term, clause, sentence, paragraph, article, subsection, section, provision, condition or covenant of this Agreement so adjudged to be invalid or unenforceable.

12.0 FORCE MAJEURE/EXCUSABLE DELAY

12.1 Neither party shall be responsible for failure to fulfill its obligations hereunder or liable for damages resulting from delay in performance as a result of war, fire, strike, riot or insurrection, natural disaster, delay of carriers, governmental order or regulation, complete or partial shutdown of plant, unavailability of Equipment or software from suppliers, default of a subcontractor or vendor to the party if such default arises out of causes beyond the reasonable control of such subcontractor or vendor, the acts or omissions of the other party, or its officers, directors, employees, agents, contractors, or elected officials, and/or other occurrences beyond the party's reasonable control ("Excusable Delay" hereunder). In the event of such Excusable Delay, performance shall be extended on a day for day basis or as otherwise reasonably necessary to compensate for such delay.

13.0 CONSTRUCTION AND HEADINGS

13.1 The division of this Agreement into sections and the use of headings of sections and subsections are for convenient reference only and shall not be deemed to limit, construe, affect, modify, or alter the meaning of such sections or subsections.

14.0 WAIVER

14.1 The failure or delay of any party to enforce at any time or any period of time any of the provisions of this Agreement shall not constitute a present or future waiver of such provisions nor the right of either party to enforce each and every provision.

14.2 No term or provision hereof shall be deemed waived and no breach excused unless such waiver or consent shall be in writing and signed by the party claimed to have waived or consented. Any consent by any party to, or waiver of, a breach by the other, whether expressed or implied, shall not constitute a consent to, waiver of or excuse for any other, different or subsequent breach.

15.0 ENTIRE AGREEMENT

15.1 This Agreement and its Addenda or Amendment(s) represent the entire agreement between the parties hereto and a final expression of their agreements with respect to the subject matter of this Agreement and supersedes all prior written agreements, oral agreements, representations, understandings or negotiations with respect to the matters covered by this Agreement.

16.0 APPLICABLE LAW

16.1 Except to the extent that this Agreement is governed by the laws of the United States, this Agreement shall be governed, interpreted and enforced in accordance with the laws of the State of California without regard to its conflict of law provisions and not including the United Nations Convention on Contracts for the International Sale of Goods if such convention would otherwise be applicable.

17.0 ASSIGNMENT

17.1 TriTech may assign this Agreement entirely in its discretion upon the express written assumption of the obligations hereunder by the assignee.

18.0 NOTICES

18.1 All notices required to be given under this Agreement shall be made in writing by (i) first-class mail, postage prepaid, certified, return receipt, (ii) by regularly scheduled overnight delivery, (iii) by facsimile or e-mail followed immediately by first-class mail, or (iv) by personal delivery, to the address set forth below, or such other address as provided in writing. Such notices shall be deemed given three (3) days after mailing a notice or one (1) day after overnight delivery thereof.

To Client:

Upland Police Department
1499 W. 13th St.
Upland, CA 91786

Attn: Chief Brian Johnson

To TriTech:

TriTech Software Systems
9477 Waples Street, Ste. 100
San Diego, CA 92121

Attn: Contracts

19.0 GENERAL TERMS

19.1 This Agreement shall be binding on and shall inure to the benefit of the heirs, executors, administrators, successors and assigns of the parties hereto, but nothing in this paragraph shall be construed as a consent to any assignment of this Agreement by either party except as provided in the ASSIGNMENT section of this Agreement.

19.2 This Agreement shall not become a binding contract until signed by an authorized officer of both parties, and it is effective as of the date so signed.

19.3 This Agreement may be executed in any number of identical counterparts, and each such counterpart shall be deemed a duplicate original thereof.

19.4 The provisions contained herein shall not be construed in favor of or against either party because that party or its counsel drafted this Agreement, but shall be construed as if all parties prepared this Agreement.

19.5 Whenever the singular number is used in this Agreement and when required by the context, the same shall include the plural, and the use of any gender, be it masculine, feminine or neuter, shall include all of the genders.

19.6 A facsimile of this Agreement, its exhibits and amendments, and notices and documents prepared under this Agreement, generated by a facsimile machine (as well as a photocopy thereof), or a scanned and emailed copy shall be treated as an original.

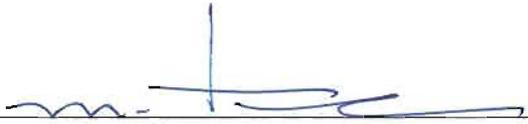
19.7 This Agreement is made for the benefit of the Parties, and is not intended to benefit any third party or be enforceable by any third party. The rights of the parties to terminate, rescind, or agree to any amendment, waiver, variation or settlement under or relating to this Agreement are not subject to the consent of any third party.

SIGNATURE PAGE FOLLOWS

19.8 EACH PARTY'S ACCEPTANCE IS EXPRESSLY LIMITED TO THE TERMS HEREOF AND NO DIFFERENT OR ADDITIONAL TERMS CONTAINED IN ANY PURCHASE ORDER, CONFIRMATION OR OTHER WRITING SHALL HAVE ANY FORCE OR EFFECT UNLESS EXPRESSLY AGREED TO IN WRITING BY EACH PARTY.

CITY OF UPLAND

TRITECH SOFTWARE SYSTEMS


Accepted By (Signature)


Accepted By (Signature)

Martin Thouvenell
Printed Name

Tony Eales
Printed Name

City Manager
Title

Chief Executive Officer
Title

4-25-17
Date

20 April 2017
Date

TRITECH SOFTWARE SYSTEMS


Accepted By (Signature)

Blake Clark
Printed Name

Chief Financial Officer
Title

20 April 2017
Date

ADDENDUM A
SUPPORT FEES

Support fees for the initial term beginning at first Go Live for the TriTech Software and ending twelve (12) months thereafter, are included under the Contract Price in the System Purchase Agreement. Based on the licenses purchased under the System Purchase Agreement, the annual support fee for the first renewal term (to begin 12 months post Go Live) will be \$77,755.18. This amount does not include applicable annual recurring subscription fees which will be invoiced at time of support renewal for convenience.

Prior to the end of the then current support term, and each subsequent annual support term, TriTech will forward an invoice to Client for the annual support fee, which fees are subject to increase in accordance with section 3.2 of this Agreement. An increase in the TriTech Software licenses granted to Client will result in an increase in the Software Support fee.

TriTech's Software Support fees do not include fees for third party applications, or embedded software required, including but not limited to CAD Mapping or Mobile Mapping fees.

Option:

As further defined in Addendum B hereto, standard Software Support for Inform RMS, Inform Jail, Inform FBR, and Inform Fire applications is provided on an 8x5 basis. Support fees for 8x5 support is calculated at a lesser rate than 24x7 support. However, as an optional upgrade, Client may purchase Software Support for these TriTech Software applications on a 24x7 basis (this option is not available for CrimeView or FireView) with the applicable adjustment in support fee. **If this option has been chosen, check the box below:**

- | | |
|---|------------------------------|
| Optional Support Upgrade to 24x7 for Inform RMS | Yes <input type="checkbox"/> |
| Optional Support Upgrade to 24x7 for Inform Jail | Yes <input type="checkbox"/> |
| Optional Support Upgrade to 24x7 for Inform FBR | Yes <input type="checkbox"/> |
| Optional Support Upgrade to 24x7 for Inform Fire | Yes <input type="checkbox"/> |

ADDENDUM B

SOFTWARE ERROR CORRECTION GUIDELINES AND PROCEDURES

(1) All TriTech Software Errors reported by Client's personnel shall be resolved as set forth below. The response and resolution plan will be based upon the Service Level Agreement terms specified below by product. The Client may elect to downgrade the urgency of the issue if the operational impact is not severe. The Client may also request an upgraded response to a lower priority issue if the issue has a significant operation impact by requesting to speak to a supervisor/manager from TriTech's Customer Service Group.

(2) If Client determines a Software Error exists, Client shall immediately notify TriTech by telephone, followed by an error report in writing, setting forth the defects noted with specificity requested by TriTech.

Note (a): Critical Priority and Urgent Software Errors must be reported via telephone at the number listed in the Support Issues Priority and Response Matrix under section (9) below. If Critical Priority or Urgent Priority Software Errors are not reported via the telephone, the stated response and resolution times will not apply.

Note (b): High, Medium, and Lower Priority Software Errors may be reported via email to the address listed in the matrix below, or through TriTech's Support website via the Customer Service portal on TriTech's website.

(3) "Normal Customer Service Hours" (Business Hours) are 7:30a.m. through 7:30p.m. (Central), Monday through Friday, excluding TriTech holidays.

(4) The main support line will be answered by TriTech's Customer Service Department, or TriTech's answering service, depending on the time/day of the call. During Normal Customer Service Hours, a Customer Service Representative will directly answer the support telephone call. If a Customer Service Representative is not available to answer your call during Normal Customer Service Hours, the call will automatically be routed to the TriTech operator. If all Customer Service Representatives are busy, the operator will offer the option to leave a message, or in the case of a Critical Priority problem, as described below, locate a Customer Service Representative.

(5) Following Normal Customer Service Hours, the call will be automatically routed to TriTech's answering service. Any calls routed to the answering service will be escalated to an on-call Customer Service Representative on-call for prompt follow-up and resolution, if required.

(6) During Normal Customer Service Hours, each issue will be assigned a ticket number. This number should be used for all subsequent inquiries relating to the original reported issue. Problems reported after Normal Customer Service Hours will be logged and assigned an issue number the next business day. Enhancement requests should be emailed to support@tritech.com.

(7) TriTech has approved Bomgar as the sole primary form of support connectivity for TriTech's software applications. Bomgar provides for passwords, advanced authentication, encryption and logging that meet or exceed FBI CJIS standards. The data is stored in a secure technology facility meeting FBI standards. The Client has access to log information through the TriTech support ticket management system Client portal on TriTech's website. Backup support connectivity is also required. The Client will ensure there is either reliable cellular coverage or a landline telephone in each physical area in which a Server or interface equipment is located to allow the Client's team to assist in troubleshooting.

(8) Reported software errors will be responded to and resolved in accordance with the Priorities and Response Matrix in Section 9 below. If requested or specified in the response time criteria below, a TriTech representative will return the call in a manner consistent with the priority and order in which the call was received. Client will make every effort to respond to TriTech in a timely fashion when requests are made for follow-up calls or additional documentation on the reported problem.

- a. If a response is not received, or a resolution is not provided in accordance with the Priorities and Response Matrix, the Client may request escalation of the issue in accordance with the TriTech Documentation.

(9) Priorities and Support Response Matrix

The following priority matrix relates to software errors resulting from the TriTech Software as further defined in this Agreement. Causes related to non-covered causes - such as hardware, network, and third party products - are not included in this priority matrix and are outside the scope of this Agreement.

**Inform CAD, Inform Mobile, Inform Me, Inform Browser, Interfaces, and GIS Link
Response Matrix**

Priority	Issue Definition	Response Time
<p>Priority 1 – Critical Priority</p>	<p>24x7 Support for live operations on the production system: A system down event which severely impacts the ability of Users to dispatch emergency units. This is defined as the following:</p> <ul style="list-style-type: none"> ▪ Inform CAD, Inform Mobile, Inform Me, or Interfaces are down as further defined in the Special Note #1 below. ▪ Critical servers inoperative, as listed in Special Note #1 ▪ Complete interruption of call taking and/or dispatch operations ▪ Loss of transactional data & transactional data corruption <p>This means one or more critical server components are non-functional disabling Inform CAD, or Inform Mobile workstations, or disabling Inform Me. These Software Errors are defined in <i>Special Note #1</i>, below.</p>	<p>Normal Customer Service Hours: Telephone calls to 800. 987.0911 will be immediately answered and managed by the first available representative but not longer than 5 minutes.</p> <p>After Normal Customer Service Hours: Thirty (30) minute callback after client telephone contact to 800. 987.0911.</p> <p>Priority 1 issues must be called in via 800. 987.0911 in order to receive this level of response.</p>
<p>Priority 2 – Urgent Priority</p>	<p>24x7 Support for live operations on the production system: A serious Software Error with no workaround not meeting the criteria of a Critical Priority, but which severely impacts the ability of Users to enter incoming calls for service and/or dispatch emergency units. Such errors will be consistent and reproducible.</p> <p>A significant number of the Inform CAD, or Inform Mobile, workstations are negatively impacted by this error (e.g., does not apply to a minimal set of Inform CAD or Inform mobile workstations, or Inform Me users). These Software Errors are defined in more detail in <i>Special Note #2</i>, below.</p>	<p>Normal Customer Service Hours: Telephone calls to 800. 987.0911 will be answered and managed by the first available representative but not longer than 5 minutes.</p> <p>After Normal Customer Service Hours: One (1) hour callback after client telephone contact to 800. 987.0911.</p> <p>Priority 2 issues must be called in via 800. 987.0911 in order to receive this level of response.</p>
<p>Priority 3 - High Priority</p>	<p>Normal Customer Service Hours Support: A Software Error not meeting the criteria of a Critical or Urgent Priority, has a workaround available, but which does negatively impact the User from entering incoming calls for service and/or dispatching emergency units, or perform a common call taking or dispatch function. Such errors will be consistent and reproducible.</p> <p>A significant number of Inform CAD, or Inform Mobile, workstations, or Inform Me users are negatively impacted by this error (e.g., does not apply to a minimal set of workstations or users).</p>	<p>Normal Customer Service Hours: Telephone calls to 800. 987.0911 by the first available representative but not longer than 5 minutes after the initial phone call.</p> <p>High Priority issues may also be reported via support@tritech.com.</p> <p>High Priority Issues are not managed after Normal Customer Service Hours.</p>

Priority	Issue Definition	Response Time
Priority 4 – Medium Priority	Normal Customer Service Hours Support: A Software Error related to a user function which does not negatively impact the User from entering incoming calls for service and/or dispatch emergency units, or perform a common call taking or dispatch function. This includes system administrator functions.	Normal Customer Service Hours: Telephone calls to 800. 987.0911 will be answered and managed by the first available representative but not longer than 5 minutes after the initial phone call Medium Priority issues may also be reported via support@tritech.com . Medium Priority issues are not managed after Normal Customer Service Hours.
Priority 5 – Low Priority	Normal Customer Service Hours Support: Cosmetic or Documentation errors, including Client technical questions or usability questions	Normal Customer Service Hours: Telephone calls to 800. 987.0911 will be answered and managed by the first available representative but not longer than 5 minutes after the initial phone call. Low Priority issues may also be reported via support@tritech.com . Low Priority issues are not managed after Normal Customer Service Hours

Priority	Resolution Process	Resolution Time
Priority 1 – Critical Priority	TriTech will provide a procedural or configuration workaround or a code correction that allows the Client to resume live operations on the production system.	TriTech will work continuously (including after hours) to provide the Client with a solution that allows the Client to resume live operations on the production system. TriTech will use commercially reasonable efforts to resolve the issue as soon as possible and not later than 12 hours after notification.
Priority 2 – Urgent Priority	TriTech will provide a procedural or configuration workaround or a code correction that allows the Client to resume normal operations on the production system.	TriTech will work continuously (including after hours) to provide the Client with a solution that allows the Client to resume normal operations on the production system. TriTech will use commercially reasonable efforts to resolve the issue as soon as possible and not later than 36 hours after notification.
Priority 3 – High Priority	TriTech will provide a procedural or configuration workaround that allows the Client to resolve the problem.	TriTech will work to provide the Client with a resolution which may include a workaround or code correction within a timeframe that takes into consideration the impact of the issue on the Client and TriTech's User base. Priority 3 issues have priority scheduling in a subsequent release.
Priority 4 – Medium Priority	If TriTech determines that a reported Medium Priority error requires a code correction, such issues will be addressed in a subsequent release when applicable.	TriTech will work to provide the Client with a resolution which may include a workaround or code correction in a future release of the software. Priority 4 issues have no guaranteed resolution time.
Priority 5 – Low Priority	Low Priority issues are logged by TriTech and addressed at the company's discretion according to TriTech's roadmap planning process.	There is no guaranteed resolution time for Low Priority issues.

Special Note #1: Priority 1 - Critical Priority issues meeting the previously noted criteria are defined as follows:

1. Inform CAD:
 - a. The Inform CAD System is down and all workstations will not launch or function.
 - b. The Inform CAD System is inoperable due to transactional data corruption caused by TriTech Software.
 - c. The Inform CAD Reporting and Archiving Server is down and the system is configured to use the Reporting Server for dispatching functions (e. g., Premise History).
 - d. Law enforcement users are unable to send or receive justice queries (this priority applies if the functionality is available through no other available methods).
2. Inform Mobile, Inform Me:
 - a. The Inform Mobile System, or Inform Me is down and all unit mobile devices are unable to log in or function.
 - b. The Inform Mobile System is inoperable due to data corruption caused by TriTech Software.
 - c. Law enforcement users are unable to send or receive justice queries (this priority applies if the functionality is available through no other available methods).
3. Inform Browser, and GISLink:
 - a. There are no Critical Priority (Priority 1) issues for these products.

Special Note #2: Priority 2 - Urgent Priority issues, meeting the previously noted criteria, are defined as follows:

1. Inform CAD:
 - a. Inform CAD users are severely impacted due to one of the following conditions:
 - i. Unable to enter new requests for service via the emergency or scheduled call-taking screen.
 - ii. A user is unable to verify an address from within the emergency or scheduled call-taking screen.
 - iii. The inability to view/edit premise or caution note information.
 - iv. The inability to send and receive text messaging (within CAD, CAD to Mobile, or Mobile to Mobile).
 - v. The system does not perform unit recommendations.
 - vi. Inability to assign a unit to an incident.
 - vii. Inability to change a unit's status.
 - viii. Inability to close an incident.
 - ix. Inability to view incident information needed to dispatch an incident.
 - x. Disaster Recovery System, following a test failover is inoperable for more than one (1) business day
2. Inform Mobile, Inform Me:
 - a. Inform Mobile, or Inform Me users are severely impacted due to one of the following conditions.
 - i. Inability to receive new requests for service from Inform CAD.
 - ii. Inability to view incident information needed to dispatch an incident.
 - iii. The inability to send and receive text messaging (within CAD, CAD to Mobile, or Mobile to Mobile).
 - iv. Inability to enter a traffic stop or on-view incident.
 - v. The inability to view premise or caution note information.
 - vi. Disaster Recovery System, following a test failover is inoperable for more than one (1) business day.
3. Inform CAD/Mobile Interfaces:
 - a. An Inform CAD Station Alerting Interface is down or Inform CAD Station Alerting Interface repeatedly fails to process a station alert, as part of a unit assignment, or if there is a reoccurring significant delay in the interface processing a station alert as part of a unit assignment (once it is diagnosed that is not being caused by the station alerting system).
 - b. An Inform CAD Paging Interface is down.
 - c. An interface used for personnel rostering is down.
 - d. A CAD-to-CAD interface is down or repeatedly fails to process information into an incident.
 - e. An Inform CAD Paging Interface repeatedly fails to process a unit alert as part of a unit assignment.
 - f. An ANI/ALI interface repeatedly fails to process information into an incident.
 - g. An interface to an external rostering system used to logon units is down.
 - h. An AVL interface fails to process updates for over 50% of units.
 - i. A mobile interface (MDT or MDC) repeatedly fails to process incident or status change information.
 - j. A Standard CAD to External System Incident Data Transfer Interface License (RMS) is down.
4. Inform Browser:
 - a. Inform Browser is down and no workstations are able to login (unrelated to the Client's network).
5. GISLink:
 - a. There are no Urgent Priority (Priority 2) issues for this product.

Additional Information:

- Disaster Recovery and Training CAD/Mobile Systems do not generally qualify for after Normal Customer Service Hours support. This would change if the Production System has failed over to the Disaster Recovery System or following a test failover it is inoperable for more than one (1) business day, TriTech will work to resolve the problem according to the Priority 2 response and resolution criteria included above.
- Modifications to installed Inform CAD/Mobile Licensed Software that operates with State and National Criminal Justice Information Systems (State CJIS/NCIC) systems to accommodate Government Mandated Changes, as necessary, dictated by State and Federal agencies having authority over these programs will be provided in a subsequent update.

Inform RMS, Inform Jail, Inform FBR, Inform Fire

Priority	Issue Definition	Response Time
<p>Priority 1 – Critical Priority</p>	<p>Normal Customer Service Hours Support for live operations on the production system: A system down event which severely impacts the ability of Users to log on the system, or severely impacts the ability of Users to book or release inmates. This is defined as the following:</p> <ul style="list-style-type: none"> • TriTech Inform RMS, Inform Jail, Inform FBR, or Inform Fire server software inoperative • Loss of ability for all Inform RMS, Inform Jail, Inform FBR, or Inform Fire users to log on to system • Inform Jail system down ▪ Loss of transactional data & transactional data corruption <p>This means one or more critical server components are non-functional disabling Inform RMS, Inform Jail, Inform FBR, or Inform Fire workstations. These Software Errors are defined in <i>Special Note #1</i>, below.</p>	<p>Normal Customer Service Hours: Telephone calls to 800.987.0911 will be immediately answered and managed by the first available representative but not longer than 5 minutes.</p> <p><i>After Normal Customer Service Hours: Unless optional 24x7 support is contracted, support for Inform RMS, Inform Jail, Inform FBR, and Inform Fire is not managed after Normal Customer Service Hours.</i></p> <p><i>If optional 24x7 support is contracted, after Normal Customer Service Hours: Thirty (30) minute call back after Client telephone contact to 800.987.0911.</i></p> <p>Priority 1 issues must be called in via 800.987.0911 in order to receive this level of response.</p>
<p>Priority 2 – Urgent Priority</p>	<p>Normal Customer Service Hours Support for live operations on the production system: A serious Software Error with no workaround not meeting the criteria of a Critical Priority, but which severely impacts the ability of Users from performing a common function, or severely impacts the ability of Users to book or release inmates. Such errors will be consistent and reproducible.</p> <ul style="list-style-type: none"> • Loss of ability for Inform RMS users to enter Case (Incident, Arrest and Custody) records into the system • Loss of ability to transfer Inform FBR Reports • Unable to book or release inmates <p>A significant number of the Inform RMS, Inform Jail, Inform FBR, or Inform Fire workstations are negatively impacted by this error (e.g., does not apply to a minimal set of Inform RMS, Inform Jail, Inform FBR, or Inform Fire workstations). These Software Errors are defined in more detail in <i>Special Note #2</i>, below.</p>	<p>Normal Customer Service Hours: Telephone calls to 800.987.0911 will be immediately answered and managed by the first available representative but not longer than 5 minutes.</p> <p><i>After Normal Customer Service Hours: Unless optional 24x7 support is contracted, support for Inform RMS, Inform Jail, Inform FBR, and Inform Fire is not managed after Normal Customer Service Hours.</i></p> <p><i>If optional 24x7 support is contracted, after Normal Customer Service Hours: One (1) hour call back after Client telephone contact to 800.987.0911.</i></p> <p>Priority 2 issues must be called in via 800.987.0911 in order to receive this level of response</p>

Priority	Issue Definition	Response Time
Priority 3 - High Priority	<p>Normal Customer Service Hours Support: A Software Error not meeting the criteria of a Critical or Urgent Priority, has a workaround available, but which does negatively impact the User from performing a common Inform RMS, Inform Jail, Inform FBR, or Inform Fire function. Such errors will be consistent and reproducible.</p> <ul style="list-style-type: none"> Loss of Non-Critical Data (with "Non-Critical" being defined as not causing an error classified as a P1 or P2 error (above). NIBRS State reporting issues that cause agency reports to exceed State error submission limits UCR reporting multiple occurrence of inaccurate data <p>A significant number of Inform RMS, Inform Jail Inform FBR, or Inform Fire workstations are negatively impacted by this error (e.g., does not apply to a minimal set of workstations).</p>	<p>Normal Customer Service Hours: Telephone calls to 800. 987.0911 by the first available representative but not longer than 5 minutes after the initial phone call.</p> <p>High Priority issues may also be reported via CH_ClientServicesTriage@tritech.com.</p> <p>High Priority issues are not managed after Normal Customer Service Hours.</p>
Priority 4 – Medium Priority	<p>Normal Customer Service Hours Support: A Software Error related to a user function which does not negatively impact the User by preventing routine use of the system. This includes system administrator functions.</p>	<p>Normal Customer Service Hours: Telephone calls to 800. 987.0911 will be answered and managed by the first available representative but not longer than 5 minutes after the initial phone call.</p> <p>Medium Priority issues may also be reported via CH_ClientServicesTriage@tritech.com.</p> <p>Medium Priority issues are not managed after Normal Customer Service Hours.</p>
Priority 5 – Low Priority	<p>Normal Customer Service Hours Support: Cosmetic or Documentation errors, including Client technical questions or usability questions</p>	<p>Normal Customer Service Hours: Telephone calls to 800. 987.0911 will be answered and managed by the first available representative but not longer than 5 minutes after the initial phone call.</p> <p>Low Priority issues may also be reported via CH_ClientServicesTriage@tritech.com.</p> <p>Low Priority issues are not managed after Normal Customer Service Hours.</p>

Priority	Resolution Process	Resolution Time
Priority 1 – Critical Priority	<p>TriTech will provide a procedural or configuration workaround or a code correction that allows the Client to resume live operations on the production system.</p>	<p>TriTech will work continuously (including after hours) to provide the Client with a solution that allows the Client to resume live operations on the production system.</p> <p>TriTech will use commercially reasonable efforts to resolve the issue as soon as possible and not later than 12 hours after notification.</p>

Priority	Resolution Process	Resolution Time
Priority 2 – Urgent Priority	TriTech will provide a procedural or configuration workaround or a code correction that allows the Client to resume normal operations on the production system.	TriTech will work continuously (including after hours) to provide the Client with a solution that allows the Client to resume normal operations on the production system. TriTech will use commercially reasonable efforts to resolve the issue as soon as possible and not later than 36 hours after notification.
Priority 3 - High Priority	TriTech will provide a procedural or configuration workaround that allows the Client to resolve the problem.	TriTech will work to provide the Client with a resolution which may include a workaround or code correction within a timeframe that takes into consideration the impact of the issue on the Client and TriTech's User base. Priority 3 issues have priority scheduling in a subsequent release
Priority 4 – Medium Priority	If TriTech determines that a reported Medium Priority error requires a code correction, such issues will be addressed in a subsequent release when applicable.	TriTech will work to provide the Client with a resolution which may include a workaround or code correction in a future release of the software. Priority 4 issues have no guaranteed resolution time.
Priority 5 – Low Priority	Low Priority issues are logged by TriTech and addressed at the company's discretion according to TriTech's roadmap planning process.	There is no guaranteed resolution time for Low Priority issues.

Special Note #1: Priority 1 - Critical Priority issues meeting the previously noted criteria are defined as follows:

1. Inform RMS:
 - a. The Inform RMS System Server is down and unavailable for queries.
 - b. The Inform RMS is inoperable due to data corruption caused by TriTech Software.
 - c. Law enforcement users are unable to send or receive justice queries and transactions (this Priority applies if the functionality is available through no other available methods within the TriTech Software).
2. Inform Jail:
 - a. The Inform Jail System is down and all workstations will not launch or function.
 - b. The Inform Jail System is inoperable due to transactional data corruption caused by TriTech Software.
 - c. Inform Jail users are unable to book or release inmates.
3. Inform FBR:
 - a. The Inform FBR Server is down and unavailable to process reports.
 - b. The Inform FBR Server is inoperable due to data corruption caused by TriTech Software
4. Inform Fire:
 - a. The Inform Fire Server is down and unavailable to process NFIRS reports.
 - b. The Inform Fire Server is inoperable due to data corruption caused by TriTech Software.

Special Note #2: Priority 2 - Urgent Priority issues, meeting the previously noted criteria, are defined as follows:

1. Inform RMS:
 - a. The inability to create, save, access, or close records.
 - b. The inability to enter property in the evidence module.
 - c. The inability to move a piece of property to another location
 - d. The inability to assign a case to an investigator.
 - e. The inability to create UCR/NIBRS State Reports.
 - f. The inability to complete an expungement on a name record.
 - g. The system does not display active master name alerts.
 - h. The system does not display active warrants for a master name.
2. Inform FBR:
 - a. The inability to create, save, access, or close reports.
 - b. The inability to transfer a report to RMS.
 - c. The inability to provide master resolution during entry.
 - d. A report is unable to complete the approval workflow.
3. Inform Jail:
 - a. Inform Jail users are severely impacted due to one of the following conditions:

CrimeView Desktop, FireView Desktop

Priority	Issue Definition	Response Time
Priority 1 – Critical Priority	There are no Critical Priorities for CrimeView/FireView Desktop.	Not applicable.
Priority 2 – Urgent Priority	<p>Normal Customer Service Hours Support: A serious issue with no workaround that severely impacts the ability of the system to process the data.</p> <ul style="list-style-type: none"> The Import Wizard continuously crashes upon trying to open it. <p>A significant number of the CrimeView Desktop or FireView Desktop workstations are negatively impacted by this issue (e.g., does not apply to a minimal set of CrimeView Desktop or FireView Desktop workstations). This issue is defined in more detail in Special Note #1, below.</p>	<p>Normal Customer Service Hours: Telephone calls to 800. 987.0911 will be immediately answered and managed by the first available representative but not longer than 5 minutes.</p> <p>Urgent Priority issues are not managed after Normal Customer Service Hours.</p> <p>Priority 2 issues must be called in via 800. 987.0911 in order to receive this level of response.</p>
Priority 3 - High Priority	<p>Normal Customer Service Hours Support: A Software Error not meeting the criteria of an Urgent Priority, has a workaround available, but which does negatively impact the User from performing a common CrimeView Desktop or FireView Desktop function. Such errors will be consistent and reproducible.</p> <ul style="list-style-type: none"> Recent data is not available Error message in the Crystal Report Diagnosis of TriTech Desktop software issues and errors Diagnosis of Configuration issues <p>A significant number of CrimeView Desktop or FireView Desktop workstations are negatively impacted by this error (e.g., does not apply to a minimal set of workstations).</p>	<p>Normal Customer Service Hours: Telephone calls to 800. 987.0911 by the first available representative.</p> <p>High Priority issues may also be reported via omega-support@tritech.com</p> <p>High Priority issues are not managed after Normal Customer Service Hours.</p>
Priority 4 – Medium Priority	<p>Normal Customer Service Hours Support: A Software Error related to a user function which does not negatively impact the User by preventing routine use of the system. This includes system administrator functions.</p> <ul style="list-style-type: none"> Annual updates Geocoding issue Licensing Assistance with the setup of TriTech Desktop on a new server and/or user's computer TriTech software updates <p>These are defined in more detail in Special Note #2, below.</p>	<p>Normal Customer Service Hours: Telephone calls to 800. 987.0911 will be answered and managed by the first available representative.</p> <p>Medium Priority issues may also be reported via omega-support@tritech.com.</p> <p>Medium Priority issues are not managed after Normal Customer Service Hours.</p>

Priority	Issue Definition	Response Time
Priority 5 – Low Priority	<p>Normal Customer Service Hours Support: Cosmetic or Documentation errors, including Client technical questions or usability questions</p> <ul style="list-style-type: none"> ▪ Provision of the current TriTech Desktop tutorial (digital format) 	<p>Normal Customer Service Hours: Telephone calls to 800. 987.0911 will be answered and managed by the first available representative but not longer than 5 minutes after the initial phone call.</p> <p>Low Priority issues may also be reported via omega-support@tritech.com.</p> <p>Low Priority issues are not managed after Normal Customer Service Hours.</p>

Priority	Resolution Process	Resolution Time
Priority 1 – Critical Priority	No Critical Priority for CrimeView/FireView Desktop	Not applicable.
Priority 2 – Urgent Priority	TriTech will provide a procedural or configuration workaround that allows the Client to resume normal operations on the import system.	TriTech will work to provide the Client with a solution that allows the Client to resume normal operations on the import system within 48 hours of the call being received.
Priority 3 – High Priority	TriTech will provide a procedural or configuration workaround that allows the Client to resolve the problem.	TriTech will work to provide the Client with a resolution which may include a workaround within a timeframe that takes into consideration the impact of the issue on the Client and TriTech's User base.
Priority 4 – Medium Priority	TriTech will provide a procedural or configuration workaround that allows the Client to resolve the problem.	TriTech will work to provide the Client with a resolution which may include a workaround. Priority 4 issues have no guaranteed resolution time.
Priority 5 – Low Priority	Low Priority issues are logged by TriTech and addressed at the company's discretion according to TriTech's roadmap planning process.	There is no guaranteed resolution time for Low Priority issues.

Special Note #1: Priority 2 - Urgent Priority issues, meeting the previously noted criteria, are defined as follows:

1. CrimeView/FireView Desktop
 - a. The Import Wizard continuously crashes when accessing the Import Wizard extension within ArcCatalog. This does not include ArcCatalog crashing on its own.

Special Note #2: Priority 4 – Medium Priority issues

1. Annual Updates
 - a. Clients are entitled to two (2) saved query updates annually.
 - i. The saved query updates are limited to the saved query groups included within the original application configuration and based on the original source field. Adding a new saved query group(s) or changing the source field will incur an additional cost.
 - b. Saved query updates are by client request when new query values are made available
2. Geocoding issue
 - a. Individual records are not geocoding, this does not include creating new address locators to the profile
3. The software updates includes compatibility with ArcGIS releases but will not be compatible with ArcGIS Desktop 10.5 and beyond due to technical limitation

Not included in support:

- Change RMS/CAD vendor(s)
- RMS/CAD database schema updates (field length, type, size... table name change, etc...)
- Lookup table updates (code/description)
- Crystal Report updates
- GIS source file updates
- Geocoding rate enhancement
- Re-import of historical data
- Change the GIS format (Shapefile, Personal Geodatabase, File Geodatabase, ArcSDE Geodatabase, etc...) of the reference data or Import Wizard output data.
- Add/remove Import Wizard profile fields
- GIS editing
- Other source file integration
- Additional profiles

ADDENDUM C
SUBCONTRACTOR SUPPORT TERMS

(Attached, if applicable)

Not applicable.

**SPECIAL INVESTMENTS COMMITTEE MEETING
FEBRUARY 27, 2019**

CONCLUSION/ACTION SUMMARY

In attendance: Committee Chair Kinley, Committee Members Elliott and Zuniga, and Finance Officer Bock-Helms

- 1) **ORAL COMMUNICATIONS**, None
- 2) **PERIOD ENDING JANUARY 31, 2019 INVESTMENT PORTFOLIO REVIEW**, Victor E. Ume-Ukeje from Piper Jaffray discussed the economic trends and provided the committee with an overview of the City's portfolio.



Special Investments Committee Meeting

February 27, 2019

4:00 PM

Pinky Alder Room - City Hall

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1. ORAL COMMUNICATIONS
 2. PERIOD ENDING JANUARY 31, 2019 INVESTMENT PORTFOLIO REVIEW

NOTE: All Agenda items and back-up materials are available for public review at the Upland Public Library, downstairs reference desk at 450 North Euclid Avenue, the City Clerk's Office at 460 North Euclid Avenue and the City website at www.ci.upland.ca.us, subject to staff's ability to post the documents before the meeting.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at 909.931.4120. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. [28 CFR 35.102-35.104 ADA Title II]

POSTING STATEMENT: On February 21, 2019, a true and correct copy of this agenda was posted on the bulletin boards at 450 N. Euclid Avenue (Upland Public Library) and 460 N. Euclid Avenue (Upland City Hall).



STAFF REPORT

ITEM NO. 2.

DATE: February 27, 2019
TO: INVESTMENTS COMMITTEE
FROM: JEANNETTE VAGNOZZI, CITY MANAGER
PREPARED BY: LONDA BOCK-HELMS, FINANCE OFFICER
SUBJECT: PERIOD ENDING JANUARY 31, 2019 INVESTMENT PORTFOLIO REVIEW

RECOMMENDED ACTION

It is recommended that the Investments Committee receive and file the period ending January 31, 2019, Investment Report as presented by Piper Jaffray & Co.

GOAL STATEMENT

The proposed action supports the City's goal to provide fiscal stewardship for the City of Upland.

BACKGROUND

The City is currently using Piper Jaffray & Co as its broker-dealer. In accordance with the City's Investment Policy (approved June 25, 2018), Piper Jaffrey & Co. (1) has been in existence for more than five years; (2) has provided proof of net capital position in excess of \$100 million; (3) is licensed as a broker-dealer by the State of California; and (4) has a branch office in the State of California.

The City currently has \$50.7 million invested in various instruments, none of which exceed any of the investment policy concentration limits. Our investment goal is to maximize investment income while maintaining adequate liquidity. The City's remaining investable cash balances of approximately \$20.1 million will continue to be held in the Local Agency Investment Fund (LAIF). Balances in LAIF earn a higher interest rate than a regular bank account and yet can be accessed same day if necessary without penalty or loss of income.

ISSUES/ANALYSIS

The period ending January 31, 2019, Investment Report will be presented by a representative from Piper Jaffray & Co.

FISCAL IMPACTS

There is no fiscal impact associated with this action.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

Investment Report 1-31-19

Portfolio Review

Fixed Income | Strategic Analytics



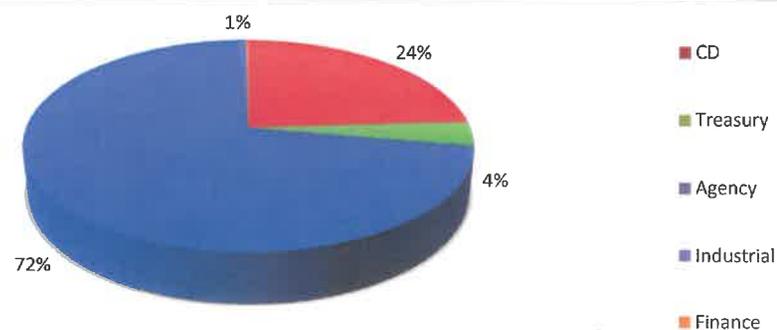
City of Upland
Upland, CA

SAG Account: 41018
Portfolio as of: 1/31/2019
Pricing date: 1/31/2019

Portfolio Characteristics

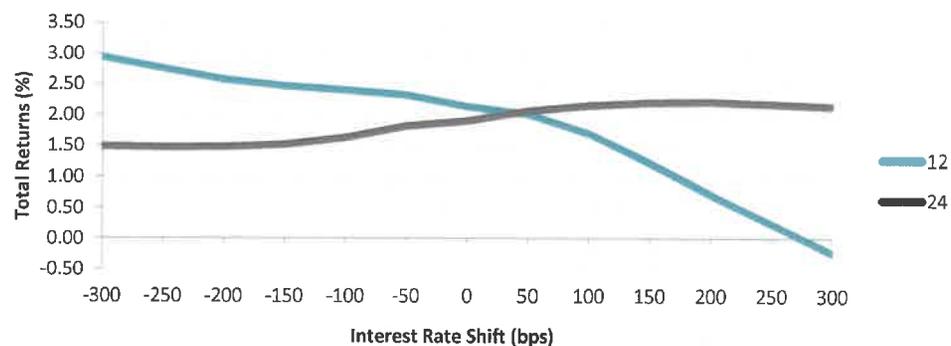
Total Par Value (000)	50,163
Total Market Value w Accrued (000)	50,066
Total Book Value (000)	50,111
Weighted Average Coupon	2.20
Weighted Average Life	1.46
Market Yield	2.60
Book Yield	2.25
Modified Duration	2.03
Effective Duration	1.39
Estimated Total Cash Flow (2-yr, Flat Rate)	36,474
Report Created: 2/21/2019	

Sector Distribution



Return Simulations

Horizon Months



PiperJaffray

REALIZE THE POWER OF PARTNERSHIP.

Portfolio Distribution Report

Portfolio as of: 1/31/2019

Pricing date: 1/31/2019

City of Upland

Maturity	
Years	%
0.00 - 0.99	25.0%
1.00 - 2.99	48.1%
3.00 - 4.99	26.9%
5.00 - 9.99	
10.00 - 19.99	
20+	

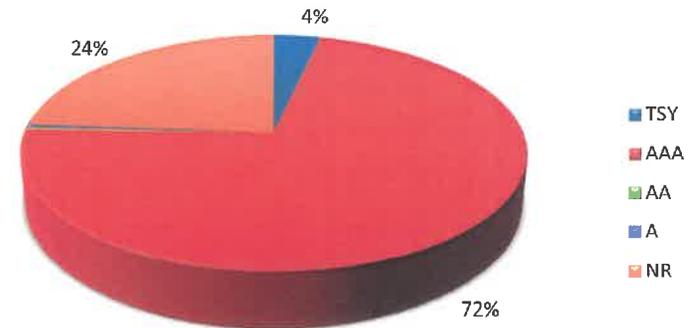
Sector	
Sector	%
Cash	
CD	24.0%
Treasury	3.5%
Agency	71.6%
Pass-Through	
ARM	
CMO	
ABS	
CMBS	
Corporate	0.9%
Industrial	0.7%
Utility	
Finance	0.2%
Municipal	
Provincial	
Sovereign	
Surpranational	
Other	

Quality	
Moody's/S&P	%
TSY	3.5%
AAA	71.8%
AA	0.3%
A	0.4%
BBB	
BB	
B	
CCC	
CC	
C	
D	
NR	24.0%

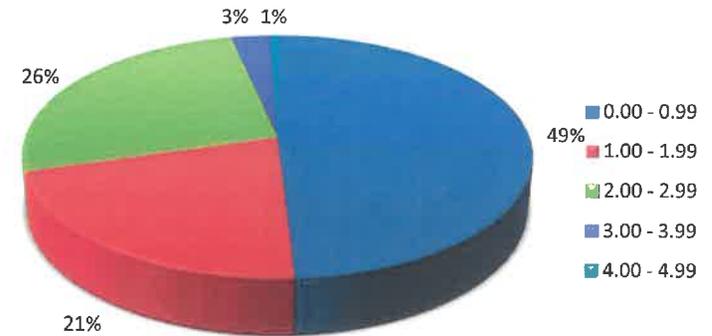
Coupon	
Percent	%
0% - 1%	0.8%
1% - 2%	36.0%
2% - 3%	53.6%
3% - 4%	9.6%
4% - 5%	
5% - 6%	
6% - 7%	
7% - 8%	
8% - 9%	
9% - 10%	
10%+	

Effective Duration	
Years	%
0.00 - 0.99	49.0%
1.00 - 1.99	21.4%
2.00 - 2.99	26.2%
3.00 - 3.99	3.0%
4.00 - 4.99	0.5%
5.00 - 5.99	
6.00 - 6.99	
7.00 - 7.99	
8.00+	

Credit Exposure



Effective Duration Breakdown



Portfolio Sector & Duration Matrix

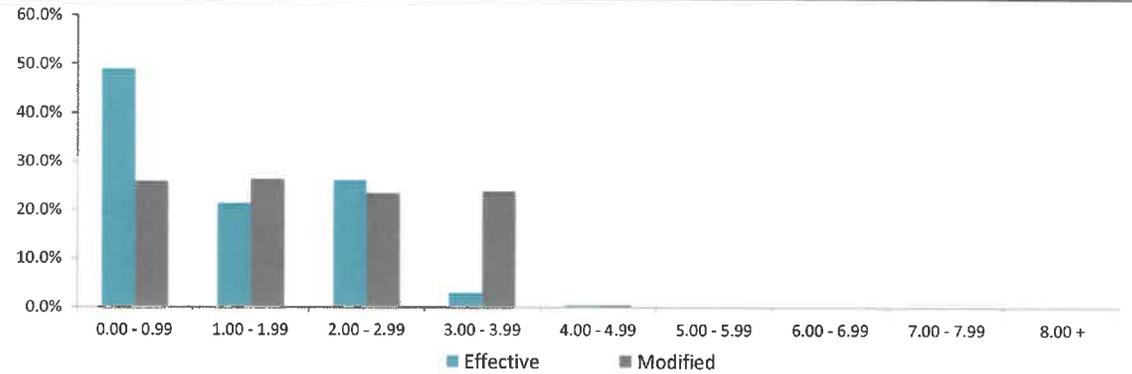
Portfolio as of: 1/31/2019

Pricing date: 1/31/2019

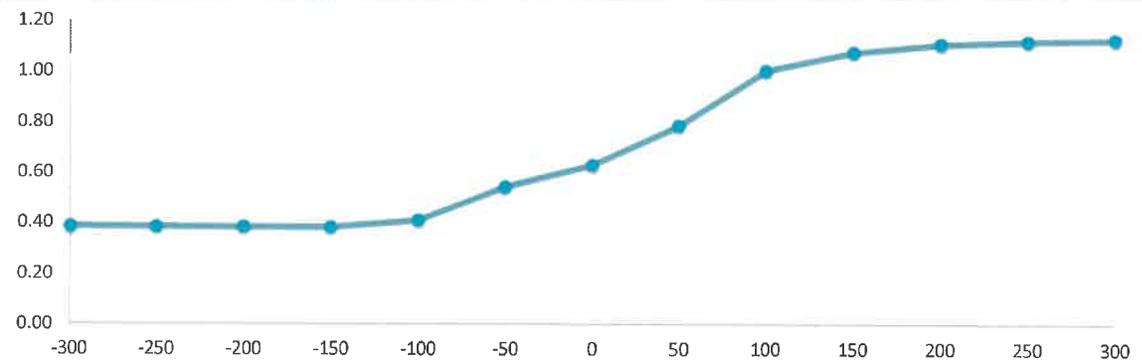
City of Upland

Duration		
Years	Effective	Modified
0.00 - 0.99	49.0%	25.9%
1.00 - 1.99	21.4%	26.4%
2.00 - 2.99	26.2%	23.4%
3.00 - 3.99	3.0%	23.9%
4.00 - 4.99	0.5%	0.5%
5.00 - 5.99		
6.00 - 6.99		
7.00 - 7.99		
8.00 +		

Effective vs. Modified



12 Month Simulations Ending Duration



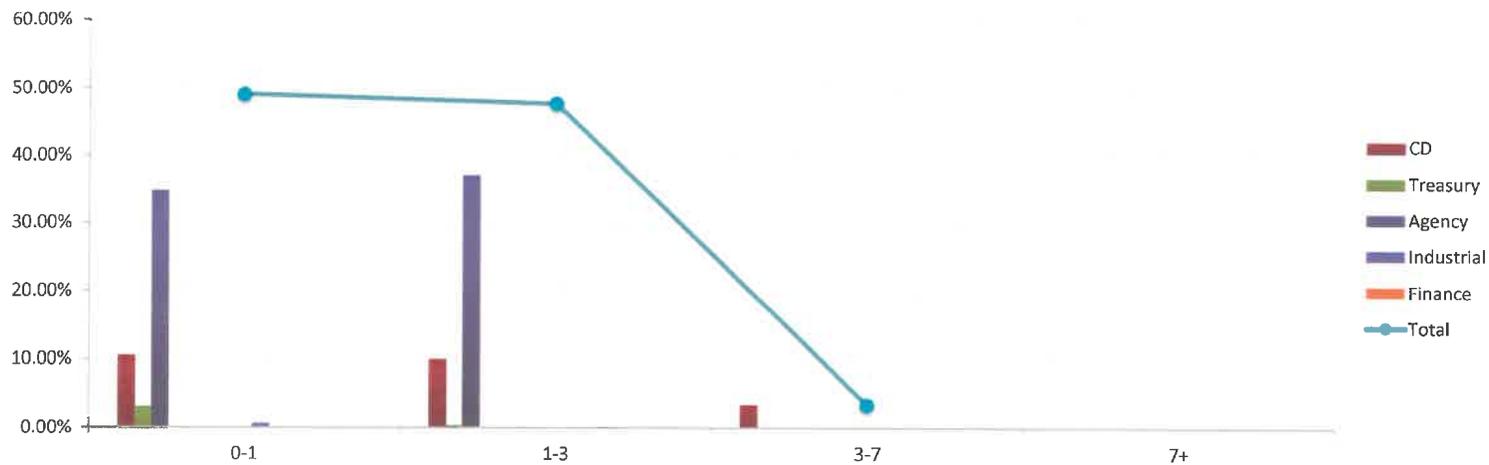
Portfolio Duration Report

Portfolio as of: 1/31/2019

Pricing date: 1/31/2019

City of Upland

Duration Distribution Matrix (Effective Duration)					
	0-1	1-3	3-7	7+	Total
Cash					
CD	10.5%	10.0%	3.5%		24.0%
Treasury	3.1%	0.4%			3.5%
Agency	34.7%	36.9%			71.6%
Pass-Through					
ARM					
CMO					
ABS					
CMBS					
Industrial	0.7%				0.7%
Utility					
Finance		0.2%			0.2%
Municipal					
Provincial					
Sovereign					
Surpranational					
Other					
Total	49.0%	47.5%	3.5%		100.0%



Portfolio Review

Fixed Income | Strategic Analytics

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REALIZE THE POWER OF PARTNERSHIP.

Portfolio Parallel Simulation

Portfolio as of: 1/31/2019

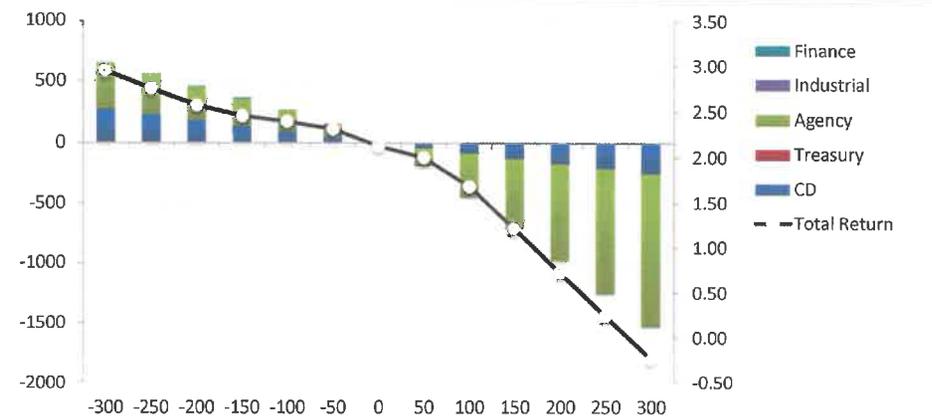
Pricing date: 1/31/2019

City of Upland

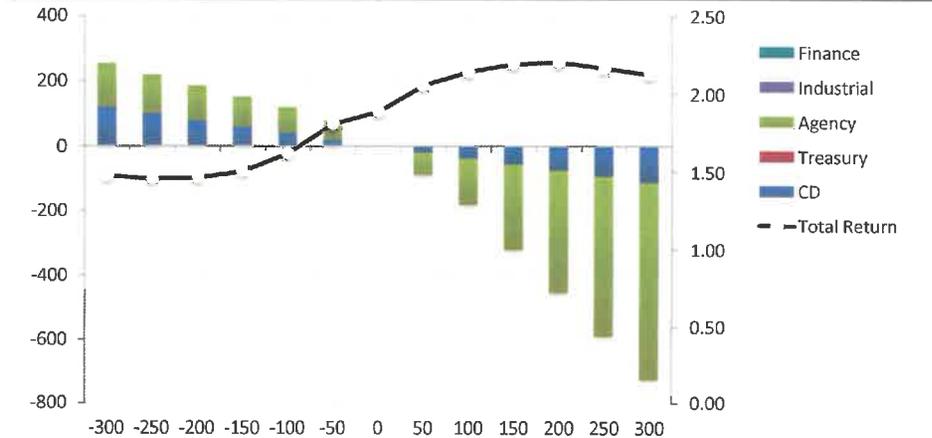
12		Month Horizon				
Yield Δbps	Returns (%)			Average Life	Effective Duration	Market Value (000)
	Total	Income	Price			
-300	2.94	1.78	1.16	0.39	0.38	50,625
-250	2.75	1.80	0.95	0.39	0.38	50,527
-200	2.57	1.82	0.75	0.39	0.38	50,432
-150	2.46	1.87	0.60	0.45	0.38	50,338
-100	2.39	1.96	0.43	0.48	0.40	50,243
-50	2.31	2.01	0.31	0.78	0.54	50,133
0	2.13	2.14	-0.01	0.77	0.62	49,974
50	2.00	2.38	-0.39	0.87	0.78	49,783
100	1.68	2.58	-0.89	1.12	1.00	49,525
150	1.21	2.62	-1.41	1.17	1.07	49,262
200	0.72	2.66	-1.94	1.18	1.10	48,992
250	0.24	2.71	-2.47	1.18	1.11	48,718
300	-0.24	2.74	-2.99	1.20	1.12	48,443

24		Month Horizon				
Yield Δbps	Returns (%)			Average Life	Effective Duration	Market Value (000)
	Total	Income	Price			
-300	1.48	1.28	0.20	0.13	0.13	50,328
-250	1.46	1.30	0.17	0.13	0.13	50,294
-200	1.47	1.34	0.13	0.13	0.13	50,260
-150	1.51	1.41	0.10	0.13	0.13	50,227
-100	1.62	1.55	0.07	0.17	0.14	50,194
-50	1.81	1.74	0.07	0.38	0.24	50,153
0	1.89	1.90	-0.01	0.38	0.29	50,075
50	2.05	2.15	-0.09	0.38	0.35	49,986
100	2.14	2.32	-0.18	0.41	0.38	49,894
150	2.19	2.51	-0.32	0.54	0.48	49,754
200	2.20	2.65	-0.45	0.57	0.53	49,621
250	2.16	2.75	-0.58	0.59	0.54	49,486
300	2.12	2.84	-0.71	0.59	0.55	49,349

Market Value Change (000) Total Return



Market Value Change (000) Total Return



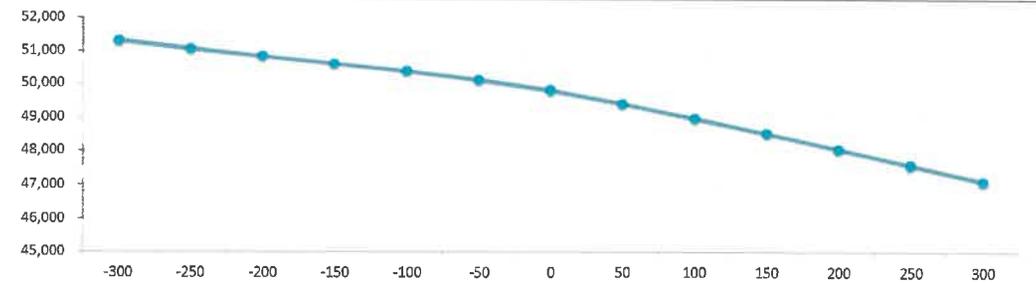
Portfolio Interest Rate Sensitivity
City of Upland

Portfolio as of: 1/31/2019

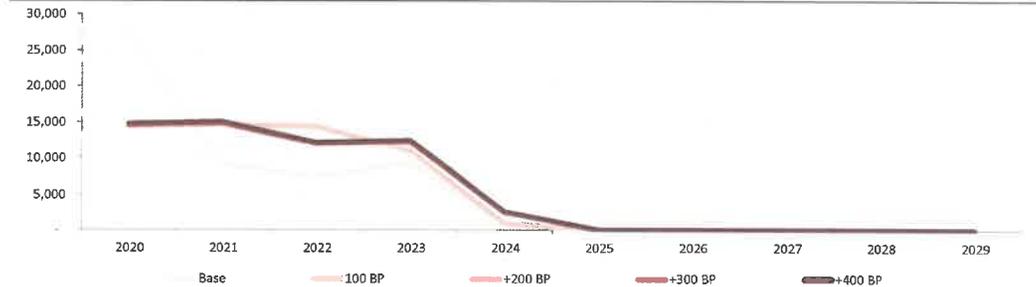
Pricing date: 1/31/2019

Instantaneous Interest Rate Shift Changes				
Yield Δbps	Average Life	Effective Duration	Market Value (000)	Change in Market Value (%)
-300	0.95	0.93	51,317	3.02%
-250	0.94	0.92	51,078	2.54%
-200	0.94	0.91	50,845	2.07%
-150	0.93	0.95	50,612	1.60%
-100	0.99	1.02	50,385	1.14%
-50	1.46	1.18	50,120	0.61%
0	1.46	1.40	49,815	0.00%
50	1.89	1.61	49,426	-0.78%
100	2.02	1.79	48,985	-1.67%
150	2.05	1.88	48,523	-2.59%
200	2.08	1.93	48,054	-3.54%
250	2.07	1.94	47,585	-4.48%
300	2.09	1.95	47,121	-5.41%

Market Value Sensitivity (000)



Cash Flow Sensitivity (000)



Annual Dynamic Rate Shift Cash Flow Comparisons (000)

Reinvestment Rate: 2.60

Date	-200 BP			-100 BP			Base			+100 BP			+200 BP			+300 BP			+400 BP			
	Principal	Coupon*	Total																			
01/31/2020	34,465	982	35,447	34,465	1,326	35,791	25,715	1,553	27,268	12,715	1,523	14,238	12,715	1,650	14,365	12,715	1,778	14,493	12,715	1,905	14,620	
01/31/2021	8,205	339	8,544	8,205	421	8,626	8,205	700	8,905	13,205	1,307	14,512	13,205	1,439	14,644	13,205	1,572	14,777	13,205	1,704	14,909	
01/31/2022	5,500	175	5,675	5,500	230	5,730	6,750	514	7,264	13,250	996	14,246	10,750	1,091	11,841	10,750	1,198	11,948	10,750	1,306	12,056	
01/31/2023	1,243	46	1,289	1,243	58	1,301	8,743	425	9,168	10,243	593	10,836	11,243	825	12,068	11,243	1,000	12,243	11,243	1,112	12,355	
01/31/2024	750	16	766	750	24	774	750	31	781	750	39	789	2,250	145	2,395	2,250	168	2,418	2,250	190	2,440	
01/31/2025																						
01/31/2026																						
01/31/2027																						
01/31/2028																						
01/31/2029																						
Total	50,163	1,557	51,720	50,163	2,059	52,222	50,163	3,223	53,386	50,163	4,458	54,621	50,163	5,151	55,314	50,163	5,715	55,878	50,163	6,217	56,380	

* Includes reinvestment cash flows.

Portfolio Review

Fixed Income | Strategic Analytics

PiperJaffray

REALIZE THE POWER OF PARTNERSHIP.

Portfolio 12 month Interest Rate Scenarios

Portfolio as of: 1/31/2019

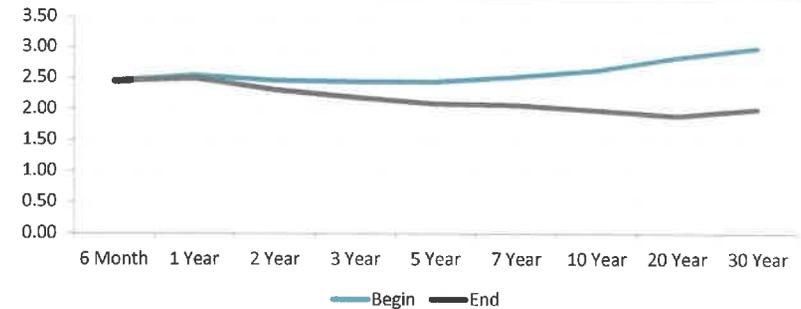
Pricing date: 1/31/2019

City of Upland

Bull Flattener Curve Scenario

	Begin	End	Change (bps)
6 Month	2.45	2.45	0
1 Year	2.54	2.49	-5
2 Year	2.46	2.31	-15
3 Year	2.44	2.19	-25
5 Year	2.44	2.09	-35
7 Year	2.52	2.07	-45
10 Year	2.63	1.98	-65
20 Year	2.84	1.89	-95
30 Year	3.00	2.00	-100

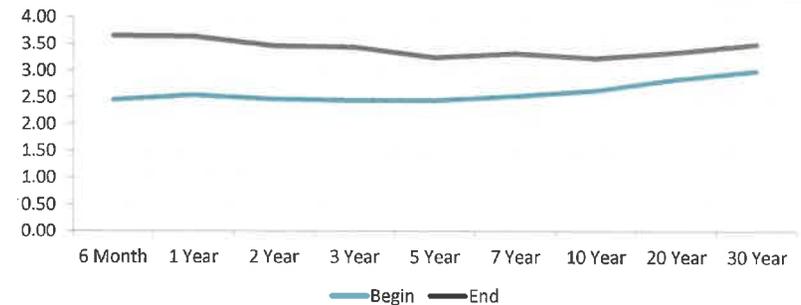
	Begin	End
Total Return		2.22
Price Return		0.08
Income Return		2.14
Mkt Val (\$000)	50,066	51,177
Eff Dur	1.39	0.59
Avg Life	1.46	0.77



Bear Flattener Curve Scenario

	Begin	End	Change (bps)
6 Month	2.45	3.65	120
1 Year	2.54	3.64	110
2 Year	2.46	3.46	100
3 Year	2.44	3.44	100
5 Year	2.44	3.24	80
7 Year	2.52	3.32	80
10 Year	2.63	3.23	60
20 Year	2.84	3.34	50
30 Year	3.00	3.50	50

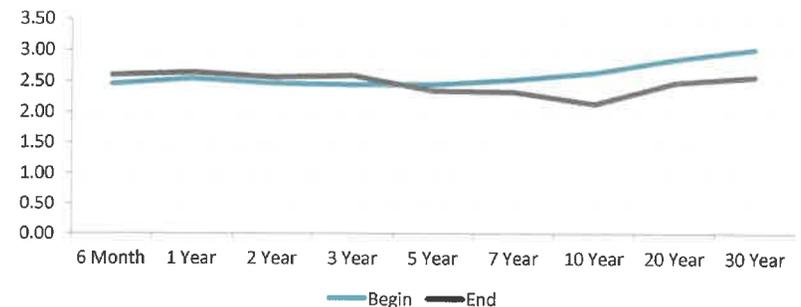
	Begin	End
Total Return		0.89
Price Return		-1.77
Income Return		2.66
Mkt Val (\$000)	50,066	50,512
Eff Dur	1.39	1.08
Avg Life	1.46	1.19



Custom Curve Scenario

	Begin	End	Change (bps)
6 Month	2.45	2.60	15
1 Year	2.54	2.64	10
2 Year	2.46	2.56	10
3 Year	2.44	2.59	15
5 Year	2.44	2.34	-10
7 Year	2.52	2.32	-20
10 Year	2.63	2.13	-50
20 Year	2.84	2.47	-37
30 Year	3.00	2.57	-43

	Begin	End
Total Return		2.14
Price Return		-0.09
Income Return		2.23
Mkt Val (\$000)	50,066	51,137
Eff Dur	1.39	0.67
Avg Life	1.46	0.81

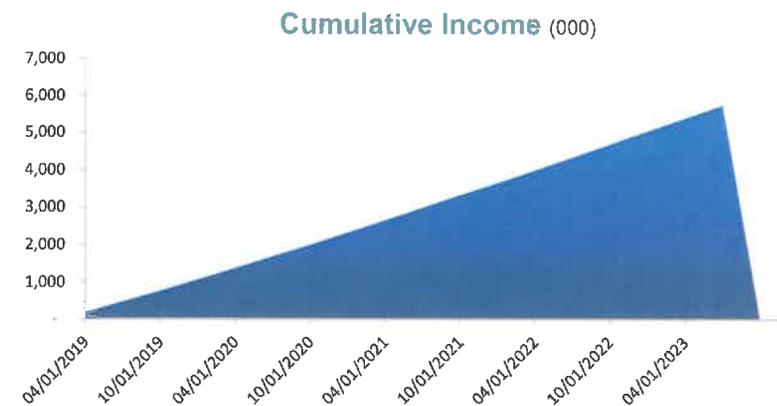
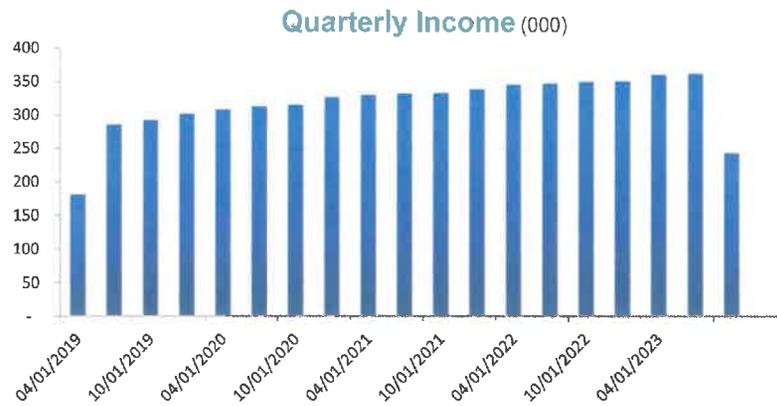


Portfolio Income Analysis

Portfolio as of: 1/31/2019

Pricing date: 1/31/2019

City of Upland



Date	Principal (000)	Coupon (000)	Interest on Cash Flow (000)	Change in Accrued Interest (000)	Book Amort/Accret (000)	Total Pre-Tax Income (000)	Cumulative Pre-Tax Income (000)
Beginning							
04/01/2019	9,375	186	3	(16)	8	181	181
07/01/2019	4,930	293	74	(90)	7	285	466
10/01/2019	4,360	141	103	41	8	292	758
01/01/2020	6,100	242	143	(86)	2	302	1,060
04/01/2020	1,900	102	174	30	2	308	1,368
07/01/2020	1,405	162	186	(37)	3	313	1,681
10/01/2020	2,350	88	197	28	3	316	1,997
01/01/2021	3,500	145	223	(44)	4	328	2,325
04/01/2021	500	64	238	26	3	331	2,656
07/01/2021	500	115	244	(30)	3	333	2,988
10/01/2021	2,000	60	250	21	3	334	3,322
01/01/2022	3,750	105	274	(41)	1	340	3,662
04/01/2022	1,250	43	292	10	2	347	4,008
07/01/2022	743	70	303	(25)	2	349	4,357
10/01/2022	1,500	23	308	19	1	351	4,708
01/01/2023	5,250	64	334	(46)	0	352	5,060
04/01/2023	250	8	357	(2)	-	362	5,421
07/01/2023	250	4	361	(1)	-	364	5,785
	250	4	243	(4)	-	243	-
	-	-	-	-	-	-	-

*Assumes All Cash Flows are Reinvested at the Reinvestment Rate (%): 2.60

Portfolio Monthly Cash Flow Analysis

Portfolio as of: 1/31/2019

Pricing date: 1/31/2019

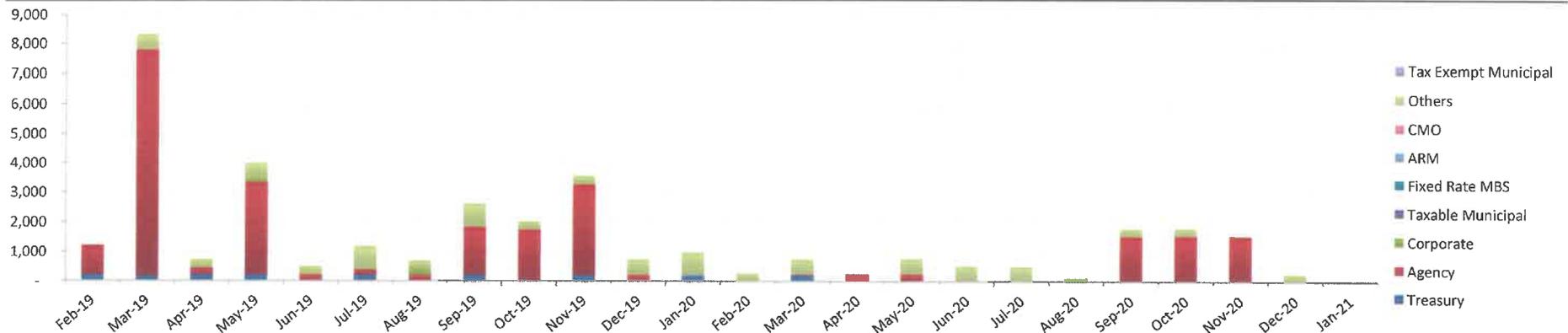
City of Upland

Reinvestment Rate: 2.60

Monthly Cashflows (000, Unchanged Rate Scenario)

Date	Treasury	Agency	Corporate	Taxable Municipal	Fixed Rate MBS	ARM	CMO	Others	Tax Exempt Municipal	Principal	Coupon	Interest on Cash Flow	Total	Cumulative
Ending														
02/28/2019	201	1,016	2					14		1,200	33	-	1,233	1,233
03/31/2019	178	7,635						514		8,175	153	3	8,330	9,563
04/30/2019	201	262						268		650	81	21	752	10,315
05/31/2019	208	3,126	126					535		3,830	165	22	4,017	14,332
06/30/2019		219						279		450	47	31	529	14,861
07/31/2019	202	201						783		1,150	37	32	1,219	16,080
08/31/2019		216	212					267		660	36	35	731	16,810
09/30/2019	202	1,648						768		2,550	68	36	2,654	19,465
10/31/2019		1,761						266		1,950	77	42	2,069	21,534
11/30/2019	202	3,083						285		3,450	119	47	3,616	25,150
12/31/2019		217						529		700	46	54	800	25,951
01/31/2020	201							771		950	23	56	1,029	26,980
02/29/2020		15	1					262		250	28	58	337	27,316
03/31/2020	201	37						513		700	51	59	811	28,127
04/30/2020		252						15		200	67	61	328	28,454
05/31/2020		254						518		705	67	62	834	29,288
06/30/2020		15						513		500	28	63	591	29,880
07/31/2020								518		500	18	65	583	30,462
08/31/2020		15	101					9		100	25	66	191	30,653
09/30/2020		1,537						258		1,750	45	66	1,861	32,514
10/31/2020		1,551						262		1,750	63	70	1,884	34,398
11/30/2020		1,548						15		1,500	63	75	1,637	36,035
12/31/2020		15						254		250	19	78	347	36,382
01/31/2021								13			13	79	91	36,474
	1,796	24,621	443	-	-	-	-	8,430	-	33,920	1,371	1,183	36,474	

Cash Flows by Sector (000)



Portfolio Dynamic Cash Flow Analysis

Portfolio as of: 1/31/2019

Pricing date: 1/31/2019

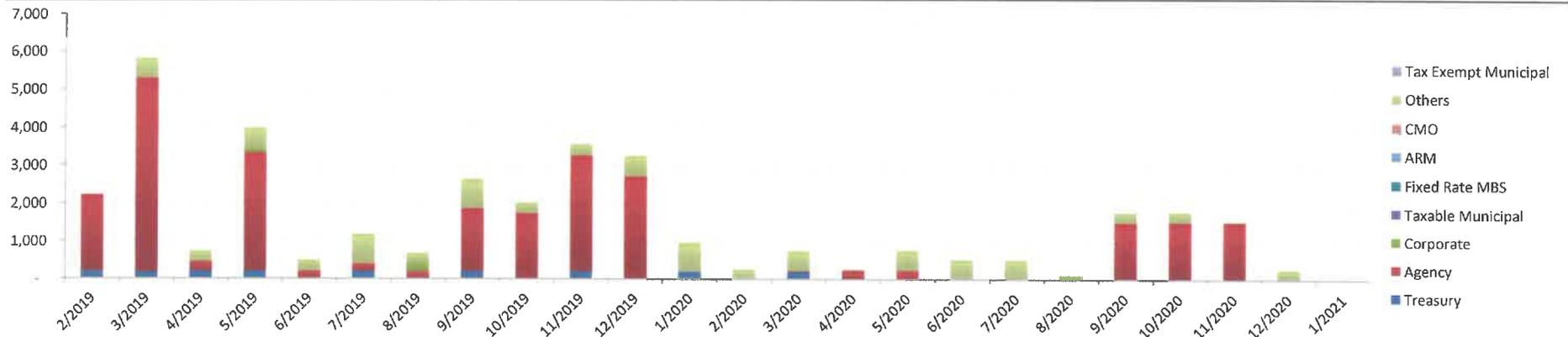
City of Upland

Reinvestment Rate: 2.60

Monthly Cashflows (000, Dynamic Rate Scenario)

Date	Treasury	Agency	Corporate	Taxable Municipal	Fixed Rate MBS	ARM	CMO	Others	Tax Exempt Municipal	Principal	Coupon	Interest on Cash Flow	Total	Cumulative
Ending														
2/28/2019	201	2,016	2					14		2,200	33	-	2,233	2,233
3/31/2019	178	5,136						514		5,675	154	5	5,834	8,067
4/30/2019	201	262						268		650	81	17	748	8,815
5/31/2019	208	3,126	126					535		3,830	165	19	4,014	12,829
6/30/2019		219						279		450	47	28	525	13,355
7/31/2019	202	201						783		1,150	37	29	1,216	14,570
8/31/2019		201	212					267		660	21	32	713	15,283
9/30/2019	202	1,679						768		2,550	99	33	2,682	17,965
10/31/2019		1,761						266		1,950	77	39	2,066	20,031
11/30/2019	202	3,083						285		3,450	119	43	3,613	23,644
12/31/2019		2,733						529		3,200	62	51	3,313	26,957
1/31/2020	201							771		950	23	58	1,031	27,988
2/29/2020			1					262		250	13	61	324	28,312
3/31/2020	201	37						513		700	51	61	813	29,125
4/30/2020		252						15		200	67	63	330	29,455
5/31/2020		254						518		705	67	64	836	30,291
6/30/2020		15						513		500	28	66	593	30,884
7/31/2020								518		500	18	67	585	31,469
8/31/2020			101					9		100	10	68	178	31,647
9/30/2020		1,537						258		1,750	45	69	1,863	33,511
10/31/2020		1,551						262		1,750	63	73	1,886	35,397
11/30/2020		1,548						15		1,500	63	77	1,639	37,036
12/31/2020		15						254		250	19	80	349	37,385
1/31/2021								13			13	81	94	37,479
	1,796	25,625	443	-	-	-	-	8,430	-	34,920	1,375	1,184	37,479	

Cash Flows by Sector (000)



Portfolio Review

Fixed Income | Strategic Analytics

PiperJaffray

REALIZE THE POWER OF PARTNERSHIP.

Portfolio Annual Cash Flow Analysis

Portfolio as of: 1/31/2019

Pricing date: 1/31/2019

City of Upland

Reinvestment Rate: 2.60

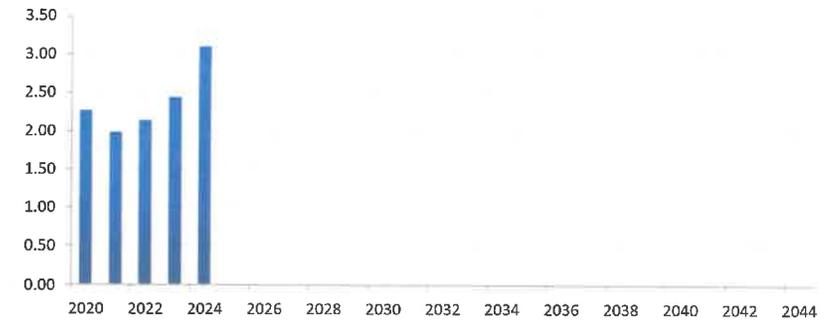
Annual Cashflows (000, Unchanged Rate Scenario)

Date	Treasury	Agency	Corporate	Taxable Municipal	Fixed Rate MBS	ARM	CMO	Others	Tax Exempt Municipal	Principal	Coupon	Interest on Cash Flow	Total	Cumulative	Bk Yld Run-off
Ending															
01/31/2020	1,595	19,384	341					5,280		25,715	885	-	26,600	26,600	2.27
01/31/2021	201	5,238	103					3,150		8,205	486	692	9,383	35,983	1.99
01/31/2022		5,007						2,082		6,750	339	936	8,024	44,007	2.14
01/31/2023		7,659						1,282		8,743	198	1,144	10,085	54,092	2.44
01/31/2024								762		750	12	1,406	2,168	56,260	3.10
01/31/2025															
01/31/2026															
01/31/2027															
01/31/2028															
01/31/2029															
01/31/2030															
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01/31/2037															
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01/31/2039															
01/31/2040															
01/31/2041															
01/31/2042															
01/31/2043															
01/31/2044															
	1,796	37,287	443	-	-	-	-	12,555	-	50,163	1,919	4,178	56,260		

Cash Flows by Sector (000)



Run off Book Yield

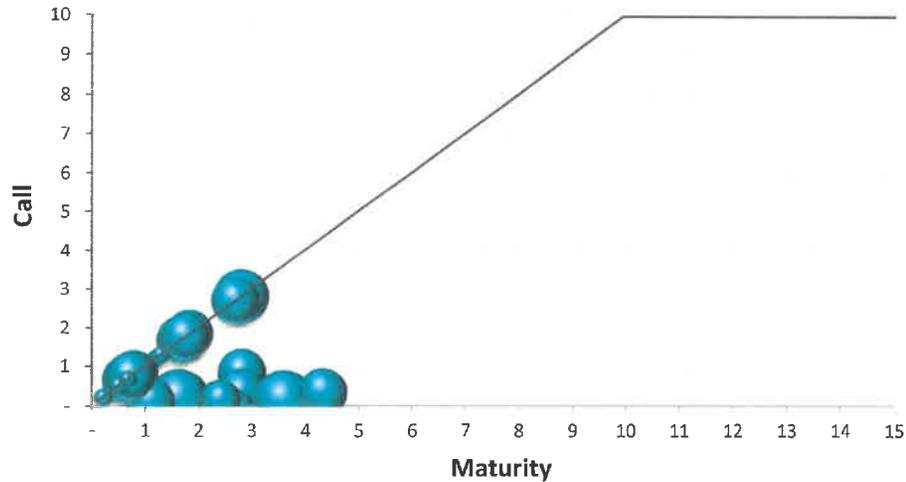


Agency Analysis
City of Upland

Portfolio as of: 1/31/2019

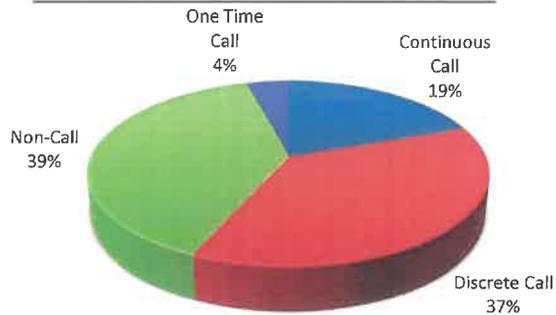
Pricing date: 1/31/2019

Agency Structure

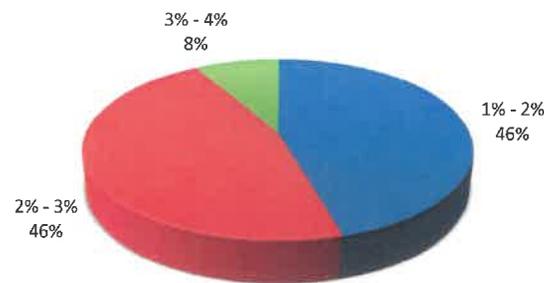


Call Type	Maturity				
	0 - 3	3 - 5	5 - 7	7 - 10	10+
NonCall	14,064				
> 3					
2 - 3					
1 - 2					
< 1	8,056	6,758			
Current Call	2,243	4,728			

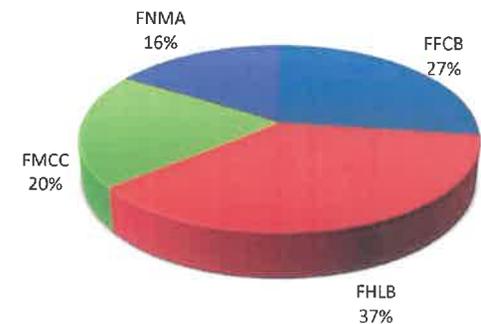
Call Structure



Coupon Breakdown



Issuer Distribution



Agency Call Analysis

City of Upland

Portfolio as of: 1/31/2019

Pricing date: 1/31/2019

Interest Rate Shift Projected Calls 12 Months

	Par (000)	% Agency	% Portfolio
-300	21,750	60.49%	43.36%
-250	21,750	60.49%	43.36%
-200	21,750	60.49%	43.36%
-150	20,500	57.02%	40.87%
-100	19,250	53.54%	38.37%
-50	14,000	38.94%	27.91%
0	14,000	38.94%	27.91%
50	7,000	19.47%	13.95%
100			
150			
200			
250			
300			

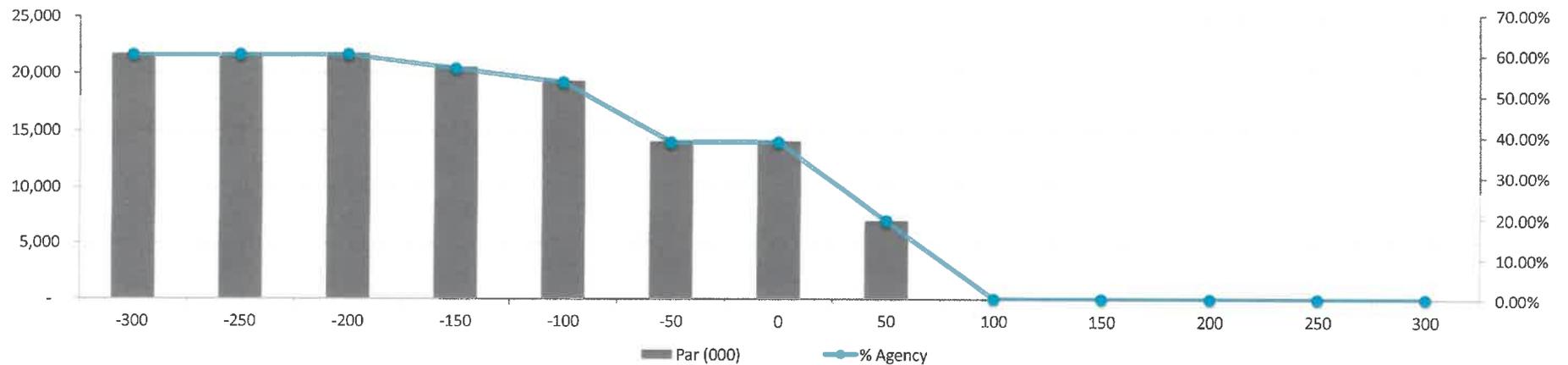
Monthly Projected Calls 12 Months

	Discrete	Continuous
02/28/2019		1,000
03/31/2019	7,500	
04/30/2019		
05/31/2019	3,000	
06/30/2019		
07/31/2019		
08/31/2019		
09/30/2019		
10/31/2019		
11/30/2019		
12/31/2019		
01/31/2020		
02/29/2020		

Call Breakout 12 Months



Projected Agency Call +300/-300 12 Month



Portfolio Review

Fixed Income | Strategic Analytics

PiperJaffray

REALIZE THE POWER OF PARTNERSHIP.

Book Value Appraisal

Portfolio as of: 1/31/2019

Pricing date: 1/31/2019

City of Upland

Par (000)	CUSIP	Issuer	S&P	Mdys	Cpn	Maturity	Average Life	Book Price	Market Price	Book Value (000)	Market Value (000)~	Gain/Loss (000)	Book Yield	FTE Market Yield	Effective Duration
50,163			AA+	Aaa	2.20	2.13	1.46	99.90	99.32	50,111	50,066	-295	2.25	2.60	1.39
11,993		Total CD (24.0%)	NR	NR	2.63	1.59	1.59	99.94	99.83	11,986	12,011	-14	2.66	2.67	1.52
250	69408AAM2	PACIFIC COAST BANKERS BK WAL	NR	NR	2.25	03/11/2019	0.11	100.00	100.01	250	250	0	2.28	2.21	0.11
250	45177RAR3	ILLINI ST BK IL	NR	NR	2.00	03/25/2019	0.15	100.00	99.97	250	250	0	1.99	2.19	0.14
250	43785QMQ3	HOMESTREET BK WASHINGTON	NR	NR	2.30	04/15/2019	0.20	100.00	100.01	250	250	0	2.29	2.25	0.20
250	565109AZ8	MAPLE BANK CHAMPLIN MN	NR	NR	2.20	05/15/2019	0.29	100.00	99.97	250	250	0	2.20	2.32	0.28
250	06426WY63	BANK OF CHINA NEW YORK CITY	NR	NR	2.20	05/15/2019	0.29	100.00	99.96	250	253	0	2.20	2.36	0.28
250	06279KML7	BANK OF INDIA NEW YORK BRANC	NR	NR	2.35	06/05/2019	0.34	100.00	99.99	250	254	0	2.35	2.38	0.34
250	75524KLS1	CITIZENS BK NA PROVIDENCE RI	NR	NR	2.45	07/09/2019	0.44	100.00	100.03	250	250	0	2.48	2.41	0.43
250	084601SB0	BERKSHIRE BK PITTSFIELD MA	NR	NR	2.30	07/15/2019	0.45	100.00	99.96	250	250	0	2.33	2.42	0.45
250	583614BN1	MECHANICS BANK RICHMOND CALI	NR	NR	2.40	07/23/2019	0.47	100.00	100.00	250	250	0	2.43	2.43	0.47
250	06279KJSJ6	BANK OF INDIA NEW YORK BRANC	NR	NR	2.60	08/28/2019	0.57	100.00	100.09	250	251	0	2.62	2.45	0.57
250	78658Q3T8	SAFRA NATL BK NEW YORK INSTL	NR	NR	2.50	09/16/2019	0.63	100.00	100.04	250	250	0	2.52	2.46	0.62
250	740367GU5	PREFERRED BK LOS ANGELES CA	NR	NR	2.55	09/20/2019	0.64	100.00	100.07	250	250	0	2.56	2.45	0.62
250	05581WJ22	BMO HARRIS BK NATL ASSN CHIC	NR	NR	2.60	09/30/2019	0.66	100.00	100.09	250	251	0	2.62	2.48	0.66
250	51210SPT8	LAKESIDE BK CHICAGO ILL	NR	NR	2.40	10/30/2019	0.75	100.00	99.94	250	250	0	2.43	2.51	0.73
250	90344LEQ8	USNY BK GENEVA NY	NR	NR	2.65	11/05/2019	0.76	100.00	100.12	250	251	0	2.66	2.50	0.75
250	92937CHF8	WEX BK MIDVALE UTAH	NR	NR	2.55	12/13/2019	0.87	100.00	100.03	250	251	0	2.55	2.52	0.85
250	06063HBF9	BANK BARODA NEW YORK N Y	NR	NR	2.80	12/27/2019	0.90	100.00	100.24	250	251	1	2.81	2.54	0.89
250	303117CQ6	FAHEY BKG CO MARION OHIO	NR	NR	2.50	01/10/2020	0.94	100.00	99.97	250	250	0	2.51	2.54	0.92
250	90520VAG8	UNION BK GREENVILLE NC	NR	NR	2.65	01/16/2020	0.96	100.00	100.10	250	252	0	2.66	2.55	0.94
250	59013J5A3	MERRICK BK SOUTH JORDAN UTAH	NR	NR	2.70	01/21/2020	0.97	100.00	100.15	250	251	0	2.71	2.55	0.95
250	919853BX8	VALLEY NATL BK PASSAIC N J	NR	NR	2.70	02/07/2020	1.02	100.00	100.14	250	252	0	2.71	2.57	0.99
250	45083ALH3	IBERIABANK LAFAYETTE LA	NR	NR	2.80	03/02/2020	1.08	100.00	100.25	250	252	1	2.80	2.57	1.06
250	20451PWE2	COMPASS BK BIRMINGHAM ALA	NR	NR	2.80	03/04/2020	1.09	100.00	100.25	250	252	1	2.80	2.57	1.06
250	909557HZ6	UNITED BANKERS BK BLOOMINGTO	NR	NR	2.85	05/19/2020	1.30	100.00	100.30	250	251	1	2.86	2.62	1.26
250	11373QFU7	BROOKLINE BK MASS	NR	NR	2.90	05/29/2020	1.33	100.00	100.37	250	251	1	2.93	2.64	1.29
250	32021SFP6	FIRST FINL BK HAMILTON OH	NR	NR	2.90	06/26/2020	1.40	100.00	100.36	250	252	1	2.90	2.64	1.36
250	02007GDM2	ALLY BK MIDVALE UTAH	NR	NR	2.75	06/29/2020	1.41	100.35	100.16	251	251	0	2.50	2.64	1.37
250	87227RCN2	TCF NATL BK	NR	NR	2.60	07/02/2020	1.42	100.00	99.95	250	250	0	2.61	2.65	1.38
250	949763SP2	WELLS FARGO BANK NATL ASSN	NR	NR	2.80	07/27/2020	1.49	99.95	100.22	250	251	1	2.85	2.66	1.44
250	062683BX4	BANK HOPE LOS ANGELES CA	NR	NR	2.80	09/14/2020	1.62	100.00	100.19	250	251	0	2.81	2.69	1.56
250	20033AXY7	COMENITY CAP BK UTAH	NR	NR	2.00	10/23/2020	1.73	100.00	98.82	250	247	-3	2.01	2.72	1.68
250	32056GDD9	FIRST INTERNET BK IND	NR	NR	3.00	12/28/2020	1.91	100.00	100.49	250	251	1	3.02	2.75	1.83
250	538036DX9	LIVE OAK BKG CO NC	NR	NR	3.00	02/09/2021	2.03	100.00	100.47	250	252	1	3.02	2.78	1.94
250	27002YDY9	EAGLEBANK BETHESDA MD	NR	NR	2.85	03/08/2021	2.10	100.00	100.15	250	251	0	2.87	2.79	2.01
250	17312QH93	CITIBANK NATIONAL ASSOCIATIO	NR	NR	2.75	04/12/2021	2.20	100.00	99.90	250	252	0	2.75	2.80	2.10
250	14042RFV8	CAPITAL ONE NATL ASSN VA	NR	NR	2.25	05/24/2021	2.31	98.49	98.03	246	246	-1	2.94	3.14	2.22
250	05580ANK6	BMW BK NORTH AMER SALT LAKE	NR	NR	3.00	07/13/2021	2.45	100.00	100.37	250	251	1	3.01	2.85	2.34
250	00257TBA3	ABACUS FED SVGS BK NY	NR	NR	2.90	08/31/2021	2.58	100.00	100.08	250	250	0	2.93	2.89	2.46
250	32024FAB7	FIRST FID BK OKLA CITY OKLA	NR	NR	2.85	09/14/2021	2.62	100.00	99.93	250	250	0	2.87	2.89	2.49
250	949763LT1	WELLS FARGO BANK NATL ASSN	NR	NR	2.25	12/08/2021	2.85	100.00	98.16	250	246	-5	2.26	2.94	2.72
250	85916VCW3	STERLING BK POPLAR BLUFF MO	NR	NR	3.10	03/09/2022	3.10	100.00	100.39	250	253	1	3.10	2.97	2.92
246	02587DN38	AMERICAN EXPRESS CENTRN	NR	NR	2.45	04/05/2022	3.18	101.49	97.91	250	243	-9	1.96	3.15	3.00
247	33583FAB8	FIRST NORTHEAST BK NEB LYONS	NR	NR	2.00	04/19/2022	3.21	96.99	96.99	240	240	0	3.00	3.00	3.07
250	68002LBL1	OLD MO BK SPRINGFIELD	NR	NR	3.10	05/05/2022	3.26	100.00	100.33	250	251	1	3.12	3.01	3.05
250	02587CFU9	AMERICAN EXP FED SVGS BK INS	NR	NR	2.40	08/29/2022	3.58	100.00	97.13	250	245	-7	2.40	3.26	3.36
250	38148PYQ4	GOLDMAN SACHS BK USA NY	NR	NR	2.80	02/28/2023	4.08	100.00	98.75	250	250	-3	2.80	3.13	3.78
250	795450P66	SALLIE MAE BK SLT LAKE CITY	NR	NR	3.20	05/09/2023	4.27	100.00	100.21	250	252	1	3.20	3.15	3.94

Book Value Appraisal

Portfolio as of: 1/31/2019

Pricing date: 1/31/2019

City of Upland

Par (000)	CUSIP	Issuer	S&P	Mdys	Cpn	Maturity	Average Life	Book Price	Market Price	Book Value (000)	Market Value (000)~	Gain/Loss (000)	Book Yield	FTE Market Yield	Effective Duration
50,163			AA+	Aaa	2.20	2.13	1.46	99.90	99.32	50,111	50,066	-295	2.25	2.60	1.39
250	254673RF5	DISCOVER BK	NR	NR	3.30	07/11/2023	4.44	100.00	100.56	250	252	1	3.30	3.17	4.10
1,780		Total US Treasury (3.5%)	AAA	Aaa	1.15	0.55	0.56	99.93	99.28	1,779	1,772	-12	0.89	2.47	0.54
200	912828P53	UNITED STATES TREAS NTS	TSY	TSY	0.75	02/15/2019	0.08	99.83	99.94	200	200	0	2.24	2.40	0.04
175	912828SN1	UNITED STATES TREAS NTS	TSY	TSY	1.50	03/31/2019	0.17	101.03	99.85	177	176	-2	-4.77	2.40	0.16
200	912828ST8	UNITED STATES TREAS NTS	TSY	TSY	1.25	04/30/2019	0.25	100.08	99.70	200	200	-1	0.93	2.46	0.24
205	912828SX9	UNITED STATES TREAS NTS	TSY	TSY	1.13	05/31/2019	0.33	99.49	99.57	204	205	0	2.68	2.44	0.33
200	912828TH3	UNITED STATES TREAS NTS	TSY	TSY	0.88	07/31/2019	0.50	98.84	99.21	198	198	1	3.24	2.47	0.49
200	912828TR1	UNITED STATES TREAS NTS	TSY	TSY	1.00	09/30/2019	0.67	99.06	99.00	198	199	0	2.44	2.53	0.65
200	912828G61	UNITED STATES TREAS NTS	TSY	TSY	1.50	11/30/2019	0.83	99.59	99.14	199	199	-1	2.00	2.55	0.82
200	912828H52	UNITED STATES TREAS NTS	TSY	TSY	1.25	01/31/2020	1.00	101.13	98.72	202	197	-5	0.12	2.56	0.98
200	912828UV0	UNITED STATES TREAS NTS	TSY	TSY	1.13	03/31/2020	1.17	100.44	98.40	201	198	-4	0.75	2.53	1.14
35,955		Total Agency (71.6%)	AA+	Aaa	2.11	2.40	1.48	99.87	99.14	35,908	35,849	-264	2.19	2.58	1.40
200	3137EADZ9	FEDERAL HOME LN MTG CORP	AA+	AGY	1.13	04/15/2019	0.25	99.97	99.73	200	200	0	1.28	2.45	0.20
200	313379EE5	FEDERAL HOME LOAN BANKS	AA+	AGY	1.63	06/14/2019	0.33	101.46	99.70	203	200	-4	-2.28	2.43	0.36
200	3133EFW52	FEDERAL FARM CR BKS	AA+	AGY	1.15	07/01/2019	0.42	100.43	99.49	201	199	-2	0.13	2.39	0.41
200	3137EADK2	FEDERAL HOME LN MTG CORP	AA+	AGY	1.25	08/01/2019	0.50	99.29	99.38	199	200	0	2.69	2.50	0.49
100	313380FB8	FEDERAL HOME LOAN BANKS	AA+	AGY	1.38	09/13/2019	0.58	101.02	99.29	101	100	-2	-0.28	2.54	0.61
1,500	3133EHKA0	FEDERAL FARM CR BKS	AA+	AGY	1.40	09/23/2019	0.67	100.00	99.30	1,500	1,497	-10	1.40	2.50	0.63
200	3137EADM8	FEDERAL HOME LN MTG CORP	AA+	AGY	1.25	10/02/2019	0.67	99.31	99.16	199	199	0	2.30	2.53	0.66
1,500	3135G0R39	FEDERAL NATL MTG ASSN	AA+	AGY	1.00	10/24/2019	0.75	99.05	98.87	1,486	1,488	-3	2.33	2.57	0.72
1,500	3130AA3R7	FEDERAL HOME LOAN BANKS	AA+	AGY	1.38	11/15/2019	0.83	99.91	99.06	1,499	1,490	-13	1.48	2.58	0.78
200	3130A0JR2	FEDERAL HOME LOAN BANKS	AA+	AGY	2.38	12/13/2019	0.83	102.85	99.83	206	200	-6	-0.89	2.58	0.85
1,500	3130ADPX4	FEDERAL HOME LOAN BANKS	AA+	AGY	2.25	03/05/2020	0.08	99.75	99.99	1,496	1,506	4	3.00	2.40	0.40
200	3130A7PU3	FEDERAL HOME LOAN BANKS	AA+	AGY	1.20	04/06/2020	1.17	99.54	98.48	199	198	-2	1.59	2.51	1.16
205	3133ECPD0	FEDERAL FARM CR BKS	AA+	AGY	1.42	05/13/2020	1.25	99.56	98.58	204	203	-2	1.77	2.55	1.26
2,500	3130ADPR7	FEDERAL HOME LOAN BANKS	AA+	AGY	2.50	09/15/2020	0.17	100.00	100.00	2,500	2,522	0	2.48	2.49	0.71
1,500	313382J53	FEDERAL HOME LOAN BANKS	AA+	AGY	1.75	09/28/2020	1.67	100.57	98.79	1,509	1,491	-27	1.40	2.50	1.61
1,500	3135G0RM7	FEDERAL NATL MTG ASSN	AA+	AGY	1.63	10/30/2020	1.75	99.95	98.48	1,499	1,483	-22	1.66	2.52	1.70
1,000	3133EJMX4	FEDERAL FARM CR BKS	AA+	AGY	2.68	11/02/2020	0.08	100.00	100.00	1,000	1,007	0	2.66	2.65	0.71
1,500	3135G0F73	FEDERAL NATL MTG ASSN	AA+	AGY	1.50	11/30/2020	1.83	99.50	98.22	1,493	1,478	-19	1.78	2.50	1.79
1,000	3134GSNS0	FEDERAL HOME LN MTG CORP	AA+	AGY	2.80	06/28/2021	0.17	99.88	100.03	999	1,003	2	2.85	2.62	0.89
1,250	3133EHYU1	FEDERAL FARM CR BKS	AA+	AGY	1.84	09/13/2021	2.58	98.91	98.18	1,236	1,236	-9	2.27	2.57	2.13
1,500	3135G0Q89	FEDERAL NATL MTG ASSN	AA+	AGY	1.38	10/07/2021	2.67	98.76	97.13	1,481	1,463	-24	1.85	2.49	2.60
2,000	3133EFPT8	FEDERAL FARM CR BKS	AA+	AGY	1.96	11/19/2021	2.83	101.01	98.36	2,020	1,975	-53	1.59	2.57	2.69
1,500	3130AFD79	FEDERAL HOME LOAN BANKS	AA+	AGY	3.00	11/23/2021	0.33	100.00	100.12	1,500	1,511	2	2.98	2.58	0.70
1,500	3130AFCU9	FEDERAL HOME LOAN BANKS	AA+	AGY	3.13	11/26/2021	0.83	100.00	100.32	1,500	1,514	5	3.12	2.73	1.24
1,000	3133EJPE3	FEDERAL FARM CR BKS	AA+	AGY	2.95	02/15/2022	0.58	100.00	100.00	1,000	1,014	0	2.95	2.95	1.05
2,500	3134GSFS9	FEDERAL HOME LN MTG CORP	AA+	AGY	2.50	09/06/2022	0.08	100.00	99.99	2,500	2,525	0	2.48	2.54	0.70
1,250	3133EHYB3	FEDERAL FARM CR BKS	AA+	AGY	1.94	09/12/2022	3.58	98.63	97.78	1,233	1,231	-11	2.34	2.59	2.77
1,250	3130ACH72	FEDERAL HOME LOAN BANKS	AA+	AGY	2.26	10/04/2022	3.67	99.82	98.53	1,248	1,240	-16	2.31	2.68	2.39
1,250	3133EHF73	FEDERAL FARM CR BKS	AA+	AGY	2.28	10/17/2022	3.75	99.91	98.77	1,249	1,243	-14	2.31	2.63	2.24
1,500	3134GB3A8	FEDERAL HOME LN MTG CORP	AA+	AGY	2.25	11/28/2022	3.83	100.00	98.60	1,500	1,485	-21	2.24	2.64	2.41
1,250	3130ACX82	FEDERAL HOME LOAN BANKS	AA+	AGY	2.38	12/05/2022	3.83	100.00	98.79	1,250	1,240	-15	2.37	2.71	2.28
1,500	3134GSLT0	FEDERAL HOME LN MTG CORP	AA+	AGY	2.75	05/30/2023	0.33	100.00	100.01	1,500	1,508	0	2.74	2.70	0.93
335		Total Corporate - Industrials (0.7%)	AA	Aa2	1.24	0.44	0.44	99.91	99.38	335	334	-2	1.48	2.64	0.43
125	89236TDE2	TOYOTA MOTOR CREDIT CORP	AA-	Aa3	1.40	05/20/2019	0.33	99.86	99.62	125	125	0	1.86	2.65	0.29

Book Value Appraisal

Portfolio as of: 1/31/2019

Pricing date: 1/31/2019

City of Upland

Par (000)	CUSIP	Issuer	S&P	Mdys	Cpn	Maturity	Average Life	Book Price	Market Price	Book Value (000)	Market Value (000)~	Gain/Loss (000)	Book Yield	FTE Market Yield	Effective Duration
50,163			AA+	Aaa	2.20	2.13	1.46	99.90	99.32	50,111	50,066	-295	2.25	2.60	1.39
120	594918BN3	MICROSOFT CORP	AAA	Aaa	1.10	08/08/2019	0.50	99.90	99.27	120	120	-1	1.30	2.52	0.51
90	69371RN36	PACCAR FINL CORP SR MTNS BK	A+	A1	1.20	08/12/2019	0.50	100.00	99.17	90	90	-1	1.20	2.79	0.52
100		Total Corporate - Financials (0.2%)	A	A1	2.55	1.55	1.58	103.59	99.60	104	101	-4	0.22	2.82	1.49
100	857477AS2	STATE STR CORP	A	A1	2.55	08/18/2020	1.58	103.59	99.60	104	101	-4	0.22	2.82	1.49

Portfolio Holdings Report

Portfolio as of: 1/31/2019

Pricing date: 1/31/2019

City of Upland

Par (000)	CUSIP	Issuer	S&P	Mdys	Cpn	Maturity	Call Date	Average Life	Market Price	Market Value (000)	Market Yield	Modified Duration	Effective Duration	Convexity
50,163			AA+	Aaa	2.20	2.1263		1.46	99.32	50,066	2.60	2.03	1.39	-0.26
11,993		Total CD (24.0%)	NR	NR	2.63	1.59		1.59	99.83	12,011	2.67	1.52	1.52	0.02
250	69408AAM2	PACIFIC COAST BANKERS BK WAL	NR	NR	2.25	03/11/2019		0.11	100.01	250	2.21	0.10	0.11	0.00
250	45177RAR3	ILLINI ST BK IL	NR	NR	2.00	03/25/2019		0.15	99.97	250	2.19	0.14	0.14	0.00
250	43785QMQ3	HOMESTREET BK WASHINGTON	NR	NR	2.30	04/15/2019		0.20	100.01	250	2.25	0.20	0.20	0.00
250	565109AZ8	MAPLE BANK CHAMPLIN MN	NR	NR	2.20	05/15/2019		0.29	99.97	250	2.32	0.28	0.28	0.00
250	06426WY63	BANK OF CHINA NEW YORK CITY	NR	NR	2.20	05/15/2019		0.29	99.96	253	2.36	0.28	0.28	0.00
250	06279KML7	BANK OF INDIA NEW YORK BRANC	NR	NR	2.35	06/05/2019		0.34	99.99	254	2.38	0.34	0.34	0.00
250	75524KLS1	CITIZENS BK NA PROVIDENCE RI	NR	NR	2.45	07/09/2019		0.44	100.03	250	2.41	0.43	0.43	0.00
250	084601SB0	BERKSHIRE BK PITTSFIELD MA	NR	NR	2.30	07/15/2019		0.45	99.96	250	2.42	0.44	0.45	0.00
250	583614BN1	MECHANICS BANK RICHMOND CALI	NR	NR	2.40	07/23/2019		0.47	100.00	250	2.43	0.47	0.47	0.00
250	06279KJ6	BANK OF INDIA NEW YORK BRANC	NR	NR	2.60	08/28/2019		0.57	100.09	251	2.45	0.56	0.57	0.00
250	78658Q3T8	SAFRA NATL BK NEW YORK INSTL	NR	NR	2.50	09/16/2019		0.63	100.04	250	2.46	0.61	0.62	0.00
250	740367GU5	PREFERRED BK LOS ANGELES CA	NR	NR	2.55	09/20/2019		0.64	100.07	250	2.45	0.63	0.62	0.00
250	05581WJ22	BMO HARRIS BK NATL ASSN CHIC	NR	NR	2.60	09/30/2019		0.66	100.09	251	2.48	0.64	0.66	0.00
250	51210SPT8	LAKESIDE BK CHICAGO ILL	NR	NR	2.40	10/30/2019		0.75	99.94	250	2.51	0.73	0.73	0.00
250	90344LEQ8	USNY BK GENEVA NY	NR	NR	2.65	11/05/2019		0.76	100.12	251	2.50	0.74	0.75	0.01
250	92937CHF8	WEX BK MIDVALE UTAH	NR	NR	2.55	12/13/2019		0.87	100.03	251	2.52	0.85	0.85	0.01
250	06063HBF9	BANK BARODA NEW YORK N Y	NR	NR	2.80	12/27/2019		0.90	100.24	251	2.54	0.88	0.89	0.01
250	303117CQ6	FAHEY BKG CO MARION OHIO	NR	NR	2.50	01/10/2020		0.94	99.97	250	2.54	0.93	0.92	0.01
250	90520VAG8	UNION BK GREENVILLE NC	NR	NR	2.65	01/16/2020		0.96	100.10	252	2.55	0.94	0.94	0.01
250	59013J5A3	MERRICK BK SOUTH JORDAN UTAH	NR	NR	2.70	01/21/2020		0.97	100.15	251	2.55	0.95	0.95	0.01
250	919853BX8	VALLEY NATL BK PASSAIC N J	NR	NR	2.70	02/07/2020		1.02	100.14	252	2.57	0.98	0.99	0.01
250	45083ALH3	IBERIABANK LAFAYETTE LA	NR	NR	2.80	03/02/2020		1.08	100.25	252	2.57	1.05	1.06	0.01
250	20451PWEE2	COMPASS BK BIRMINGHAM ALA	NR	NR	2.80	03/04/2020		1.09	100.25	252	2.57	1.05	1.06	0.01
250	909557HZ6	UNITED BANKERS BK BLOOMINGTO	NR	NR	2.85	05/19/2020		1.30	100.30	251	2.62	1.27	1.26	0.01
250	11373QFU7	BROOKLINE BK MASS	NR	NR	2.90	05/29/2020		1.33	100.37	251	2.64	1.29	1.29	0.01
250	32021SFP6	FIRST FINL BK HAMILTON OH	NR	NR	2.90	06/26/2020		1.40	100.36	252	2.64	1.36	1.36	0.01
250	02007GDM2	ALLY BK MIDVALE UTAH	NR	NR	2.75	06/29/2020		1.41	100.16	251	2.64	1.37	1.37	0.01
250	87227RCN2	TCF NATL BK	NR	NR	2.60	07/02/2020		1.42	99.95	250	2.65	1.38	1.38	0.01
250	949763SP2	WELLS FARGO BANK NATL ASSN	NR	NR	2.80	07/27/2020		1.49	100.22	251	2.66	1.45	1.44	0.01
250	062683BX4	BANK HOPE LOS ANGELES CA	NR	NR	2.80	09/14/2020		1.62	100.19	251	2.69	1.58	1.56	0.02
250	20033AXY7	COMENITY CAP BK UTAH	NR	NR	2.00	10/23/2020		1.73	98.82	247	2.72	1.69	1.68	0.02
250	32056GDD9	FIRST INTERNET BK IND	NR	NR	3.00	12/28/2020		1.91	100.49	251	2.75	1.85	1.83	0.02
250	538036DX9	LIVE OAK BKG CO NC	NR	NR	3.00	02/09/2021		2.03	100.47	252	2.78	1.96	1.94	0.02
250	27002YDY9	EAGLEBANK BETHESDA MD	NR	NR	2.85	03/08/2021		2.10	100.15	251	2.79	2.03	2.01	0.03
250	17312QH93	CITIBANK NATIONAL ASSOCIATIO	NR	NR	2.75	04/12/2021		2.20	99.90	252	2.80	2.10	2.10	0.03
250	14042RFV8	CAPITAL ONE NATL ASSN VA	NR	NR	2.25	05/24/2021		2.31	98.03	246	3.14	2.22	2.22	0.03
250	05580ANK6	BMW BK NORTH AMER SALT LAKE	NR	NR	3.00	07/13/2021		2.45	100.37	251	2.85	2.34	2.34	0.03
250	00257TBA3	ABACUS FED SVGS BK NY	NR	NR	2.90	08/31/2021		2.58	100.08	250	2.89	2.48	2.46	0.04
250	32024FAB7	FIRST FID BK OKLA CITY OKLA	NR	NR	2.85	09/14/2021		2.62	99.93	250	2.89	2.52	2.49	0.04
250	949763LT1	WELLS FARGO BANK NATL ASSN	NR	NR	2.25	12/08/2021		2.85	98.16	246	2.94	2.75	2.72	0.05
250	85916VCW3	STERLING BK POPLAR BLUFF MO	NR	NR	3.10	03/09/2022		3.10	100.39	253	2.97	2.90	2.92	0.05
246	02587DN38	AMERICAN EXPRESS CENTRN	NR	NR	2.45	04/05/2022		3.18	97.91	243	3.15	3.00	3.00	0.05
247	33583FAB8	FIRST NORTHEAST BK NEB LYONS	NR	NR	2.00	04/19/2022		3.21	96.99	240	3.00	3.09	3.07	0.06
250	68002LBL1	OLD MO BK SPRINGFIELD	NR	NR	3.10	05/05/2022		3.26	100.33	251	3.01	3.08	3.05	0.06
250	02587CFU9	AMERICAN EXP FED SVGS BK INS	NR	NR	2.40	08/29/2022		3.58	97.13	245	3.26	3.35	3.36	0.07
250	38148PYQ4	GOLDMAN SACHS BK USA NY	NR	NR	2.80	02/28/2023		4.08	98.75	250	3.13	3.77	3.78	0.08

Portfolio Holdings Report

Portfolio as of: 1/31/2019

Pricing date: 1/31/2019

City of Upland

Par (000)	CUSIP	Issuer	S&P	Mdys	Cpn	Maturity	Call Date	Average Life	Market Price	Market Value (000)	Market Yield	Modified Duration	Effective Duration	Convexity
50,163			AA+	Aaa	2.20	2.1263		1.46	99.32	50,066	2.60	2.03	1.39	-0.26
	250 795450P66	SALLIE MAE BK SLT LAKE CITY	NR	NR	3.20	05/09/2023		4.27	100.21	252	3.15	3.93	3.94	0.09
	250 254673RF5	DISCOVER BK	NR	NR	3.30	07/11/2023		4.44	100.56	252	3.17	4.10	4.10	0.10
1,780		Total US Treasury (3.5%)	AAA	Aaa	1.15	0.55		0.56	99.28	1,772	2.47	0.54	0.54	0.00
	200 912828P53	UNITED STATES TREAS NTS	TSY	TSY	0.75	02/15/2019		0.08	99.94	200	2.24	0.04	0.04	0.00
	175 912828SN1	UNITED STATES TREAS NTS	TSY	TSY	1.50	03/31/2019		0.17	99.85	176	2.40	0.16	0.16	0.00
	200 912828ST8	UNITED STATES TREAS NTS	TSY	TSY	1.25	04/30/2019		0.25	99.70	200	2.46	0.24	0.24	0.00
	205 912828SX9	UNITED STATES TREAS NTS	TSY	TSY	1.13	05/31/2019		0.33	99.57	205	2.44	0.33	0.33	0.00
	200 912828TH3	UNITED STATES TREAS NTS	TSY	TSY	0.88	07/31/2019		0.50	99.21	198	2.47	0.49	0.49	0.00
	200 912828TR1	UNITED STATES TREAS NTS	TSY	TSY	1.00	09/30/2019		0.67	99.00	199	2.53	0.65	0.65	0.00
	200 912828G61	UNITED STATES TREAS NTS	TSY	TSY	1.50	11/30/2019		0.83	99.14	199	2.55	0.82	0.82	0.01
	200 912828H52	UNITED STATES TREAS NTS	TSY	TSY	1.25	01/31/2020		1.00	98.72	197	2.56	0.98	0.98	0.01
	200 912828UV0	UNITED STATES TREAS NTS	TSY	TSY	1.13	03/31/2020		1.17	98.40	198	2.53	1.14	1.14	0.01
35,955		Total Agency (71.6%)	AA+	Aaa	2.11	2.40		1.48	99.14	35,849	2.58	2.29	1.40	-0.37
	200 3137EADZ9	FEDERAL HOME LN MTG CORP	AA+	AGY	1.13	04/15/2019		0.25	99.73	200	2.45	0.21	0.20	0.00
	200 313379EE5	FEDERAL HOME LOAN BANKS	AA+	AGY	1.63	06/14/2019		0.33	99.70	200	2.43	0.37	0.36	0.00
	200 3133EFW52	FEDERAL FARM CR BKS	AA+	AGY	1.15	07/01/2019		0.42	99.49	199	2.39	0.41	0.41	0.00
	200 3137EADK2	FEDERAL HOME LN MTG CORP	AA+	AGY	1.25	08/01/2019		0.50	99.38	200	2.50	0.49	0.49	0.00
	100 313380FB8	FEDERAL HOME LOAN BANKS	AA+	AGY	1.38	09/13/2019		0.58	99.29	100	2.54	0.61	0.61	0.00
	1,500 3133EHKA0	FEDERAL FARM CR BKS	AA+	AGY	1.40	09/23/2019		0.67	99.30	1,497	2.50	0.64	0.63	0.00
	200 3137EADM8	FEDERAL HOME LN MTG CORP	AA+	AGY	1.25	10/02/2019		0.67	99.16	199	2.53	0.66	0.66	0.00
	1,500 3135G0R39	FEDERAL NATL MTG ASSN	AA+	AGY	1.00	10/24/2019		0.75	98.87	1,488	2.57	0.72	0.72	0.01
	1,500 3130AA3R7	FEDERAL HOME LOAN BANKS	AA+	AGY	1.38	11/15/2019		0.83	99.06	1,490	2.58	0.78	0.78	0.01
	200 3130A0JR2	FEDERAL HOME LOAN BANKS	AA+	AGY	2.38	12/13/2019		0.83	99.83	200	2.58	0.85	0.85	0.01
	1,500 3130ADPX4	FEDERAL HOME LOAN BANKS	AA+	AGY	2.25	03/05/2020	03/05/2019	0.08	99.99	1,506	2.40	1.07	0.40	-0.30
	200 3130A7PU3	FEDERAL HOME LOAN BANKS	AA+	AGY	1.20	04/06/2020		1.17	98.48	198	2.51	1.16	1.16	0.01
	205 3133ECPD0	FEDERAL FARM CR BKS	AA+	AGY	1.42	05/13/2020		1.25	98.58	203	2.55	1.26	1.26	0.01
	2,500 3130ADPR7	FEDERAL HOME LOAN BANKS	AA+	AGY	2.50	09/15/2020	03/15/2019	0.17	100.00	2,522	2.49	1.57	0.71	-0.55
	1,500 313382J53	FEDERAL HOME LOAN BANKS	AA+	AGY	1.75	09/28/2020		1.67	98.79	1,491	2.50	1.62	1.61	0.02
	1,500 3135G0RM7	FEDERAL NATL MTG ASSN	AA+	AGY	1.63	10/30/2020		1.75	98.48	1,483	2.52	1.70	1.70	0.02
	1,000 3133EJMX4	FEDERAL FARM CR BKS	AA+	AGY	2.68	11/02/2020	08/02/2018	0.08	100.00	1,007	2.65	1.69	0.71	-0.60
	1,500 3135G0F73	FEDERAL NATL MTG ASSN	AA+	AGY	1.50	11/30/2020		1.83	98.22	1,478	2.50	1.79	1.79	0.02
	1,000 3134GSNS0	FEDERAL HOME LN MTG CORP	AA+	AGY	2.80	06/28/2021	03/28/2019	0.17	100.03	1,003	2.62	2.31	0.89	-0.70
	1,250 3133EHYU1	FEDERAL FARM CR BKS	AA+	AGY	1.84	09/13/2021	12/13/2018	2.58	98.18	1,236	2.57	2.52	2.13	-0.31
	1,500 3135G0Q89	FEDERAL NATL MTG ASSN	AA+	AGY	1.38	10/07/2021		2.67	97.13	1,463	2.49	2.60	2.60	0.04
	2,000 3133EFPT8	FEDERAL FARM CR BKS	AA+	AGY	1.96	11/19/2021		2.83	98.36	1,975	2.57	2.70	2.69	0.04
	1,500 3130AFD79	FEDERAL HOME LOAN BANKS	AA+	AGY	3.00	11/23/2021	05/23/2019	0.33	100.12	1,511	2.58	2.65	0.70	-0.39
	1,500 3130AFCU9	FEDERAL HOME LOAN BANKS	AA+	AGY	3.13	11/26/2021	11/26/2019	0.83	100.32	1,514	2.73	2.66	1.24	-0.42
	1,000 3133EJPE3	FEDERAL FARM CR BKS	AA+	AGY	2.95	02/15/2022	08/15/2018	0.58	100.00	1,014	2.95	2.85	1.05	-0.94
	2,500 3134GSFS9	FEDERAL HOME LN MTG CORP	AA+	AGY	2.50	09/06/2022	03/06/2019	0.08	99.99	2,525	2.54	3.35	0.70	-0.58
	1,250 3133EHYB3	FEDERAL FARM CR BKS	AA+	AGY	1.94	09/12/2022	09/12/2018	3.58	97.78	1,231	2.59	3.44	2.77	-0.51
	1,250 3130ACH72	FEDERAL HOME LOAN BANKS	AA+	AGY	2.26	10/04/2022	04/04/2019	3.67	98.53	1,240	2.68	3.48	2.39	-0.81
	1,250 3133EHF73	FEDERAL FARM CR BKS	AA+	AGY	2.28	10/17/2022	01/17/2019	3.75	98.77	1,243	2.63	3.51	2.24	-0.94
	1,500 3134GB3A8	FEDERAL HOME LN MTG CORP	AA+	AGY	2.25	11/28/2022	02/28/2019	3.83	98.60	1,485	2.64	3.63	2.41	-0.95
	1,250 3130ACX82	FEDERAL HOME LOAN BANKS	AA+	AGY	2.38	12/05/2022	09/05/2018	3.83	98.79	1,240	2.71	3.64	2.28	-0.99
	1,500 3134GSGLT0	FEDERAL HOME LN MTG CORP	AA+	AGY	2.75	05/30/2023	05/30/2019	0.33	100.01	1,508	2.70	3.99	0.93	-0.59

Portfolio Holdings Report

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City of Upland

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50,163			AA+	Aaa	2.20	2.1263		1.46	99.32	50,066	2.60	2.03	1.39	-0.26
335		Total Corporate - Industrials (0.7%)	AA	Aa2	1.24	0.44		0.44	99.38	334	2.64	0.44	0.43	0.00
125	89236TDE2	TOYOTA MOTOR CREDIT CORP	AA-	Aa3	1.40	05/20/2019		0.33	99.62	125	2.65	0.30	0.29	0.00
120	594918BN3	MICROSOFT CORP	AAA	Aaa	1.10	08/08/2019		0.50	99.27	120	2.52	0.51	0.51	0.00
90	69371RN36	PACCAR FINL CORP SR MTNS BK	A+	A1	1.20	08/12/2019		0.50	99.17	90	2.79	0.52	0.52	0.00
100		Total Corporate - Financials (0.2%)	A	A1	2.55	1.55		1.58	99.60	101	2.82	1.49	1.49	0.02
100	857477AS2	STATE STR CORP	A	A1	2.55	08/18/2020		1.58	99.60	101	2.82	1.49	1.49	0.02

Excluded Securities:

Par	CUSIP9	ExclusionReason
390	31846V203	Model Unavailable
250	48128F4V1	Model Unavailable

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**ECONOMIC DEVELOPMENT COMMITTEE MEETING
MARCH 4, 2019**

CONCLUSION/ACTION SUMMARY

In attendance: Committee Chair Felix, Committee Member Velto, Councilmember Elliott, City Manager Vagnozzi, Development Services Director Dalquest, Development Services Manager Chavez, and Economic Development Coordinator Picazo

- 1) **ORAL COMMUNICATIONS**, None.
- 2) **ECONOMIC DEVELOPMENT UPDATE BY JLL**, consultants Erik Westedt and Blake Kaplan made a presentation on retail trends, providing an update on citywide shopping centers and the downtown area. They also provided an update on tenant leases/negotiations within the Bongiovanni site, Upland Village Center, Mountain Green Shopping Center, Colonies Crossroads, Uptown & Country Shopping Center, and Sycamore Hills Plaza.



Economic Development Committee Meeting

March 4, 2019

4:00 PM

Pinky Alder Room - City Hall

-
1. ORAL COMMUNICATIONS
 2. ECONOMIC DEVELOPMENT UPDATE BY JLL

NOTE: All Agenda items and back-up materials are available for public review at the Upland Public Library, downstairs reference desk at 450 North Euclid Avenue, the City Clerk's Office at 460 North Euclid Avenue and the City website at www.ci.upland.ca.us, subject to staff's ability to post the documents before the meeting.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at 909.931.4120. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. [28 CFR 35.102-35.104 ADA Title II]

POSTING STATEMENT: On February 28, 2019, a true and correct copy of this agenda was posted on the bulletin boards at 450 N. Euclid Avenue (Upland Public Library) and 460 N. Euclid Avenue (Upland City Hall).



City of Upland
Economic Development Committee Meeting
Economic Development Update

March 4, 2019

4:00 p.m. to 6:00 p.m. - Pinky Room

1) JLL Update

- a) Retail Trends
- b) City-Wide Shopping Center Update
- c) Downtown

2) Next Meeting – June 3, 2019

City of Upland



Retail Trends & Shopping Centers Overview

JLL Company Overview

JLL (NYSE: JLL) is a leading professional services firm that specializes in real estate and investment management. Our vision is to reimagine the world of real estate, creating rewarding opportunities and amazing spaces where people can achieve their ambitions. In doing so, we will build a better tomorrow for our clients, our people and our communities. JLL is a Fortune 500 company with annual revenue of \$16.3 billion, operations in over 80 countries and a global workforce of over 90,000 as of December 31, 2018. JLL is the brand name, and a registered trademark, of Jones Lang LaSalle Incorporated.

Focused Service Expertise and Capabilities

JLL provides a broad range of real estate-related services to occupiers, owners and investors. For each client assignment, we assemble a team of experts from appropriate service capabilities who deliver integrated solutions built on professional expertise, relevant experience and market insight, foresight and knowledge.

JLL constantly reassesses its service platform to remain responsive to and current on client needs, changes in the real estate business, and evolutions in the use of technology and space. JLL delivers real estate services on a variety of asset types including retail, office, industrial, hotels and multifamily. Services include:

- Agency leasing
- Capital markets and investment sales
- Construction
- Corporate finance and net lease
- Development and asset strategy
- Energy and sustainability services
- Integrated facilities management
- Investment management
- Leasing administration
- Project & development services
- Property management
- Real estate investment banking
- Special asset services
- Strategic consulting
- Tenant representation



82K
employees
worldwide



297
corporate
locations



80
countries in
which we
operate



\$7.9B
Annual Gross
Revenue





Retail Overview



Erik Westedt
Senior Vice President
Retail Advisory Services

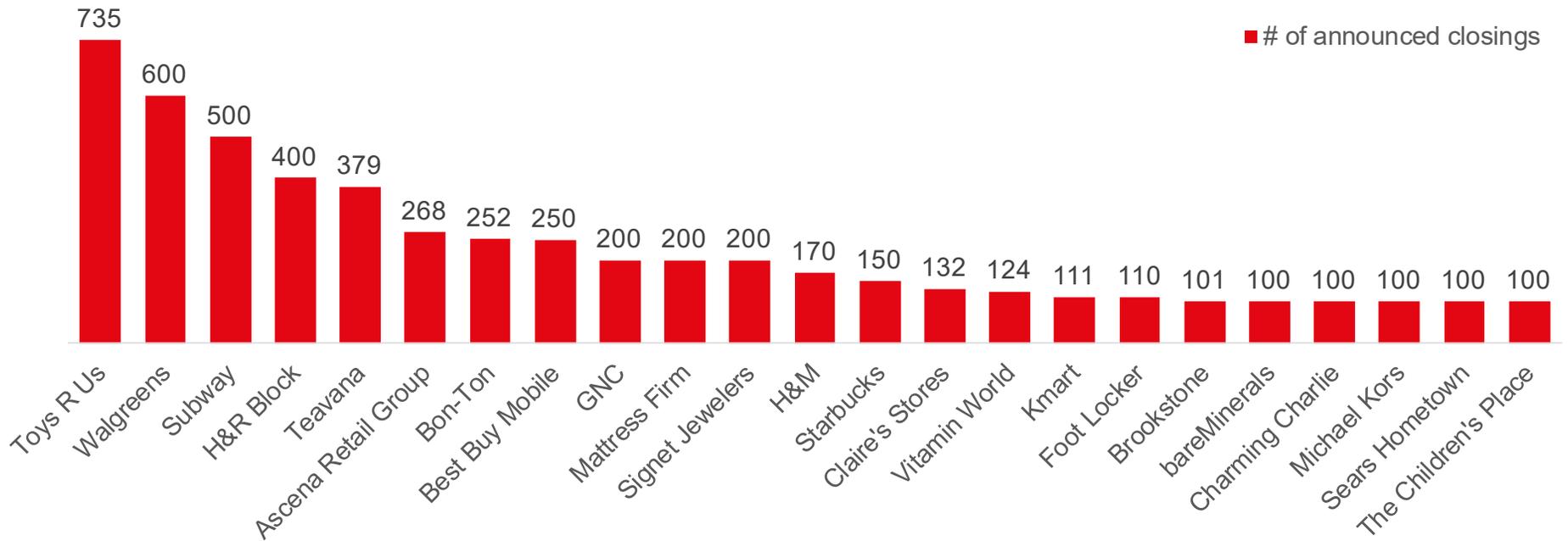


Blake Kaplan
Vice President
Retail Advisory Services



Top Retail Closures

Toys “R” Us and Walgreens top the list of 2018 closures

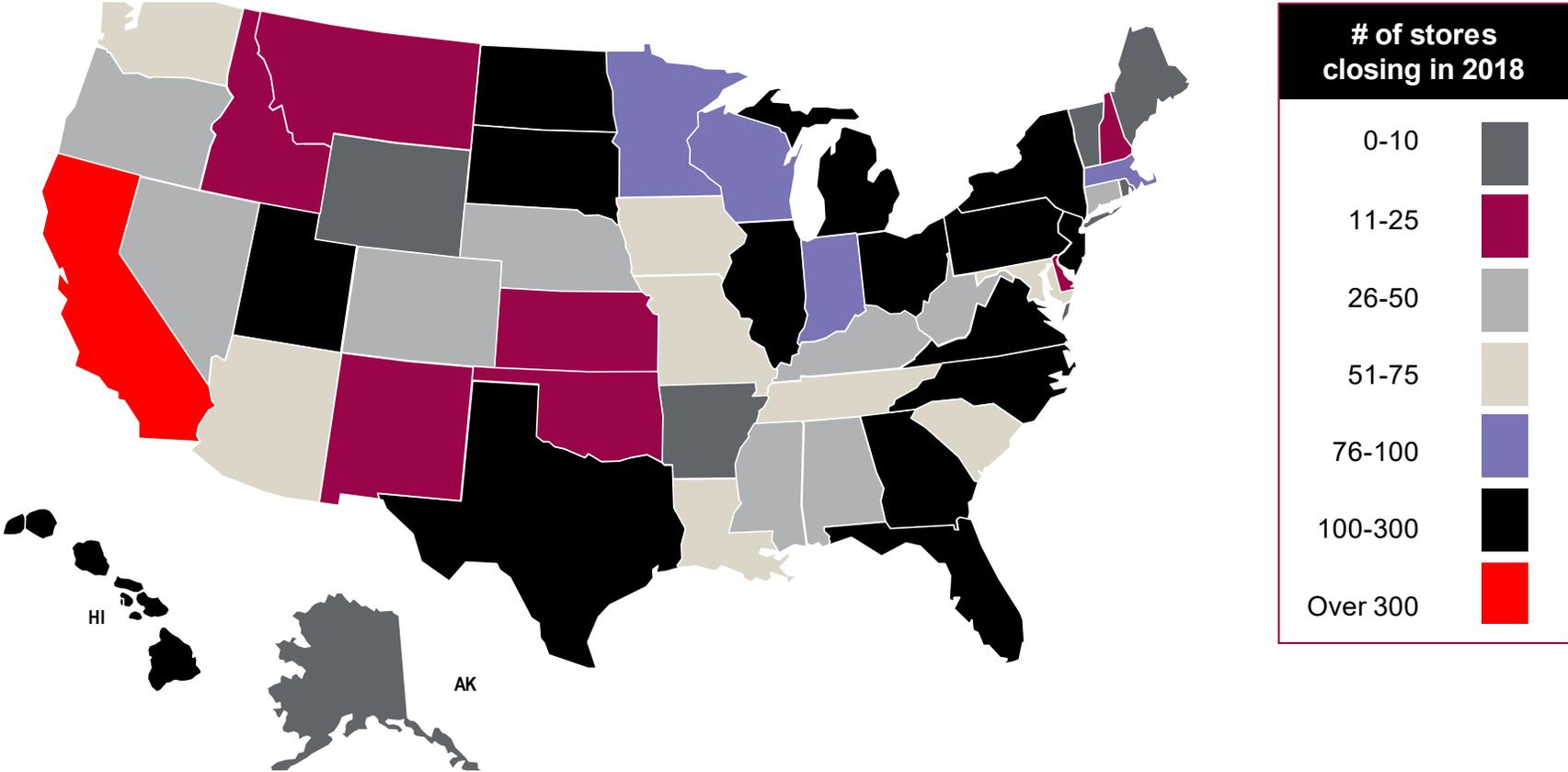


Source: PNC, CreditIntell, JLL Research



2018 Closures on the Map

California tops the states with the most expected closures in 2018 to date

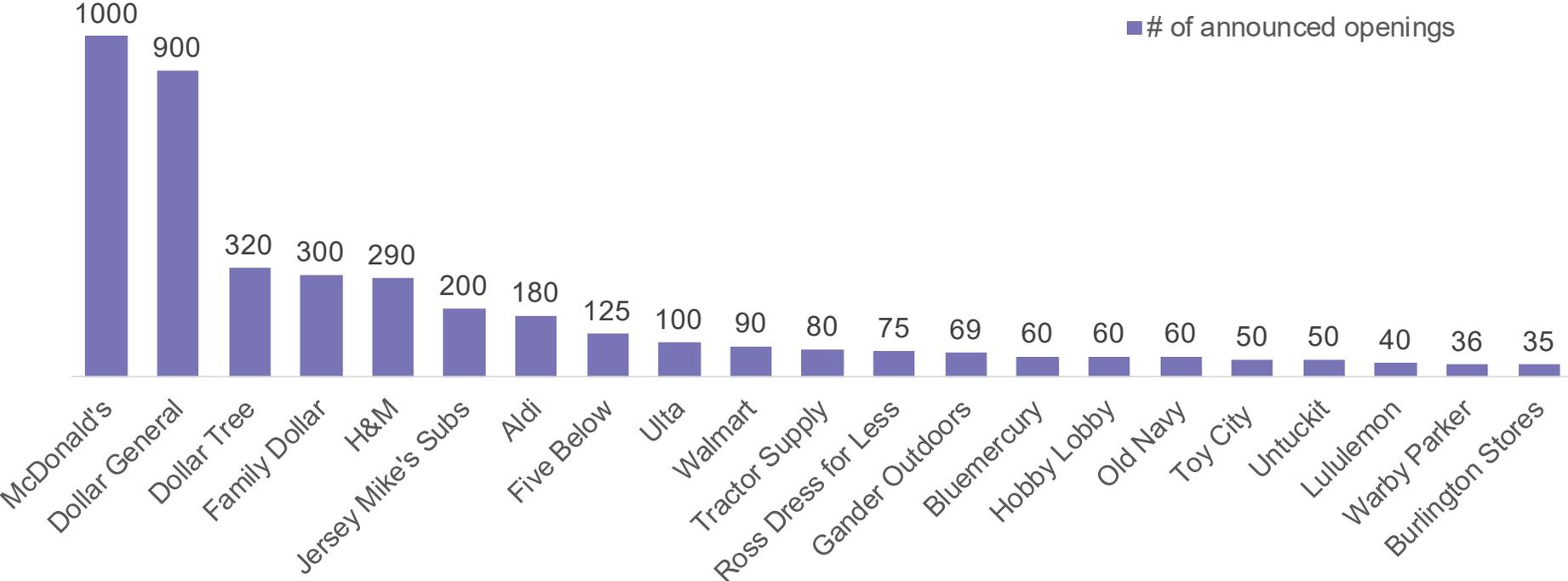


Source: CreditIntell, JLL Research



Frontrunners in the Expansion Game

Clicks-to-bricks retailers like Warby Parker, Untuckit and Indochino continue their aggressive expansion plans



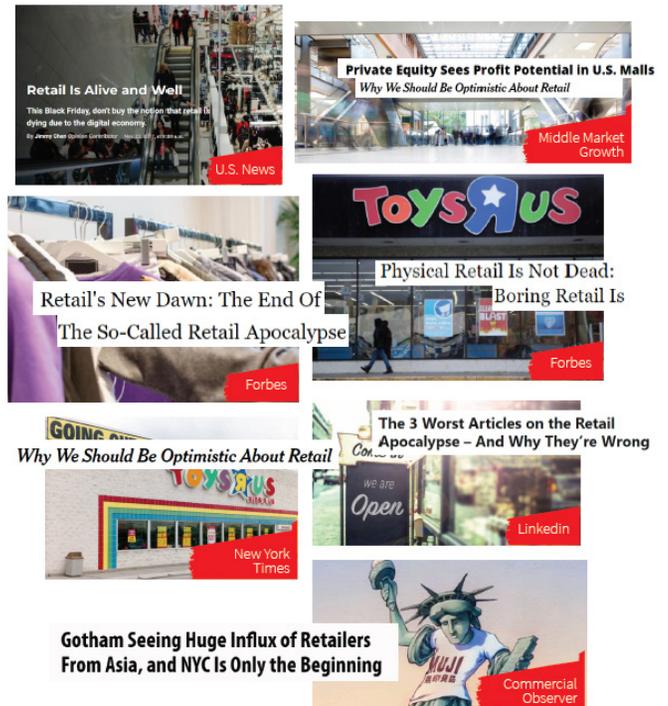
Source: PNC, Coresight Research, JLL Research
*worldwide



The Real News: Retail Apoca-NOT!

- U.S. Sales are up! Pure retail (excluding food service, auto and gas) is up **4.2%**
- Amazon controls **49%** of all online retail sales (5% of all retail spend)
- Investors increase appetite for **grocery-anchored** assets

Retail Apoca-NOT



Things to Watch

- *Bankruptcy Trends*
 - Legacy retailers continued stress
- *Flight to quality*
 - Grocery anchor center vs power center
- *Emphasis on gateway cities*



Food Halls on the Rise

Number of Food Halls in U.S.: 2017 2020
118 300

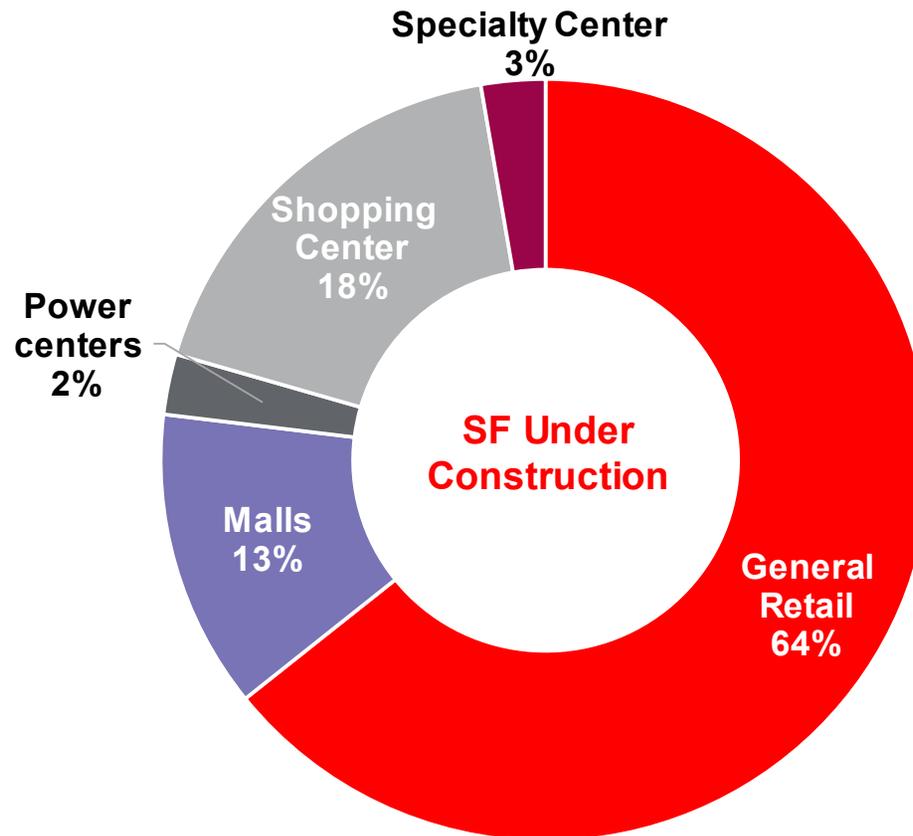
Eataly has 6 U.S. locations

Lucky Food Hall, Miami

Dekalb Market Hall, NY



General/freestanding retail dominates construction

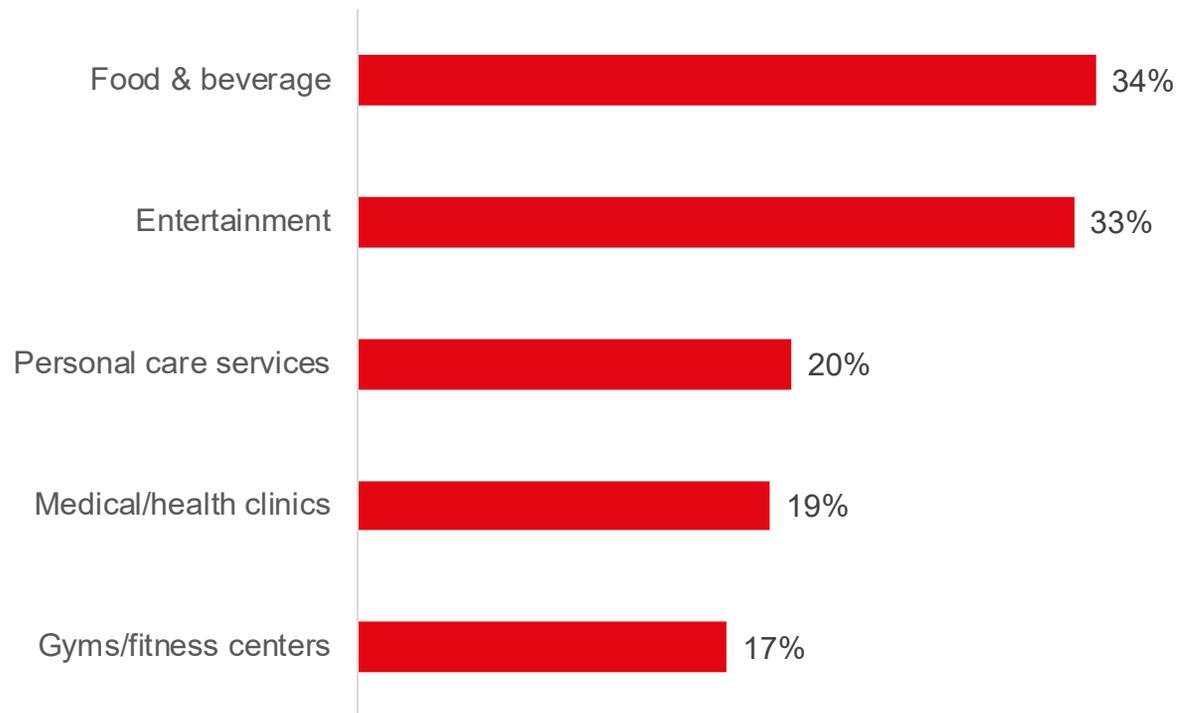


Source: CoStar, JLL



Consumers want more F&B & Entertainment Tenants

Non-retail tenants consumers want to see more of



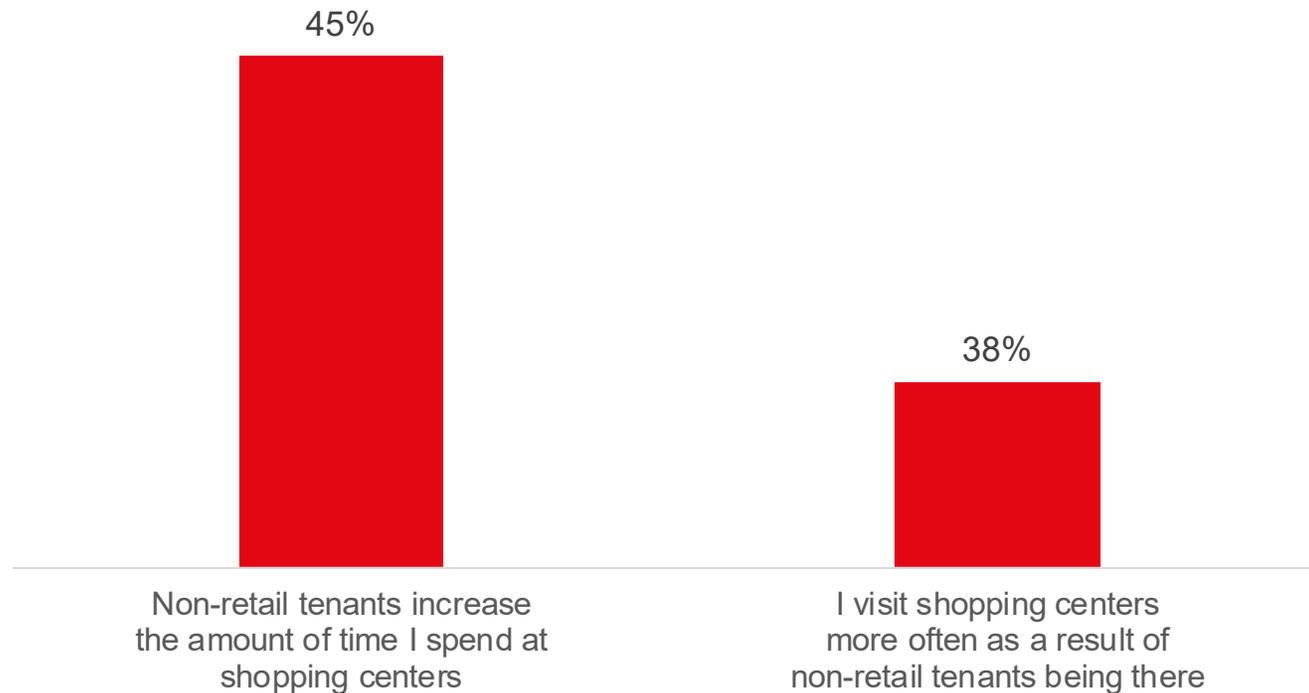
Source: ICSC, JLL



Service tenants entice shoppers to visit more often and stay longer

Non-retail tenants impact

■ % of US adults



Source: ICSC, JLL



Bongiovanni Property



Sycamore Hills Plaza

I-210 & Baseline Rd.



Upland Village Center

NEC Euclid Ave. & Foothill Blvd.



In Leases
Regional
Hair Salon



Mountain Green Shopping Center

349 S. Mountain Ave.



? Who can replace former Kohl's?

Grocer, Fitness & Pads



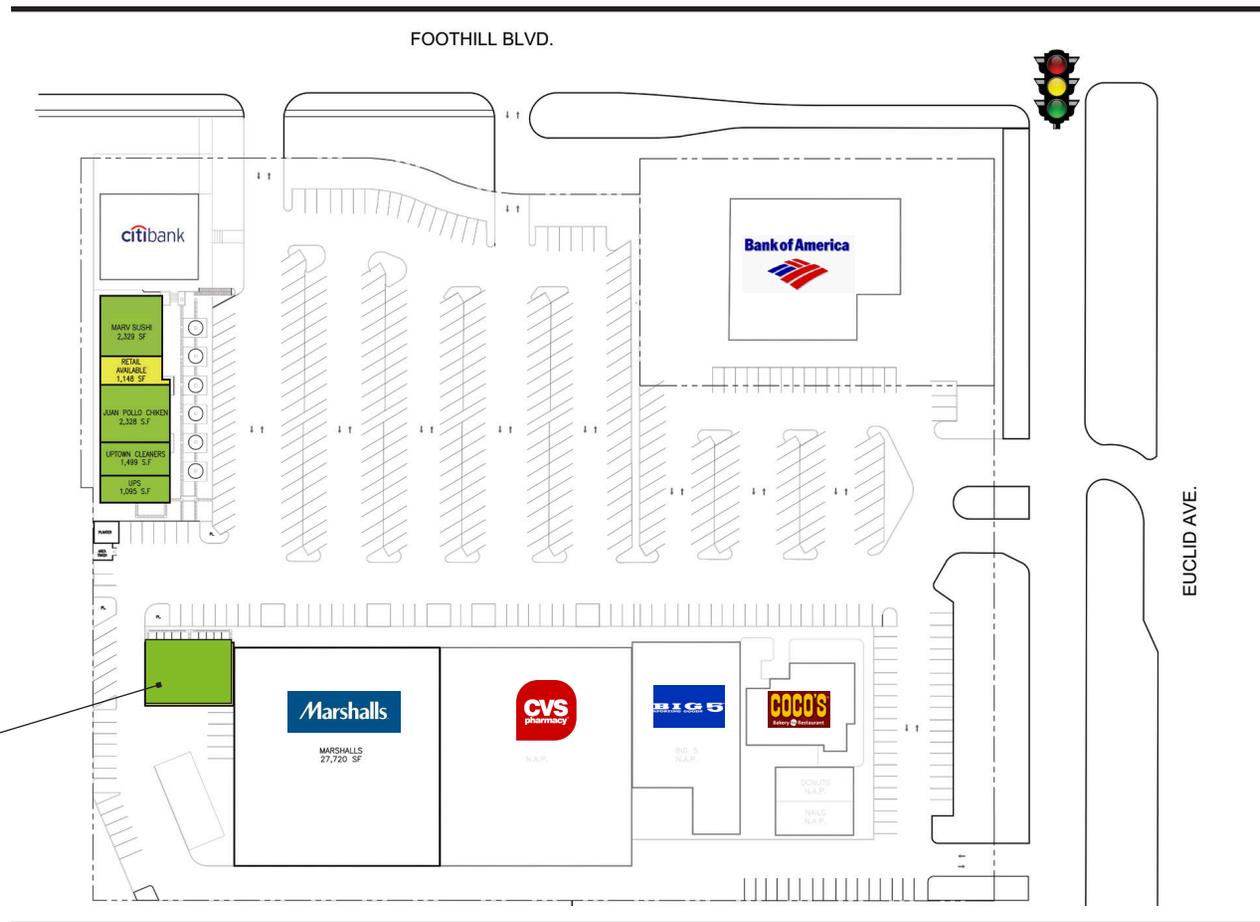
Colonies Crossroads



Uptown & Country Shopping Center

SWC Euclid Ave. & Foothill Blvd.

Recently Signed
Lease





Erik Westedt

Senior Vice President

Lic. #01372758

213 545 4500

erik.westedt@am.jll.com

Blake Kaplan

Vice President

Lic. #02001158

909 702 3367

blake.kaplan@am.jll.com

Jones Lang LaSalle Brokerage, Inc.
Real Estate License #01856260



STAFF REPORT

ITEM NO. 14.A.

DATE: March 11, 2019
TO: MAYOR AND CITY COUNCIL
FROM: JEANNETTE VAGNOZZI, CITY MANAGER
PREPARED BY: JEANNETTE VAGNOZZI, CITY MANAGER
KERI JOHNSON, CITY CLERK
SUBJECT: CONTINUED DISCUSSION OF AN APPOINTMENT TO THE
PERSONNEL BOARD OF REVIEW

RECOMMENDED ACTION

It is recommended that the City Council select an appointment from the Employee Associations' nominees, Gifty Beets and Steve Bierbaum; and ratify the appointment to the Personnel Board of Review, term to expire June, 2019.

GOAL STATEMENT

The proposed action supports the City's goal to provide opportunities for the citizenry to participate in local government through service on various committees, commissions and boards.

BACKGROUND

Pursuant to the Upland Municipal Code, the Personnel Board of Review has been established. The Board consists of three members and one alternate. One member is nominated by the City Council, one member is nominated and mutually agreed upon by the City Council and the Employee Associations, and the third member is selected by the Employee Associations. The alternate member is also mutually agreed upon by the City Council and the Employee Associations.

On November 26, 2018, the City Council accepted the resignation of Board Member Marni Bobich who served as the Employee Associations' nomination to the Board. The vacancy was posted pursuant to the Government Code Section 54974.

ISSUES/ANALYSIS

The employee association boards have submitted two nominees for consideration by the Council, Gifty Beets and Steve Bierbaum.

Ms. Beets was nominated by the Upland Mid-Management Association Board, which represents 30 employees. Mr. Bierbaum was nominated by the Upland City Employees' Association Board, which represents 99 employees and Upland Police Officers' Association Board which represents 53 employees. Resolution No. 6397 states that the employee groups will submit names and the Council selects the appointment.

At the City Council meeting on February 25, 2019, the Council considered the two nominees for appointment. During that meeting, Councilmember Elliott made a motion, which was seconded by Councilmember Zuniga, to appoint Steve Bierbaum to the Personnel Board of Review; however, the motion failed with Mayor Stone, and Councilmembers Felix, and Velto opposed. After further discussion, Councilmember Felix made a motion, which was seconded by Councilmember Velto, to table the item for future discussion. The motion carried with Councilmember Elliott opposed.

In order to reconsider Mr. Bierbaum for the appointment, a motion to appoint must be made by either Mayor Stone, Councilmember Felix, or Councilmember Velto.

Staff is requesting the Council choose from the proposed appointees and ratify the appointment, term to expire in June 2019. In accordance with section 2.36.160 of the Upland Municipal Code, a four-fifths vote of all members of the Council is required to appoint a member to the board.

FISCAL IMPACTS

There is no fiscal impact associated with this action.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

Application - Beets

Application - Bierbaum

Resolution No. 6397



RECEIVED
UPLAND CITY
CLERK'S OFFICE

19 JAN 30 AM 9:25 City of Upland

Public Service Application for Boards, Committees, or Commissions

Name: Gifty J. Beets

Date: Jan 16, 2019

- I want to generally apply for all committees
- I am applying specifically for the following:
Personnel Board of Review

When are you available for meeting? (Check all that apply)

- Mornings
- Afternoons
- Evenings

General Information

Home Address: INFORMATION REDACTED

Home Phone: INFORMATION REDACTED

Email Address: INFORMATION REDACTED

Present Employer: Los Angeles Unified School District
INFORMATION REDACTED

Business Address: INFORMATION REDACTED

Business Phone: _____

Activities Information

Professional Activities: Certified Labor Relations Management Professional.
Member of SHRM, IPMA, and CalPelra. IPMA-HR designation in process.
Pepperdine's Straus Institute Dispute Resolution Courses.

Community Activities: AYSO: Sponsorship Coordinator, U12B Divisional Asst,
and Social Media Coordinator. Little League National Parents Committee.
Prior School Site Council Member at Foothill Knolls Elementary.

Education Information

BA in Political Science/Business Administration - UCLA

MBA with a Specialization in Human Resource Management, National U.

JD in process, NWCUC

In 300 words or less, explain reasons for wanting to serve:

I would love to get more involved in the community that I have lived in for the last 15 years. I am a Personnel and Human Resource Professional and feel that I can provide my skillset to enhance the City of Upland.

I have done this work for over 20 years working at a large public school district and also working in a large private engineering firm. My knowledge experience and willingness to work with others will make me an ideal person to serve on Upland's Personnel Board of Review.

List three (3) community references:

1. Ari Ruiz, AYSO Region 65, Regional Commissioner
INFORMATION REDACTED
2. Diana Wilds, Purpose Church Women's Group and HS Teacher
INFORMATION REDACTED
3. Teyanna Williams, Metro VP of HR
INFORMATION REDACTED

INFORMATION REDACTED

Signature



RECEIVED
UPLAND CITY
CLERK'S OFFICE
18 DEC 10 PM 11:42

City of Upland

Public Service Application for Boards, Committees, or Commissions

RECEIVED
UPLAND CITY
CLERK'S OFFICE
18 DEC 10 PM 11:42

Name: STEVEN D. BIERRAUM

Date: 12/10/18

- I want to generally apply for all committees
- I am applying specifically for the following:

PERSONNEL BOARD OF REVIEW

When are you available for meeting? (Check all that apply)

- Mornings
- Afternoons
- Evenings

General Information

Home Address: INFORMATION REDACTED

Home Phone: INFORMATION REDACTED

Email Address: _____

Present Employer: NONE - RETIRED LOS ANGELES COUNTY FIRE DEPT.

Business Address: N/A

Business Phone: N/A

Activities Information

Professional Activities: NONE - RETIRED AFTER 34 YEARS OF PUBLIC SAFETY SERVICE. CURRENT PROFESSION IS PLAYING "MR. MOM" TO (2) TWO 12 YR OLDS. (2)

Community Activities: BOARD OF DIRECTORS - UPLAND COALITION OF CONCERNED CITIZENS; ADOPT-A-HIGHWAY CLEAN-UP PROGRAM.; FOSTER-PROGRAM FRIENDS OF UPLAND ANIMAL SHELTER.

Education Information

H.S. GRADUATE; POST SECONDARY EDUCATION 8 FIRE SCIENCE; POLICE SCIENCE; CERTIFIED HAZMAT RESPONDER + STATE INSTRUCTOR; URBAN SEARCH & RESCUE RESPONDER + INSTRUCTOR. NATIONAL FIRE ACADEMY INSTRUCTOR CERTIFICATION

In 300 words or less, explain reasons for wanting to serve:

HAVING BECOME INVOLVED IN THE INTERNAL WORKINGS OF THE CITY OF UPLAND, I HAVE A DEEP SEATED NEED TO BE A PART OF THE ORGANIZATION, THROUGH A VOLUNTARY PROCESS.

I HAVE 34 YEARS OF PUBLIC SAFETY BACKGROUND THAT I BRING TO THE TABLE. DURING THE COURSE OF THOSE YEARS OF SERVICE IN THE MILITARY, POLICE DEPT. & FIRE DEPT, I SERVED MANY TIMES IN INVESTIGATORY FUNCTIONS; BACKGROUND INVESTIGATIONS; UNION BOARD OF DIRECTORS ASSIGNMENTS & NEGOTIATING TEAM REPRESENTATION.

MY EXPERIENCE IN LAW ENFORCEMENT INVESTIGATIONS; INTERNAL INVESTIGATIONS/REVIEW PROCESSES & INTERNAL ISSUES RELEVANT TO DISCIPLINE & EMPLOYEE ASSOCIATION'S MAKES THIS BOARD MEMBER ASSIGNMENT RELEVANT. I BRING EXPERIENCE & PATIENCE & PASSION FOR OUR CITY TO BE THE BEST.

List three (3) community references:

1. COUNCIL MEMBER JANICE ELLIOTT INFORMATION REDACTED
UPLAND CITY HALL
2. DR. JOE GRAY INFORMATION REDACTED
INFORMATION REDACTED
3. MR. AL PATTISON INFORMATION REDACTED
INFORMATION REDACTED

INFORMATION REDACTED

Signature

RESOLUTION NO. 6397

A RESOLUTION OF THE CITY COUNCIL AMENDING THE POLICIES AND PROCEDURES RELATIVE TO THE ESTABLISHMENT AND OPERATION OF COMMISSIONS, COMMITTEES, BOARDS AND AUTHORITIES APPOINTED TO ADVISE THE CITY COUNCIL

Intent of the Parties and Findings

(i) The use of citizen Commissions, Committees, Boards and Authorities to advise the City Council on issues of public concern is an efficient and effective means of involving citizens in policy development; and

(ii) Chapter 2.16 and Section 2.20.030 of the Upland Municipal Code provide that the City Council shall by resolution, establish a process for the screening of individuals desiring to serve as City Commission, Committee, Boards or Authority members; and

(iii) The effective use of these Commissions, Committees, Boards and Authorities is furthered by clear guidelines governing their creation and operation; and

(iv) The City Council adopted Resolution No. 4331 which established guidelines governing the creation and operation of established Commissions, Committees, Boards and Authorities; and

(v) From time to time there is a need to eliminate or amend the established rules governing the operation and creation of commissions, committees, boards, and authorities, which was the basis for the adoption of Resolutions No. 5786, 6038, 6270; and

(vi) The City desires to provide a fair and equitable manner by which citizens are appointed to City Commissions, Committees, Boards, and Authorities, which is free of undue influence, but which advances the authority provided by Government Code Section 40605; and

(vii) The City Council may establish standing committees of the legislative body to provide an opportunity for fact finding prior to consideration by the entire Council; and

(viii) The City Council established the Recreation Committee by Resolution No. 4839 on June 9, 1997, and rescinded previously adopted Resolution Nos. 2600, 3324, 3626, 4212 and 4474 and amended Resolution Nos. 4331 and 5007; and

(ix) The City Council later amended the composition of the Recreation Committee with Resolution No. 5007, dated February 8, 1999, adding two School Board Members to the Committee; and

(x) The City Council added the Finance & Economic Development Committee, Police & Fire Committee, and Public Works Committee with Resolution No. 5290, dated December 10, 2001.

NOW, THEREFORE, the Upland City Council hereby finds, determines and resolves as follows:

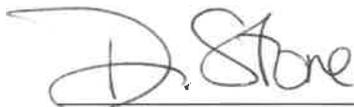
Section 1. The City Council hereby amends the established guidelines for Authorities, Boards, Committees and Commissions of the City (as attached) including incorporating, by reference, all prior actions taken by the City Council to eliminate or modify Committees, to the extent they are not inconsistent with the attached guidelines.

Section 2. Amend the standing legislative committees to include Economic Development Committee, Police & Fire Committee, Public Works Committee, and Investments Committee.

Section 3. The City Council hereby further amends the established guidelines for Authorities, Boards, Committees and Commissions of the City (as attached) to include guidelines for standing legislative committees.

Section 4. Certification. The City Clerk shall certify the adoption of this Resolution and enter it into the book of original resolutions.

PASSED, APPROVED and ADOPTED this 10th day of April, 2017.

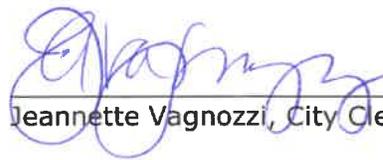


Debbie Stone, Mayor

I, Jeannette Vagnozzi, City Clerk of the City of Upland, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the City Council held on the 10th day of April 2017, by the following vote:

AYES: Mayor Stone, Councilmembers Filippi, Elliott, Robinson, Timm
NOES: None
ABSENT: None
ABSTAINED: None

ATTEST:



Jeannette Vagnozzi, City Clerk

COMMISSIONS, COMMITTEES, BOARDS AND AUTHORITIES

SECTION 1. CREATION OF COMMISSIONS, COMMITTEES, BOARDS, AND AUTHORITIES

The Upland City Council shall have the power from time to time by resolution to create such Commissions, Committees, Boards, and Authorities which are necessary or deemed advisable by the Council to carry out the governmental functions of the City in the manner reflecting the best interest of its citizens. The number of members to each Commission, Committee, Board, and/or Authority shall unless otherwise required by law, correspond to the number of members of the appointing body as authorized by law. Each active member of the Upland City Council shall have an appointee on each Commission, Committee, Board and/or Authority. Each appointee shall be a citizen nominated by the Mayor or Councilmember, respectively, and approved by a majority vote of the City Council and appointed by the Mayor.

SECTION 2. DEFINITION

"Commission" shall be any group established pursuant to the Upland Municipal Code. "Committee" shall be any group of individuals which shall have any ongoing charge from the City Council and which are formed by resolution. "Committee" shall not include Committees composed solely of elected officials. "Board" shall be any group formed pursuant to State law providing for same. "Authority" shall be any group formed pursuant to State law providing for same. "Standing Legislative Committee" shall include committees comprised of elected officials who will review operational concerns prior to official council action.

SECTION 3. APPLICABILITY

The provisions of this resolution shall apply to all Commissions, Committees, Boards and Authorities hereafter created by resolution of the City Council and to existing Commissions, Committees, Boards, and Authorities as identified on the attachments hereto. The provisions of this resolution shall supersede any minute motion or resolution of any prior City Council of Upland which is in conflict with the provisions of this document. Insofar as possible, the provisions of this resolution shall govern the operation and creation of Commissions, Committees, Boards, and Authorities appointed by the City Council except in those instances where the provisions of this resolution conflict with provisions of State or Federal law.

SECTION 4. APPOINTMENT AND APPLICATION PROCESS

The City Clerk shall maintain a roster of individuals who expressed interest in serving on City Commissions, Committees, Boards, and Authorities, who may be nominated by a serving member of the City Council, and who have completed an application form in a manner established or approved by the City Council. Said application shall indicate among other things, the Commission, Committee, Board, or Authority on which said individual is interested in serving. Any application filed shall be valid for a period of three (3) years. Incumbent Commission, Committee, Board, or Authority members shall be deemed to be on said roster, unless City Clerk is in possession of a Resignation Letter from the incumbent member. Members of the City Council shall make appointments from this roster.

SECTION 5. SELECTION AND APPOINTMENT

Members of the City Council requiring representation on a particular Commission, Committee, Board, or Authority shall review the list of applicants and submit a nominee to the City Clerk. The City Clerk shall place nominations before the City Council for its review and approval as and when necessary.

For selections made by the Mayor and ratified by the City Council, the Mayor shall review the list of applicants and submit a nominee to the City Clerk. The City Clerk shall place the nominations before the City Council for its review and approval as and when necessary.

In appointing Planning Commissioners, the Mayor shall establish an interview panel composed of the Mayor (or another Councilmember appointed by the Mayor), the Mayor Pro Tem (or another Councilmember appointed by the Mayor), the Chair of the Planning Commission and the Development Services Director (advisory). All applicants will be interviewed and recommend to the Mayor at least one of those which a majority of the interview panel believe to be qualified. The Mayor shall appoint the Commissioners from those recommended for his/her consideration.

Appointments to standing legislative committees (Economic Development Committee, Police & Fire Committee, Public Works Committee, and Investments Committee) are made by the Mayor biannually to coincide with elections and may be reviewed and reassigned annually or as needed.

SECTION 6. TERMS OF COMMISSION, COMMITTEES, BOARDS, AND AUTHORITIES

For Council nominated appointments the term of each Commission, Committee, Board, and Authority member shall coincide with the holding of office by the nominating member of the City Council, unless otherwise prescribed by resolution creating the Commission, Committee, Board, or Authority.

For appointments made by the Mayor, the term shall be as outlined in the creation of the Commission, Committee, Board or Authority.

No Commission, Committee, Board, or Authority member shall serve for more than two (2) consecutive terms on any individual Committee, Commission, Board, or Authority without the prior approval of the Council, which approval requires a 4/5ths affirmative vote.

SECTION 7. REMOVAL FROM COMMISSION, COMMITTEES, BOARDS, AND AUTHORITIES

Any Committee, Commission, Board, or Authority member may be removed from office during his/her unexpired term upon 4/5ths vote of the City Council, when in the sole discretion of the Council said removal is deemed appropriate. Notwithstanding the foregoing, if the appointee's nominating Councilmember is no longer a part of the Upland City Council or Mayor, that appointee shall be deemed to have automatically resigned the seat they hold upon the filling of the City Council vacancy.

SECTION 8. RESIDENCY OF COMMISSION, COMMITTEE, BOARD, AND AUTHORITY MEMBERS

In order to be appointed to a Commission, Committee, Board, or Authority, a prospective appointee must be a resident of the City of Upland and must remain in residence throughout the term of their appointment, unless a member is appointed by another entity. This provision may be waived upon an affirmative 4/5ths vote of the Council.

SECTION 9. CHAIRPERSON SELECTION

With the exception of the Planning Commission, the Library Board and the Personnel Board of Review, the member appointed by the Mayor to any Commission, Committee, Boards, and/or Authorities shall serve as the Chairperson of that body. With regard to the Planning Commission, the Library Board and the Personnel Board of Review, the members of said bodies shall select, nominate, and appoint by majority consensus, a sitting member of the Body to the position of Chairperson. The term of the Chairperson shall be for 2 years. No Chairperson shall serve for more than two (2) consecutive terms without the approval of the City Council by an affirmative 4/5ths vote.

SECTION 10. POSTING REQUIRED

The City Clerk shall, before December 31st of each year, develop a listing of all scheduled vacancies on City Commissions, Committees, Boards, and/or Authorities expected during the next twelve (12) months. In addition to the requirement of the Government Code, said list shall be posted at City buildings and other locations as may be designated from time to time by City Council resolution, for a period of thirty (30) days and announced at a Council meeting in December. Said listing shall advise interested parties to obtain application forms and related materials at the City Clerk's office. In addition, the City Clerk shall publish said list in the city newsletter seeking applications from interested parties and listing scheduled vacancies during the same thirty (30) day period. Unscheduled vacancies shall be advertised in accordance with the Government Code and posted at the same location as scheduled vacancies.

SECTION 11. DUTIES

The Commissions, Committees, Boards, and Authorities established by the Council shall perform such duties and have such powers as may be established from time to time by the Council.

SECTION 12. ATTENDANCE

In any case where a Commission, Committee, Board and/or Authority member has missed three (3) regularly scheduled meetings in a twelve (12) month period without notifying the Chair of said Commission, Committee, Board, and/or Authority in advance of said meeting, the City Clerk shall contact the Commission, Committee, Board, and/or Authority member with a request to provide the reasons therefore, which shall be forwarded to the City Council.

SECTION 13. OPEN MEETINGS

All Commission, Committee, Board and Authority meetings shall be conducted pursuant to the provisions of the Ralph M. Brown Act and the City Clerk shall maintain a copy of all agendas and minutes of all meetings.

BUILDING APPEALS BOARD

PURPOSE

To determine the suitability of alternate materials and methods of construction and to provide reasonable interpretations of the Uniform Building Code, Uniform Mechanical Code, Uniform Plumbing Code, the Uniform Housing Code, Uniform Code for the Abatement of Dangerous Buildings, national Electric Code, and the Seismic Hazards Reduction Ordinance.

MEMBERSHIP

5 Members Total

Selected from the following classifications:

- a. Architect or Engineer
- b. Attorney
- c. Contractor – Electrical, Mechanical, Plumbing or General

LENGTH OF TERM/FREQUENCY OF MEETINGS

4 Year Term / Meetings are scheduled as needed as appeals are received.

No member may serve more than two full consecutive terms, unless approved by a 4/5ths vote of the Council

SELECTION PROCESS

- The City Clerk causes a request for volunteers to be posted.
- Using the criteria for membership, the building official determines if applicants are qualified and passes all qualified candidates to the City Clerk.
- Each member of the City Council shall submit their nomination from the list of qualified candidates to the City Clerk for consideration at a Council meeting.

CODE REFERENCES

Resolution 4107
Resolution 2725
Ordinance 1028

(effective July 27, 1992)

CITY COUNCIL ADVISORY COMMITTEE

PURPOSE

Review of any matters which may be referred to the Committee from time to time. If so directed, the City Council Advisory Committee will be responsible for performing an analysis and present recommendations to the City Council.

MEMBERSHIP

5 Members Total
Nominated by Councilmembers

LENGTH OF TERM/FREQUENCY OF MEETINGS

- 4 year terms to coincide with the terms of Mayor and Councilmember making nomination
- No applicant may serve more than two full consecutive terms, unless approved by a 4/5ths vote of the Council
- Meet on an as-needed basis

SELECTION PROCESS

Each member of the City Council shall submit their nomination to the City Clerk for consideration at a Council meeting.

CODE REFERENCE

Council Minutes 7/3/72
Ordinance 1416, Section 1, 12/21/87
Ordinance 1428, Section 2, 6/20/88
Ordinance 1563, Section 1, 10/26/72
Ordinance 1812, 10/8/2006

COMMUNITY DEVELOPMENT BLOCK GRANT COMMITTEE

PURPOSE

Annually review applications for Community Development Block Grant funds, conduct hearings to determine the most effective use of the grant funds and provide recommendations to the City Council.

MEMBERSHIP

5 Members Total
Nominated by Councilmembers

LENGTH OF TERM/FREQUENCY OF MEETINGS

- 4 year terms to coincide with the terms of Mayor and Councilmember making nomination
- No applicant may serve more than two full consecutive terms, unless approved by a 4/5ths vote of the Council
- Meetings held from January through April, with additional meetings on an as needed basis.

SELECTION PROCESS

Each member of the City Council shall submit their nomination to the City Clerk for consideration at a Council meeting.

CODE REFERENCE

- Council Minutes 3/14/89

LIBRARY BOARD

PURPOSE

The Upland Public Library serves the community by providing materials and staff assistance for meeting the informal and educational needs of the library users.

MEMBERSHIP

- 5 Citizens at Large
- 1 Council Liaison (advisory)
- 1 Friends of the Library Liaison (advisory)

LENGTH OF TERMS/FREQUENCY OF MEETINGS

- 3 Year Term
- Meetings held the second Wednesday of the month
- No applicant shall serve more than two full consecutive terms, unless approved by a 4/5ths vote of the Council

SELECTION PROCESS

Mayor shall appoint with Council ratification

CODE REFERENCES

California Library laws, Education Code 1990
UMC Section 2.28.010
Ordinance No. 99

PERSONNEL BOARD OF REVIEW

PURPOSE

The functions of the board shall be to hear appeals as provided by this part and by rule, except matters pertaining to the meet and confer process

MEMBERSHIP

3 Members Total

LENGTH OF TERM/FREQUENCY OF MEETINGS

- 4 Year Term
- No applicant shall serve more than two full consecutive terms, unless approved by a 4/5ths vote of the Council
- On call by Human Resources Director

SELECTION PROCESS

- Council appointment shall be made by the Mayor, with Council ratification
- 1 Employee Group submits name(s) and Council selects appointment
- 1 Agreed by Council and Employee Groups

CODE REFERENCE

Minute Action 5/31/1945
Ordinance 1494
UMC Section 2.36.160

PLANNING COMMISSION

PURPOSE

The powers and duties of the Planning Commission shall be to:

1. Prepare, periodically review, and revise, as necessary the General Plan
2. Annually review the Capital Improvement Program of the City and the local public works projects of other local agencies for their consistency with the General Plan
3. Perform other functions as the City Council provides
4. Perform such other land use-related functions pursuant to State laws pertaining to conservation, planning and zoning as the council may direct or provide
5. Serve as the Airport Land Use Committee, applying the procedures and findings set forth in the Municipal Code in regards to all processes relating to a request for an implementation/land use compatibility decision, preparation, adoption and amendment to the Comprehensive Airport Land Use Plan of the City of Upland conforming to requirements set forth in Public Utilities Section 21670.1.
6. Serve as the Historic Preservation Committee as outlined in the Upland Municipal Code.

MEMBERSHIP

7 Members Total

Airport Land Use Committee consists of:
7 Planning Commissioners
2 ALUC members (possess expertise in aviation)

LENGTH OF TERM/FREQUENCY OF MEETINGS

- 4 year terms
- No applicant may serve more than two full consecutive terms, unless approved by a 4/5ths vote of the Council
- Once a month, 4th Wednesday
- Commissioners receive \$100 compensation per meeting (not to exceed \$200 per month)

SELECTION PROCESS

- The City Clerk causes a request for volunteers to be posted
- Mayor (or Mayor designee), Mayor Pro Tem (or Mayor designee), Planning Commission Chair (or designee selected by Planning Commission), and Development Services Director (advisory) shall serve as an interview panel and interview each applicant
- Interview panel shall recommend at least one candidate per opening to the Mayor for ratification by the Council
- Airport Land Use Commissioners - Mayor shall appoint with Council ratification

CODE REFERENCE

Resolution 6270
UMC Chapter 17.04
Ordinance 415
Ordinance 1202
Resolution 4697

STREET TREE ADVISORY COMMITTEE

PURPOSE

This committee shall study and review the proposed Urban Forestry Management Plan and make appropriate recommendation to Council and staff regarding the matters contained therein; to provide an avenue for citizens to appeal special circumstantial tree problems (i.e., tree removals, street tree designations, spraying for fruit insects); and to review tree removal and other policies.

MEMBERSHIP

5 Members Total
Selected from 5 Citizens at Large

LENTH OF TERM

4 year term expiring in November of even years
No member shall serve more than two full consecutive terms without the approval of Council by a 4/5th vote.

MEETINGS

2nd Thursday of the month on an "on-call" basis.

SELECTION PROCESS

Each member of the City Council shall submit their nomination to the City Clerk for consideration at a Council meeting.

CODE REFERENCE

Resolution 4462
Resolution 5201

TRAFFIC SAFETY ADVISORY COMMITTEE

PURPOSE

To advise Council and staff of community concerns regarding issues of traffic safety and to recommend solutions to those concerns.

MEMBERSHIP

12 Members Total
5 Citizens at Large
3 Upland Unified School District
1 Board of Trustees Representative
1 District Office Representative
1 Administration Representative
1 Chamber of Commerce Representative
1 Auto Club Representative
1 Upland Police Department Liaison
1 Engineering Department Liaison

LENGTH OF TERM/FREQUENCY OF MEETINGS

4 Year Term (except Police and Engineering Liaisons)
No applicant shall serve more than two full consecutive terms, unless approved by a 4/5ths vote of the Council
First Wednesday of each month – 8:30 a.m. Police Department on an as needed basis

SELECTION PROCESS

Citizens at Large - Each member of the City Council shall submit their nomination to the City Clerk for consideration at a Council meeting.

CODE REFERENCE

Upland Council Minutes, 10/6/64
Upland Council Minutes, 11/6/78

ECONOMIC DEVELOPMENT COMMITTEE

PURPOSE

The function of the committee is to provide an opportunity for review and fact finding relative to significant projects, programs, or activities in economic development operations prior to consideration by the entire Council.

MEMBERSHIP

2 City Council Members

LENGTH OF TERM/FREQUENCY OF MEETINGS

- Appointments may coincide with elections biannually or be reviewed and reassigned annually as desired by the Mayor.
- Meetings shall be scheduled as needed.

SELECTION PROCESS

All standing legislative committees are appointed by the Mayor with Council ratification.

CODE REFERENCE

UMC Section 2.16.010

Resolution No. 5290

Upland City Council Minutes, 12/01/2001

POLICE & FIRE COMMITTEE

PURPOSE

The function of the committee is to provide an opportunity for review and fact finding relative to significant projects, programs, or activities in public safety operations prior to consideration by the entire Council.

MEMBERSHIP

2 City Council Members

LENGTH OF TERM/FREQUENCY OF MEETINGS

- Appointments may coincide with elections biannually or be reviewed and reassigned annually as desired by the Mayor.
- Meetings shall be scheduled as needed.

SELECTION PROCESS

All standing legislative committees are appointed by the Mayor with Council ratification.

CODE REFERENCE

UMC Section 2.16.010
Resolution No. 5290
Upland City Council Minutes, 12/01/2001

PUBLIC WORKS COMMITTEE

PURPOSE

The function of the committee is to provide an opportunity for review and fact finding relative to significant projects, programs, or activities in public works operations prior to consideration by the entire Council.

MEMBERSHIP

2 City Council Members

LENGTH OF TERM/FREQUENCY OF MEETINGS

- Appointments may coincide with elections biannually or be reviewed and reassigned annually as desired by the Mayor.
- Meetings shall be scheduled as needed.

SELECTION PROCESS

All standing legislative committees are appointed by the Mayor with Council ratification.

CODE REFERENCE

UMC Section 2.16.010
Resolution No. 5290
Upland City Council Minutes, 12/01/2001

INVESTMENTS COMMITTEE

PURPOSE

The Committee shall be responsible for reviewing changes to the City investment reports, transactions, policies and procedures, and strategies, on a quarterly basis.

MEMBERSHIP

City Treasurer
2 City Council Members
Finance Officer (staff)

LENGTH OF TERM/FREQUENCY OF MEETINGS

- Appointments may coincide with elections biannually or be reviewed and reassigned annually as desired by the Mayor with the exception of the Finance Officer.
- Meetings shall be scheduled as needed.

SELECTION PROCESS

The City Treasurer is an established elected position and shall serve as the chair of the committee. All standing legislative committees are appointed by the Mayor with Council ratification.

CODE REFERENCE

UMC Section 2.16.010
Resolution No. 6394 (Investment Policy)



STAFF REPORT

ITEM NO. 14.B.

DATE: March 11, 2019
TO: MAYOR AND CITY COUNCIL
FROM: JEANNETTE VAGNOZZI, CITY MANAGER
PREPARED BY: ROSEMARY HOERNING, PUBLIC WORKS DIRECTOR
BOB CRITCHFIELD, ENGINEERING MANAGER
SUBJECT: RESOLUTION APPROVING A PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS BETWEEN THE CITY AND THE SAN ANTONIO WATER COMPANY FOR THE CITY'S PURCHASE OF PROPERTY (A PORTION OF ASSESSOR'S PARCEL NO. 1005-271-03, 1723 N. BENSON AVENUE) TO FACILITATE THE CONSTRUCTION OF A REPLACEMENT 7.5 MG WATER RESERVOIR

RECOMMENDED ACTION

It is recommended that the City Council adopt a Resolution approving the purchase and sale agreement and escrow instructions between the City and the San Antonio Water Company for the purchase (by the City) of property to facilitate the construction of a 7.5 MG replacement reservoir (Project No. 9128) for a purchase price of \$1,720,000 and authorize a contingency in the amount of \$30,000. The purchase price will be payable in five annual installments with interest at a rate of 1.88% per annum.

GOAL STATEMENT

The proposed action supports the City's goal to maintain water facilities in good operable condition in order to provide safe reliable service to the community.

BACKGROUND

On October 10, 2016, the City Council adopted Resolution No. 6366 declaring an emergency condition and approving the Emergency Work Plan Phase 1 to authorize the procurement of certain equipment and services required by that emergency, without notice for bids pursuant to California Public Contract Code Sections 20168 and 22050, as follows: the purchase and installation of aeration equipment for the removal of Tetrachloroethylene (PCE) from Well 7A at Reservoir 4; the purchase and installation of electrical components necessary for the

foregoing Reservoir 4 project; the rehabilitation of Well 20; and the procurement of professional property acquisition appraisal services, environmental and engineering design services to acquire a portion of the San Antonio Water Company property, and the preparation of construction documents to replace the Reservoir 15 facility, which receives imported water from the Water Facilities Authority and other groundwater facilities.

On August 14, 2017, the City Council additionally approved an increase in the Emergency Work Plan Phase 1 budget to authorize the design and construction of temporary improvements at Reservoir 15 to enhance the facility structure, pursuant to California Public Contract Code Sections 20168 and 22050. Continuing progress update reports have been provided to the City Council regarding all aspects of the Emergency Work Plan Phase 1.

At this time, the City has completed all of the above-described actions comprising the Emergency Work Plan Phase 1. Pursuant to Section 4 of Resolution No. 6366 and Public Contract Code Section 22050(c)(2), the completion of all of the Emergency Work Plan Phase 1 actions constitutes a termination of the emergency action.

As noted above, certain of the actions completed in the Emergency Work Plan Phase 1 relate to the construction of a new reservoir facility to replace the Reservoir 15 facility. At this time, the remaining work involves purchasing the required property and the construction of the Replacement Reservoir at the north west corner of 17th Street and Benson Avenue (i.e., Phase 2).

Because all of the Emergency Work Plan Phase 1 actions have now been completed, the Phase 2 work will proceed in regular order and are not subject to California Public Contract Code Sections 20168 and 22050.

ISSUES/ANALYSIS

Reservoir at 17th and Benson Work:

Staff has completed the project plans and specifications for a 7.5 million gallon replacement reservoir; the environmental documentation and Notice of Determination; the property appraisal; secured the Intent to Purchase a portion of the San Antonio Water Company property, and submitted all of the required documents to the State for the City's application for up to \$16.5 million construction financing under the Drinking Water State Revolving Fund (DWSRF) program.

At this time, the City Attorney's Office and staff are working with the State on the finalization of the financing agreement. It is anticipated the City will have all of the State financing work completed in early 2019. Disbursements to the City under the State's construction financing are contingent upon the City's acquisition of project-required property.

On July 18, 2017, the San Antonio Water Company Board (SAW Co. Board) accepted the property appraisal value prepared by the Bronstein Company, amount of \$1,720,000. Understanding the State DWSRF application process is lengthy, the SAW Co. Board agreed to hold the purchase amount and to provide the City to the end of calendar year 2018 to acquire the site, subject to further written time extension. Based on discussions with the State, it is expected the State and City will complete the construction financing documents in early 2019. On December 18, 2018, the SAW Co. Board approved holding the purchase price and providing a three month property acquisition extension to allow the City additional time, as requested, to open escrow and purchase the property. Close of escrow of the purchase is contingent on securing the DWSRF loan, which is expected to occur within the extension period.

Once the DWSRF funding is secured, it is anticipated the construction will take 12-18 months.

FISCAL IMPACTS

The property appraisal was completed in May 2017 and is a reasonable and fair price for the land. The State expects to complete the financing agreement in early 2019. Under the Purchase and Sale Agreement, close of escrow for the land acquisition will be contingent upon securing a final construction financing agreement with the State. Furthermore, the distribution of funds by the State under the financing agreement is contingent upon the City purchasing the property. Thus, both the funding and the land transaction are intertwined and depended upon each other.

The purchase of the property originally was expected to utilize funds from the State requested financing. However, after closer review of federal tax criteria applicable to expenditures under the State financing agreement and analysis due to the City shareholder ownership in the Water Company, it was determined that direct purchase of the land is more appropriate. Current water project CIP funding is being reallocated to Reservoir 15 at 17th Street (Project #9128) in order to accommodate the purchase of the property. Pursuant to the proposed Purchase and Sale Agreement, the City will make five annual installment payments of \$344,000, plus interest on unpaid principal at a rate of 1.88% per annum, to SAW Co. The City, in its sole discretion, may prepay the payments. The interest rate was determined by an analysis prepared by Urban Futures, Inc., the City's financial advisor, of comparable interest rates on publicly issued municipal water bonds with comparable ratings as the City's water bonds and comparable payment terms.

The FY 2018-19 budget (after reallocations) includes sufficient funds to provide construction cash flow and will be reimbursed by fund draws from the DWSRF loan. The actual amount of the DWSRF financing will only be the amount of funds required to design, construct and manage the Replacement Reservoir project. The DWSRF financing will not cover the cost of acquiring the property. The project financial documents are subject to audit.

Staff is no longer exploring other possible funding opportunities. The State DWSRF construction financing appears to be the most cost effective funding mechanism.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

Resolution
Purchase and Sale Agreement
Time Extension Letter
Property Appraisal
Site Overview Sketch

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF UPLAND APPROVING A PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS BETWEEN THE CITY AND THE SAN ANTONIO WATER COMPANY FOR THE PURCHASE BY THE CITY OF PROPERTY TO FACILITATE THE CONSTRUCTION OF A REPLACEMENT 7.5 MG WATER RESERVOIR

Intent of the Parties and Findings

(i) The City of Upland (the "City") owns and operates a water system (such system, including all additions, improvements and extensions thereto, is referred to herein as the "Water System"); and

(ii) The City has determined that an essential existing 7.5 million gallon water reservoir (the "Existing Reservoir"), a part of the Water System, is structurally deficient and in need of replacement; and

(iii) On August 13, 2018, the City Council of the City (the "City Council") adopted its Resolutions Nos. 6463, 6464, and 6465 authorizing certain actions relating to the planning, design, and construction of a replacement 7.5 MG reservoir and appurtenances (collectively, the "Replacement Reservoir") at 17th Street and Benson Avenue, including but not limited to application for, and execution of, a financial assistance agreement from the State Water Resources Control Board to reimburse the City for such planning and design costs and to finance such construction costs; and

(iv) City staff has completed the entitlement, environmental, preparation of final plans and specifications for the construction of the Replacement Reservoir and is in the final process of securing financing from the State Water Resources Control Board for the construction; and

(v) The San Antonio Water Company (the "Seller") is the owner of and desires to sell to the City approximately 2.41 acres of land and an access easement appurtenant thereto consisting of approximately 0.13 acres (collectively, the "Property"), being a portion of Assessor's Parcel No. 1005-271-03 (1723 N. Benson Avenue) and located at the northwest corner of 17th Street and Benson Avenue and adjacent to the Existing Reservoir; and

(vi) The Property is suitable for the construction of the Replacement Reservoir; and

(vii) Pursuant to the Subdivision Map Act Section 66426.5, the City is authorized to acquire the Property by deed without subdivision; and

(viii) The proposed Purchase and Sale Agreement and Escrow Instructions (the "Purchase Agreement"), between the City and the Seller is set forth as Exhibit "A" hereto;

NOW, THEREFORE, the City Council of the City of Upland hereby finds, determines and resolves as follows:

Section 1. The above recitals, and each of them, are true and correct.

Section 2. The form of the Purchase Agreement, attached hereto as Exhibit "A" and incorporated herein by reference, is hereby approved, and any one of the Mayor (or in the absence of the Mayor, the Mayor Pro Tem) or the City Manager (collectively with the Mayor and the Mayor Pro Tem, the "Authorized Officers") is hereby authorized to execute the Purchase Agreement and all documents described therein which are to be executed and

delivered by the City (including, without limitation, a Certificate of Acceptance for the grant deed conveying the Property to the City and a Construction Access Easement Agreement between the City and the Seller) in substantially the form hereby approved, with such additions thereto and changes therein as may be approved by such officer upon consultation with the City Attorney. Approval of such additions and changes shall be conclusively evidenced by the respective execution and delivery of the Purchase Agreement and such documents described therein which are to be executed and delivered by the City.

Section 3. The land acquisition described herein is a component of the overall Replacement Reservoir project, the impacts of which were fully analyzed in the mitigated negative declaration (SCH No. 2017111003) prepared for the project in accordance with the requirements of the California Environmental Quality Act. The land acquisition and work contemplated by the Replacement Reservoir project is within the scope of the project for which the mitigated negative declaration was prepared, and is subject to any and all mitigation measures that apply to the contemplated work; thus, no additional environmental review is required.

Section 4. All actions heretofore taken by the Mayor, the Mayor Pro Tem, the City Manager, the Public Works Director, the Finance Officer, the Development Services Director, and other officers and agents of the City with respect to the Purchase Agreement, or in connection with or related to any of the agreements or documents referenced herein, are hereby approved, confirmed, and ratified. The Mayor, each of the Authorized Officers, the Public Works Director, the Finance Officer, the Development Services Director, and other officers and staff of the City are hereby authorized and directed to take any actions, and execute and deliver any and all documents as are necessary to comply with the Purchase Agreement and effectuate the purpose and intent of this Resolution. Any document authorized herein to be signed by the City Clerk may be signed by a duly appointed deputy clerk.

Section 5. This Resolution shall take effect immediately upon adoption.

Section 6. 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 11th day of March, 2019.

Debbie Stone, Mayor

I, Keri Johnson, City Clerk of the City of Upland, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the City Council held on the 11th day of March, 2019, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAINED:

ATTEST:

Keri Johnson, City Clerk

EXHIBIT "A"

FORM OF PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS

(Attached)

PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS

This Purchase and Sale Agreement and Escrow Instructions (this “Agreement”) is made and entered into as of March ___, 2019 (the “Effective Date”), by and between SAN ANTONIO WATER COMPANY, a California corporation (the “Seller”), and the CITY OF UPLAND, a municipal corporation (the “Buyer”), with respect to the following facts:

RECITALS

A. Seller is the owner of and desires to sell to Buyer:

(a) that certain property situated in the City of Upland, County of San Bernardino, State of California (the “State”), and an access easement appurtenant thereto, each as more particularly described on **Exhibit “A”** attached hereto and made a part hereof and depicted on **Exhibit “B”** attached hereto and made a part hereof, together with all and singular the rights and appurtenances pertaining to such property, including any right, title and interest of Seller in and to adjacent streets, alleys or rights-of-way (collectively, the “Land”); and

(b) any buildings, structures, fixtures and other improvements located on the Land (collectively, the “Improvements”). The Land and the Improvements are hereinafter referred to collectively as the “Property”.

(c) the Buyer determined an essential existing 7.5 million gallon reservoir is structurally deficient and in need of replacement; and

(d) the Property is suitable for the construction of a replacement reservoir facility; and

(e) the Buyer receives imported water supply for the Upland community from the Water Facility Authority Agua de Lejos through the reservoir; and

(f) the Seller wells also supply water to the reservoir for delivery to the Buyer to meet the Buyer’s water entitlement; and

(g) the Seller has been notified of the Buyer’s intent to purchase the Property; and

(h) the Seller has accepted a Property appraisal prepared by the Bronstein Company dated May 30, 2017; and

(i) pursuant to the Subdivision Map Act Section 66426.5, the Buyer is authorized to acquire the Property by deed without subdivision; and

(j) the Buyer has completed the entitlement, environmental, preparation of final plans and specifications for the construction of the replacement reservoir and is in the final process of securing financing under the State Revolving Fund program for the construction; and

(k) the Buyer has offered to acquire the Property at its fair and reasonable market value; and

(l) the Buyer wishes to purchase and the Seller wishes to sell the Property pursuant to the terms and conditions described herein; and

(m) the Buyer is prepared to proceed with the acquisition of the Property for the Purchase Price (as defined below) on an all cash basis subject to conditions hereinafter set forth.

B. Buyer desires to purchase the Property from Seller.

C. By this Agreement, Seller is agreeing to sell the Property to Buyer upon and subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the terms and conditions of this Agreement and for other valuable consideration, the receipt of which is hereby acknowledged, the Buyer and Seller agree as follows:

1. Purchase and Sale; Attachments to Agreement. Subject to and in accordance with the terms and conditions hereinafter set forth, on the Close of Escrow (as herein defined), Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, the Property.

The following is a list of the attachments to this Agreement, each of which is incorporated herein and made a part hereof:

- Exhibit "A" Legal Description of the Land
- Exhibit "B" Plat Depicting the Land
- Appendix 1 Form of Grant Deed
- Appendix 2 Form of Construction Access Easement Agreement
- Annex "A" Payment of Purchase Price;
Revenues for Payment of Construction Easement Rental

2. Opening and Closing of Escrow. Within five (5) days after the Effective Date, an escrow (the "Escrow") shall be opened with Lawyers Title Company Inland Empire, 625 E. Carnegie Dr., #105, San Bernardino, CA 92408, Attn: Colleen Graves, Sr. Escrow Officer, Tel: (909) 963-5570 (the "Escrow Holder"). For the purposes of this Agreement, Opening of Escrow shall mean the date on which Escrow Holder shall have received a fully executed copy of this Agreement from Buyer and Seller. The "Close of Escrow" shall be the date that a grant deed for the Property in favor of Buyer is recorded in the Official Records of the San Bernardino County Recorder's Office. The Close of Escrow shall occur on or before that date which is sixty (60) days after the Effective Date (the "Closing Date").

3. Purchase Price; Deposit; Escrow Account; Purchase Price Installment Payments; Temporary Construction Easement.

(a) Purchase Price. The principal amount of the purchase price for the Property to be paid by Buyer is the sum of One Million Seven Hundred Twenty Thousand Dollars

(\$1,720,000.00) (together with all accrued interest on such amount payable by Buyer as provided herein, the "Purchase Price").

(b) Deposit; Escrow Account. Within three (3) days after the Effective Date hereof, Buyer shall deliver to Escrow Holder an earnest money deposit in the amount of Five Thousand Dollars (\$5,000.00) (the "Deposit") in the form of a cashier's check, by a federal wire transfer, or other form acceptable to the Escrow Holder. The Deposit shall be placed in an interest-bearing bank account (the "Escrow Account") and all interest accruing thereon shall increase and become a part of the Deposit. On the Close of Escrow, the Deposit shall be returned to the Buyer, or applied to the costs and expenses to be paid by Buyer hereunder, pursuant to written instructions by the Buyer and delivered to Escrow Holder on or prior to the Closing Date. In the event that Buyer terminates this Agreement on or prior to the expiration of the Due Diligence Period (as defined in Section 9), the Deposit shall be refunded to Buyer less any accrued escrow charges. The Deposit shall be retained by Seller if the Close of Escrow does not occur solely as the result of (i) a default by Buyer or (ii) Buyer's termination of this Agreement (except in the event of a default by Seller or the failure of a condition). The Deposit shall also be refundable to the Buyer in accordance with the terms and conditions hereof.

(c) Purchase Price Installment Payments. The Purchase Price shall only be paid by Buyer to Seller in the manner, from the source of revenue available to the Buyer, at the times, and in the amounts (and subject to the conditions set forth) in Annex "A" attached hereto. Notwithstanding anything to the contrary contained herein, the payment obligation of the Buyer contained in this Section 3(c) shall survive the Close of Escrow and recordation of the Grant Deed.

(d) Temporary Construction Easement. Seller hereby agrees to provide to Buyer a temporary construction easement on a portion of the Remainder Parcel (as defined below) in connection with, and to facilitate, Buyer's construction of the replacement reservoir facility described in the Recitals of this Agreement. Such temporary construction easement shall be substantially in the form of the Construction Access Easement Agreement attached hereto as Appendix 2, together with such changes as Buyer and Seller may agree to prior to execution (the "Construction Access Easement Agreement"). As used in this Section 3(d), the "Remainder Parcel" shall mean that certain real property defined in the Construction Access Easement Agreement as the "Grantor Property," consisting of the real property described on Exhibit "A"-1 and depicted in Exhibit "B"-1 of the Construction Access Easement Agreement. Notwithstanding anything to the contrary contained herein, the terms contained in this Section 3(d) shall survive the Close of Escrow and recordation of the Grant Deed.

(i) Construction Access Easement Area. The portion of the Remainder Parcel subject to the temporary construction easement under the Construction Access Easement Agreement (the "Construction Access Easement Area") shall be (A) coincident with the north property line of the Property; (B) approximately 15,000 square feet +/-, with the actual size, location, and configuration to be determined by Buyer and approved by Seller (which approval shall not be unreasonably withheld) prior to the commencement of the term of the Construction Access Easement Agreement; and (C) described in Exhibit "A"-3, and depicted in Exhibit "B"-3, of the Construction Access Easement Agreement.

(ii) Rental for Construction Access Easement Area. Buyer shall pay to Seller rental payments (“Construction Easement Rental”) equal to \$0.05 per square foot of Construction Access Easement Area per month during the term of the Construction Access Easement Agreement. Construction Easement Rental shall be paid by Buyer to Seller on a monthly basis in arrears for use and possession of the Construction Access Easement Area for the preceding month. Construction Easement Rental shall only be paid by Buyer to Seller from the source of revenue available to Buyer described in Annex “A” attached hereto, consisting of Net Water Revenues or other available monies in Buyer’s Water Enterprise Fund (each as defined in Annex “A”).

(iii) Term of Construction Access Easement Agreement. As set forth in Section 2 of the Construction Access Easement Agreement, the term thereof shall commence on the date thereof and expire upon the earliest to occur of (A) the issuance and recordation of the notice of completion by Buyer pursuant to Chapter 2 (commencing with Section 9200) of Title 3 of Part 6 of Division 4 of the California Civil Code with respect to the replacement reservoir facility improvements, (B) the date that is 36 full calendar months from the date of the Construction Access Easement Agreement, or (C) such earlier date as Buyer shall determine that the easement granted thereunder is no longer necessary and notice of which Buyer shall provide to Seller in writing in advance of such termination date. Buyer shall notify Seller in writing at least sixty (60) calendar days in advance of Buyer’s desired start date of the term of the Construction Access Easement Agreement.

(iv) Execution and Recordation of Construction Access Easement Agreement. Seller and Buyer hereby agree to enter into, execute, and record the Construction Access Easement Agreement within sixty (60) calendar days (or such other period as Buyer and Seller may mutually agree to) after Buyer’s written notification to Seller of Buyer’s desired start date of the term of the Construction Access Easement Agreement, provided pursuant to Section 3(d)(iii) above.

(v) Other Buyer Obligations Under Construction Access Easement Agreement. As set forth in Section 4 of the Construction Access Easement Agreement, (A) Buyer shall, at Buyer’s sole cost, to the extent reasonably possible, restore the Construction Access Easement Area to its original condition prior to the expiration of the term of the Construction Access Easement Agreement; and (B) Buyer shall require its contractors and subcontractors to name Seller as an additional insured on any policy of insurance required by Buyer’s contract(s) let for the construction of the replacement reservoir facility improvements.

4. Delivery of Documents on the Close of Escrow.

(a) On the Close of Escrow, Seller covenants and agrees to cause to be delivered to Buyer a duly executed and acknowledged Grant Deed substantially in the form attached as Appendix 1 attached hereto (the “Grant Deed”) conveying to Buyer all of Seller’s interest in the Property subject only to the Permitted Title Exceptions (as defined in Section 5) approved by Buyer, as provided below.

(b) At the Close of Escrow, Buyer shall receive the Title Policy (as defined in Section 5) issued by Lawyers Title Company (the “Title Company”) insuring in Buyer title to the

Property, free and clear of all liens and encumbrances other than the Permitted Title Exceptions (as defined in Section 5).

5. Title and Title Insurance.

(a) Within five (5) days after the Effective Date, Seller shall deliver to Buyer a preliminary report for the Property from the Title Company together with copies of all instruments noted as exceptions therein (the "Preliminary Title Report") and the most recent ALTA survey of the Property in Seller's possession or under Seller's control (Buyer shall also have the option of ordering an ALTA survey for the Property pursuant to the terms set forth in Section 14 below) (the "Survey").

(b) Buyer shall have thirty (30) days after the date of Buyer's receipt of the Preliminary Title Report to disapprove any exceptions to title shown on the Preliminary Title Report or reflected on the Survey (collectively, "Disapproved Exceptions") and to provide Seller with notice of disapproval in writing describing the defect with reasonable particularity (the "Disapproval Notice"). Any exceptions to title not disapproved by Buyer within such thirty (30) day period shall be deemed approved. Within five (5) days of Seller's receipt of a Disapproval Notice, Seller shall notify Buyer in writing whether Seller intends to remove the Disapproved Exceptions. If Seller notifies Buyer of an intention to eliminate the Disapproved Exceptions, Seller shall cause the Title Company to delete such Disapproved Exceptions at least five (5) days prior to the Close of Escrow. If Seller indicates to Buyer in writing within the time allowed that Seller does not intend to remove any of the Disapproved Exceptions, Buyer, by notifying in writing Seller within five (5) days of Seller's notice to Buyer, may elect to terminate this Agreement or to take the Property subject to the Disapproved Exceptions. In any event, Seller covenants to pay in full all loans secured by mortgages and deeds of trust, any mechanics liens, all special bonded assessments encumbering the Property, and any other monetary liens or exceptions (other than current real property taxes which are not due and payable) prior to or concurrently with the Close of Escrow, and the Escrow Holder is hereby directed to cause same to be paid off from the proceeds of the Purchase Price. The policy of title insurance shall include such endorsements as Buyer shall reasonably request. Any title policy endorsements are to be paid for by Buyer. Whether or not Buyer shall have furnished to Seller any notice of Disapproved Exceptions pursuant to the foregoing provisions of this Agreement, Buyer may, at or prior to the Close of Escrow, notify Seller in writing of any objections to title (including any matters reflected on the Survey) first raised by the Title Company or the surveyor or disclosed to Buyer between (a) the last date on which to Buyer is entitled to make such an objection as set forth above and (b) the date on which the transaction contemplated herein is scheduled to close. With respect to any Disapproved Exceptions set forth in such notice, Seller shall have the same option to cure (or in the case of a monetary lien, the obligation to obtain the removal thereof) and Buyer shall have the same option to accept title subject to such matters or to terminate this Agreement as those which apply to any notice of Disapproved Exceptions made by Buyer before the expiration of the Due Diligence Period. If Seller elects to attempt to cure any such matters, the scheduled date for the Close of Escrow shall be automatically extended by a reasonable additional time to effect such a cure, but in no event shall the extension exceed thirty (30) days after the scheduled date for the Close of Escrow set forth in Section 2.

(c) Buyer's fee title to the Property shall be insured at the Close of Escrow by a CLTA or standard ALTA Owner's Policy of Title Insurance in the amount of the Purchase Price, issued by Title Company (unless, at the option of Buyer, provided the increase in cost is paid by Buyer, the title shall be insured by an ALTA Extended Coverage Owner's Policy of Title Insurance) (the "Title Policy"). The Title Policy shall insure Buyer's fee interest in the Property free and clear of all liens, encumbrances, restrictions, and rights-of-way of record, subject only to the following permitted conditions of title (the "Permitted Title Exceptions"):

(i) Real property taxes for the then current tax fiscal year which are a lien not then due and payable;

(ii) The applicable zoning, building and development regulations of any municipality, county, state or federal jurisdiction affecting the Property; and

(iii) Those title exceptions approved by Buyer pursuant to Section 5(b).

Seller shall not encumber or agree to sell the Property to any other party during the period from the Effective Date to the Close of Escrow or the date of the termination of this Agreement.

6. Deposit of Documents and Funds in Escrow.

(a) Seller and Buyer, as applicable, hereby covenant and agree to deliver to Escrow Holder at least one (1) business day prior to the Close of Escrow the following instruments, documents, and funds, the delivery of each of which shall be a condition of the Close of Escrow.

(b) Seller shall deliver:

(i) The Grant Deed duly executed and acknowledged by Seller;

(ii) A Withholding Exemption Certificate Form 593-C as contemplated by California Revenue and Taxation Code § 18662 (the "Withholding Affidavit") duly executed by Seller;

(iii) A Certification of Non-Foreign Status in accordance with Internal Revenue Code Section 1445 duly executed by Seller;

(iv) A Natural Hazard Disclosure Report as provided for under Sections 1102 and 1103 of the California Civil Code; provided that Buyer shall bear the cost of preparation of such Natural Hazard Disclosure Report;

(v) Such funds as are required to pay for costs and expenses payable by Seller hereunder;

(vi) Such proof of Seller's authority and authorization to enter into this transaction as the Title Company may reasonably require in order to issue the Title Policy; and

(vii) An executed memorandum of purchase and sale agreement in recordable form and otherwise in such form as may be reasonably approved by the Seller and Buyer (the "Memorandum").

(c) Buyer shall deliver:

(i) The amount of \$344,000.00, being the first installment of the Purchase Price due and payable upon the Close of Escrow as set forth on Annex "A" hereto, together with such funds as are required to pay for costs and expenses payable by Buyer hereunder;

(ii) Such proof of Buyer's authority and authorization to enter into this transaction as the Title Company may reasonably require in order to issue the Title Policy; and

(iii) an executed Memorandum.

Each of the Buyer and Seller may waive any condition of the Close of Escrow to be performed by the other and set forth in this Section 6.

7. Authorization to Record Documents and Disburse Funds. Escrow Holder is hereby authorized to record the documents and disburse the funds and distribute the documents called for hereunder upon the Close of Escrow, provided each of the following conditions has then been fulfilled:

(a) The Title Company can issue in favor of Buyer the Title Policy, with a liability in the amount of One Million Seven Hundred Twenty Thousand Dollars (\$1,720,000.00) showing title to the Property vested in Buyer, subject only to the Permitted Title Exceptions. If Seller has not removed all monetary liens, monetary encumbrances, or special bonded assessments, or if a monetary claim is asserted by any third party, in addition to all other remedies Buyer may have at law or equity, Buyer may elect to consummate this transaction on the Close of Escrow and offset dollar for dollar against the Purchase Price an amount equal to any such monetary encumbrances and claims.

(b) Escrow Holder shall have received Buyer's authorization to close and Buyer's notice of approval or satisfaction or waiver of all of the contingencies/conditions to Buyer's obligations hereunder, as provided for in Section 12;

(c) Escrow Holder shall have received Seller's authorization to close and Seller's notice of approval or satisfaction or waiver of all of the contingencies/conditions to Seller's obligations hereunder, as provided for in Section 13; and

(d) Seller and Buyer shall have deposited in Escrow the documents and funds required pursuant to Section 6.

Unless otherwise instructed in writing, Escrow Holder is authorized to record at the Close of Escrow any instrument delivered through this Escrow if necessary or proper for the issuance of the Title Policy.

8. Escrow Charges and Prorations.

(a) Seller shall pay (i) all of the fees and charges of Escrow Holder, (ii) the cost of the premium for a CLTA or ALTA Standard Coverage portion of the Title Policy, (iii) all documentary or other local transfer taxes on the transfer of the Property; and (iv) Seller's share of the charges prorated under this Agreement. If the Escrow shall fail to close for any reason, Seller shall pay one-half (½) of any applicable Escrow cancellation charges.

(b) Buyer shall pay (i) the cost of the premium for the Title Policy in excess of the premium for a standard ALTA Owner's Policy, if any, (ii) the cost of all endorsements to the Title Policy, (iii) all costs and charges for the recordation of the Grant Deed, and (iv) Buyer's share of the charges prorated under this Agreement. If the Escrow shall fail to close for any reason, Buyer shall pay one-half (½) of any applicable Escrow cancellation charges.

(c) The following shall be apportioned with respect to the Property as of 12:01 a.m., on the day on which the Close of Escrow occurs, as if Buyer were vested with title to the Property during the entire day upon which the Close of Escrow occurs:

(i) taxes and assessments levied against the Property; and

(ii) any other items pertaining to the Property which are customarily prorated between a buyer and a seller in the area in which the Property is located.

(d) Notwithstanding anything contained in Section 8(c), any installment of taxes or assessments for the current year paid at or prior to the Close of Escrow shall be prorated based upon the amounts actually paid. If taxes and assessments for the current year have not been paid before the Close of Escrow, Seller shall be charged at the Close of Escrow an amount equal to that portion of such taxes and assessments which relates to the period before the Close of Escrow and Buyer shall pay the taxes and assessments prior to their becoming delinquent.

(e) All prorations shall be determined on the basis of a 360-day year. The provisions of this Section 8 shall survive the Close of Escrow.

9. Due Diligence Period; Access. During the period commencing on the Effective Date and ending at 5:00 p.m. on the date which is thirty (30) days thereafter (the "Due Diligence Period"), Buyer may inspect the Property as necessary to approve all zoning and land use matters relating to the Property and to approve the physical condition of the Property. Seller shall provide to Buyer, within five (5) days of the Effective Date any and all documents, studies, and reports relating to the condition of the property, including any analyses, surveys, environmental site assessments, and the like, in Seller's possession or under Seller's control, if any. Buyer and its agents, attorneys, accountants, and other representatives shall have the right to enter upon the Property during the Due Diligence Period to make inspections and other examinations of the Property and the improvements thereon, including without limitation, the right to perform surveys, soil and geological tests of the Property and the right to perform environmental site assessments and studies of the Property.

10. Warranties, Representations and Covenants of Seller. Seller hereby represents, warrants and covenants to Buyer the following, it being expressly understood and agreed that all

such representations, warranties and covenants are to be true and correct as of the Close of Escrow, and all of such representations, warranties and covenants shall survive the Close of Escrow, the termination of this Agreement and/or the delivery of the Grant Deed. With the exception of the representations set forth herein, the Property is sold “as is”:

(a) Seller has full right and power to execute, deliver and perform its obligations under this Agreement, and when executed and delivered, Seller and all parties having an interest in the Property shall be lawfully bound by the terms of this Agreement. Seller is the sole owner of the Property, free and clear of all liens, claims, encumbrances, and easements other than those that may appear on the Preliminary Title Report. Seller shall not further transfer or encumber the Property or allow the Property to be further encumbered prior to the Close of Escrow.

(b) Seller is not a “foreign person” within the meaning of Section 1445(f)(3) of the Internal Revenue Code.

11. Representations and Warranties of Buyer. Buyer hereby represents and warrants to Seller the following, it being expressly understood and agreed that all such representations and warranties are to be true and correct at the date of this Agreement and as of the Close of Escrow.

(a) Buyer has the full power and authority to enter into this Agreement and consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement has been duly and validly authorized by Buyer, and no other action by Buyer is requisite to the valid and binding execution, delivery, and performance of this Agreement by Buyer.

12. Buyer’s Conditions. Buyer’s obligations under this Agreement are expressly made subject to the following conditions precedent solely for the benefit of Buyer. The Close of Escrow and Buyer’s obligation to consummate the purchase of Property shall be contingent upon and subject to written notice to Escrow Holder by Buyer of the occurrence of all of the following (or Buyer’s written waiver thereof, it being agreed that Buyer can waive any or all such contingencies) on or before the Close of Escrow:

(a) Buyer’s obtaining a satisfactory commitment issued by Title Company to issue the Title Policy in favor of Buyer with a liability amount of One Million Seven Hundred Twenty Thousand Dollars (\$1,720,000.00) showing Buyer’s interest in the Property subject only to the Permitted Title Exceptions, and being otherwise in accordance with the provisions of Section 5 of this Agreement, and expressly insuring against the claims of any persons in possession of all or any part of the Property and the claims of any mechanics or materialmen.

(b) Buyer’s verifying that no easements, covenants, conditions, deed restrictions, subdivision restrictions or regulations of any lawful governmental authority having jurisdiction over the Property exist which will adversely affect or impair Buyer’s intended use and development of the Property.

(c) Buyer’s verifying that there are no mechanics’ and/or materialmen’s liens, or lis pendens actions affecting the Property, and that all taxes, sewer, water, and utility bills and/or tap-on fees have been paid.

(d) Buyer's performing such environmental analysis of the Property as it deems appropriate to determine, to its complete satisfaction, that the Property has not been used for the storage of any petroleum products, toxic materials, or hazardous substances, and that no petroleum product, hazardous substance or toxic material is or has been located on, in or under the Property.

(e) That as of the Close of Escrow the representations and warranties of Seller contained in this Agreement are all true and correct.

(f) Seller's delivery of all documents required to be delivered by Seller pursuant to Section 6 hereof.

(g) Buyer's approval, prior to the expiration of the Due Diligence Period, of the physical condition of the Property, including without limitation, any and all inspections, tests, Survey(s), and other studies to be conducted by Buyer, in Buyer's sole discretion, including without limitation, any environmental site assessments, investigations, studies and reports that may be required under the California Environmental Quality Act ("CEQA"). Buyer's approval of any such inspections of the Property shall not alter or diminish Seller's representations or warranties under this Agreement.

(h) If Buyer has elected to obtain the same, Buyer's obtaining and approving the Survey provided for herein.

(i) The State has issued the final version of the Construction Installment Sale Agreement providing for the construction financing for the new reservoir facility for execution by the City, and the City and the State have executed the same.

If all the foregoing conditions precedent have not been either met to Buyer's sole satisfaction or expressly waived in writing by Buyer on or before the respective dates set forth therein, or if no date is set forth therein on or prior to the Close of Escrow, then this Agreement shall, at the option of Buyer, become null and void, in which event, except as expressly set forth in this Agreement, neither party shall have any further rights, duties and obligations hereunder, and Buyer shall be entitled to the immediate refund of the Deposit. In addition, Buyer may terminate this Agreement in Buyer's sole and absolute discretion for any reason, or for no reason whatsoever, by giving written notice to the Seller on any day prior to and including the final day of the Due Diligence Period, in which event, this Agreement shall become null and void and, except as expressly set forth in this Agreement, neither party shall have any further rights, duties and obligations hereunder, and Buyer shall be entitled to the immediate refund of the Deposit.

13. Seller's Conditions. For the benefit of Seller, the Close of Escrow and Seller's obligation to consummate the sale of the Property shall be contingent upon and subject to written notice to the Escrow Holder by Seller of the occurrence of all of the following (or Seller's written waiver thereof, it being agreed that Seller can waive any or all such contingencies) on or before the Close of Escrow:

(a) Deposit by Buyer of the Purchase Price and all other sums to be deposited by Buyer in Escrow in accordance with the requirements hereof.

(b) Buyer's delivery of all documents required to be delivered by Buyer pursuant to Section 6 hereof.

(c) Seller's reasonable satisfaction that as of the Close of Escrow the representations and warranties of Buyer contained in this Agreement are all either true and correct or, to the extent that is not the case, have been waived by Seller.

14. Survey.

(a) Buyer, at Buyer's sole cost and expense, may obtain an ALTA survey of the Property prepared by a registered land surveyor licensed by the State of California (i) showing the boundaries thereof and the locations of all easements and/or encroachments on or affecting the Property, if any, and (ii) certifying the exact acreage of the Property to three decimal places, exclusive of any portion thereof used or dedicated for public rights-of-way. In all other respects the survey shall meet the requirements of any governmental agency having jurisdiction over the Property for preparation of a parcel map and any requirements of the Title Company necessary to delete the survey exception from an ALTA policy of title insurance.

(b) If the survey (i) shows any encroachments affecting the Property, or (ii) shows any easements that would adversely affect Buyer's intended use of the Property, then Buyer shall have the right to declare this Agreement null and void, in which event, except as expressly set forth in this Agreement, neither party shall have any further rights, duties or obligations hereunder, and the Deposit shall immediately be returned to Buyer.

15. Condemnation; Destruction. All risk of loss with respect to the Property shall remain with Seller until after the Close of Escrow and delivery of possession of the Property to Buyer. If at any time prior to the Close of Escrow, the Property, or any portion thereof, is damaged by fire or other casualty or taken or appropriated through eminent domain or similar proceedings, or is condemned for any public or quasi-public use, Buyer may terminate this Agreement. If Buyer terminates this Agreement, Seller shall be entitled to receive all insurance proceeds payable to Buyer or Seller or all condemnation proceeds actually paid for that portion of the property taken. If Buyer elects to maintain this Agreement in full force and effect, Buyer shall be entitled to receive all insurance proceeds payable to Seller or all condemnation proceeds actually paid for that portion of the Property taken or, if such proceeds have been paid to Seller, Buyer shall receive a credit against the Purchase Price equal to the amount of proceeds actually paid to Seller.

16. Default. In the event of a breach or default under this Agreement by either Seller or Buyer, the non-defaulting party shall have the right to terminate this Agreement and the Escrow for the purchase and sale of the Property by delivering written notice thereof to the defaulting party and to Escrow Holder, and if Buyer is the non-defaulting party, Buyer shall thereupon promptly receive a refund of the Deposit. Such termination of the Escrow by a nondefaulting party shall be without prejudice to the non-defaulting party's rights and remedies against the defaulting party at law or equity. **IF BUYER FAILS TO COMPLETE THE PURCHASE OF THE PROPERTY AS HEREIN PROVIDED BY REASON OF ANY DEFAULT OF BUYER, IT IS AGREED THAT THE DEPOSIT SHALL BE NONREFUNDABLE AND SELLER SHALL BE ENTITLED TO SUCH DEPOSIT, WHICH AMOUNT SHALL BE ACCEPTED BY SELLER AS LIQUIDATED DAMAGES AND NOT AS A PENALTY AND AS SELLER'S**

SOLE AND EXCLUSIVE REMEDY. IT IS AGREED THAT SAID AMOUNT CONSTITUTES A REASONABLE ESTIMATE OF THE DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTION 1671 ET SEQ. BUYER AND SELLER AGREE THAT IT WOULD BE IMPRACTICAL OR IMPOSSIBLE TO PRESENTLY PREDICT WHAT MONETARY DAMAGES SELLER WOULD SUFFER UPON BUYER'S FAILURE TO COMPLETE ITS PURCHASE OF THE PROPERTY. BUYER DESIRES TO LIMIT THE MONETARY DAMAGES FOR WHICH IT MIGHT BE LIABLE HEREUNDER AND BUYER AND SELLER DESIRE TO AVOID THE COSTS AND DELAYS THEY WOULD INCUR IF A LAWSUIT WERE COMMENCED TO RECOVER DAMAGES OR OTHERWISE ENFORCE SELLER'S RIGHTS. IF FURTHER INSTRUCTIONS ARE REQUIRED BY ESCROW HOLDER TO EFFECTUATE THE TERMS OF THIS PARAGRAPH, BUYER AND SELLER AGREE TO EXECUTE THE SAME. THE PARTIES ACKNOWLEDGE THIS PROVISION BY PLACING THEIR INITIALS BELOW:

SELLER

BUYER

17. Notices. All notices and demands shall be given in writing by certified mail, postage prepaid, and return receipt requested, or by personal delivery. Notices shall be considered given upon the earlier of (a) personal delivery or (b) two (2) business days following deposit in the United States mail, postage prepaid, certified or registered, return receipt requested. A copy of all notices shall be sent to Escrow Holder. Notices shall be addressed as provided below for the respective party; provided that if any party gives notice in writing of a change of name or address, notices to such party shall thereafter be given as demanded in that notice:

SELLER: San Antonio Water Company
139 N. Euclid Ave.
Upland, CA 91786
Attn: Brian C. Lee, General Manager
Phone: (909) 982-4107, Ext. 102
Email: BLee@sawaterco.com

with a copy to: Thomas H. McPeters, Esq.
700 E. Redlands Blvd., Suite U-297
Redlands, CA 92373-6109
Phone: (909) 253-7730
Email: THMcp@aol.com

BUYER: City of Upland
460 N. Euclid Ave.
Upland, CA 91786
Attn: Jeannette A. Vagnozzi, City Manager
Phone: (909) 931-4121
Email: jvagnozzi@ci.upland.ca.us

with a copy to: Richards, Watson & Gershon
355 S. Grand Ave., 40th Floor
Los Angeles, CA 90071
Attn: Diana Chuang, Esq.
Phone: (213) 626-8484
Email: dchuang@rwglaw.com

ESCROW HOLDER: Lawyers Title Company Inland Empire
625 E. Carnegie Dr., #105
San Bernardino, CA 92408
Attn: Colleen Graves, Sr. Escrow Officer
Phone: (909) 963-5570
Email: CGraves@ltic.com

18. Broker's Commissions. Buyer represents and warrants to Seller that Buyer has used no broker, agent, finder or other person in connection with the transaction contemplated hereby to whom a brokerage or other commission or fee may be payable. Seller represents and warrants to Buyer that Seller has used no broker, agent, finder or other person in connection with the transaction contemplated hereby to whom a brokerage or other commission or fee may be payable. Each party indemnifies and agrees to defend and hold the other harmless from any claims resulting from any breach by the indemnifying party of the warranties, representations and covenants in this Section. The indemnification obligations contained in this Section 18 shall survive the Close of Escrow and the delivery of the Grant Deed.

19. Standard Instructions. Each party agrees to execute Escrow Holder's supplemental reasonable standard instructions as may be necessary or proper in order to consummate the transactions contemplated by this Agreement; provided, however, in the event of a conflict between the terms hereof and the terms of such standard instructions, the terms hereof shall control.

20. Time is of the Essence. The parties hereto agree that time is of the essence with respect to each term, condition and covenant hereof.

21. Successors and Assigns. The provisions of this Agreement are expressly binding upon, and shall inure to the benefit of, the parties hereto and their successors in interest and assigns.

22. Entire Agreement. This Agreement, together with all attachments and exhibits hereto, integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof.

23. Severability. Invalidation of any of the terms, conditions, covenants, or other provisions contained herein by judgment or court order shall in no way affect any of the other terms, conditions, covenants, or provisions hereof, and the same shall remain in full force and effect.

24. Amendments. Any amendments to this Agreement shall be effective only when duly executed by Seller and Buyer and deposited with Escrow Holder.

25. Attorneys' Fees. In the event that suit is brought for the enforcement of this Agreement or as the result of any alleged breach thereof, the prevailing party or parties in such suit shall be entitled to recover their reasonable attorneys' fees, costs, and expenses from the losing party or parties, and any judgment or decree rendered in such proceedings shall include an award thereof.

26. No Third Party Beneficiary Rights. This Agreement is entered into for the sole benefit of Seller and Buyer and no other parties are intended to be direct or incidental beneficiaries of this Agreement and no third party shall have any right in, under or to this Agreement.

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

28. Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. For purposes of this Agreement, facsimile signatures shall be deemed to be original signatures, and shall be followed by the immediate overnight delivery of original signature pages.

29. Assignment of Agreement. Neither Buyer nor Seller may assign or transfer their respective rights or obligations under this Agreement without first obtaining the prior written consent of the other, which consent may not be unreasonably withheld or delayed.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first above written.

SELLER:

San Antonio Water Company,
a California corporation

By: _____
Name: Tom Thomas
Title: President

BUYER:

City of Upland,
a municipal corporation

By: _____
Name: Jeannette Vagnozzi
Title: City Manager

ATTEST:

Keri Johnson, City Clerk

APPROVED AS TO FORM:

Counsel to San Antonio Water Company

By: _____
Thomas H. McPeters, Esq.

APPROVED AS TO FORM:

Richards, Watson & Gershon,
A Professional Corporation

By: _____
City Attorney

EXHIBIT "A"

Legal Description of the Land

That portion of the East 350.00 feet of Lot 22 of Tract 1836, in the City of Upland, County of San Bernardino, State of California, as per map recorded in Book 26 of Maps, Page 60, in the office of the County Recorder of said County described as follows:

- A. Commencing at intersection of the northerly line of said Lot 22 with the westerly line of Benson Avenue as described in document to the City of Upland, a Municipal Corporation recorded December 19, 2013 as Document Number 2013-0542884 records of said County; thence South 00°16'33" East, 288.30 feet along said westerly line to the Point of Beginning; thence South 00°16'33" East, 319.06 feet continuing along said westerly line to an angle point in said line; thence South 44°42'25" West, 26.88 feet along said westerly line to the southerly line of Said Lot 22; thence South 89°41'22" West, 311.00 feet along said southerly line to the westerly line of said East 350.00 feet of Lot 22; thence North 00°16'33" West, 217.80 feet along said westerly line; thence North 89°43'27" East, 54.50 feet; thence North 00°16'33" West, 120.45 feet to a point that is South 89°43'27" West, 295.50 feet from the Point of Beginning; thence North 89°43'27" East, 295.50 feet to the Point of Beginning;

Containing 104,847 square feet or 2.41 Ac.

Together with a perpetual non-exclusive easement for the benefit of the property described in paragraph "A" above for pedestrian and vehicular ingress and egress described as follow;

- B. Commencing at intersection of the northerly line of said Lot 22 with the westerly line of Benson Avenue as described in document to the City of Upland, a Municipal Corporation recorded December 19, 2013 as Document Number 2013-0542884 records of said County; thence South 00°16'33" East, 268.30 feet along said westerly line to the Point of Beginning; thence South 00°16'33" East, 20.00 feet continuing along said westerly line; thence South 89°43'27" West, 295.50 feet; thence North 00°16'33" West, 20.00 feet; thence North 89°43'27" East, 295.50 feet to the point of Beginning.

This easement shall benefit the property described in paragraph "A" above and shall burden and run with the property described in this paragraph "B"

Containing 5,910 square feet or 0.135 Ac.

AFFECTS: APN 1005-271-03

See (EXHIBIT "B") for a plat depicting the above described property.

This real property has been described by me, or under my direction, in conformance with the Professional Land Surveyor's Act.


Ronald A. Musser, L.S. 4230, Exp. 6-30-20



3-5-19
Date

APPENDIX 1
FORM OF GRANT DEED

RECORDING REQUESTED BY:

City of Upland

AND WHEN RECORDED RETURN TO:

City of Upland
460 N. Euclid Ave.
Upland, CA 91786
Attention: Keri Johnson, City Clerk

With a copy to:

San Antonio Water Company
139 N. Euclid Ave.
Upland, CA 91786
Attention: Brian Lee, General Manager

APN: 1005-271-03 (portion of)

Space Above This Line For Recorder's Use

This Grant Deed is exempt from Recording Fees pursuant to
California Government Code Sections 6103 and 27383, and exempt from
Documentary Transfer Tax pursuant to Revenue and Taxation Code Section 11922

GRANT DEED

THE UNDERSIGNED GRANTOR DECLARES:

FOR VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, the **SAN ANTONIO WATER COMPANY**, a California corporation (the "**Grantor**"), hereby grants to the **CITY OF UPLAND**, a municipal corporation (the "**Grantee**"), its fee interest in that certain real property, together with a perpetual non-exclusive easement for the benefit of such real property, each as more particularly described in Exhibit A attached hereto and incorporated herein by this reference and depicted in Exhibit B attached hereto and incorporated herein by this reference (the "**Site**"), together with all improvements located thereon and all of Grantor's right title and interest in and to all easements, privileges and rights appurtenant to the Site.

The Site is conveyed further subject to all easements, rights of way, covenants, conditions, restrictions, reservations and all other matters of record, and the following conditions, covenants and agreements.

IN WITNESS WHEREOF, Grantor and Grantee have caused this Grant Deed to be executed and notarized as of this ____ day of _____, 2019.

GRANTOR:

SAN ANTONIO WATER COMPANY,
a California corporation

By: _____

Name: Tom Thomas

Title: Board President

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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 San Bernardino)

On _____, before me, _____,
(insert name and title of the officer)

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 _____

(Seal)

EXHIBIT "A"

Legal Description of the Site

That portion of the East 350.00 feet of Lot 22 of Tract 1836, in the City of Upland, County of San Bernardino, State of California, as per map recorded in Book 26 of Maps, Page 60, in the office of the County Recorder of said County described as follows:

- A. Commencing at intersection of the northerly line of said Lot 22 with the westerly line of Benson Avenue as described in document to the City of Upland, a Municipal Corporation recorded December 19, 2013 as Document Number 2013-0542884 records of said County; thence South 00°16'33" East, 288.30 feet along said westerly line to the Point of Beginning; thence South 00°16'33" East, 319.06 feet continuing along said westerly line to an angle point in said line; thence South 44°42'25" West, 26.88 feet along said westerly line to the southerly line of Said Lot 22; thence South 89°41'22" West, 311.00 feet along said southerly line to the westerly line of said East 350.00 feet of Lot 22; thence North 00°16'33" West, 217.80 feet along said westerly line; thence North 89°43'27" East, 54.50 feet; thence North 00°16'33" West, 120.45 feet to a point that is South 89°43'27" West, 295.50 feet from the Point of Beginning; thence North 89°43'27" East, 295.50 feet to the Point of Beginning;

Containing 104,847 square feet or 2.41 Ac.

Together with a perpetual non-exclusive easement for the benefit of the property described in paragraph "A" above for pedestrian and vehicular ingress and egress described as follow;

- B. Commencing at intersection of the northerly line of said Lot 22 with the westerly line of Benson Avenue as described in document to the City of Upland, a Municipal Corporation recorded December 19, 2013 as Document Number 2013-0542884 records of said County; thence South 00°16'33" East, 268.30 feet along said westerly line to the Point of Beginning; thence South 00°16'33" East, 20.00 feet continuing along said westerly line; thence South 89°43'27" West, 295.50 feet; thence North 00°16'33" West, 20.00 feet; thence North 89°43'27" East, 295.50 feet to the point of Beginning.

This easement shall benefit the property described in paragraph "A" above and shall burden and run with the property described in this paragraph "B"

Containing 5,910 square feet or 0.135 Ac.

AFFECTS: APN 1005-271-03

See (EXHIBIT "B") for a plat depicting the above described property.

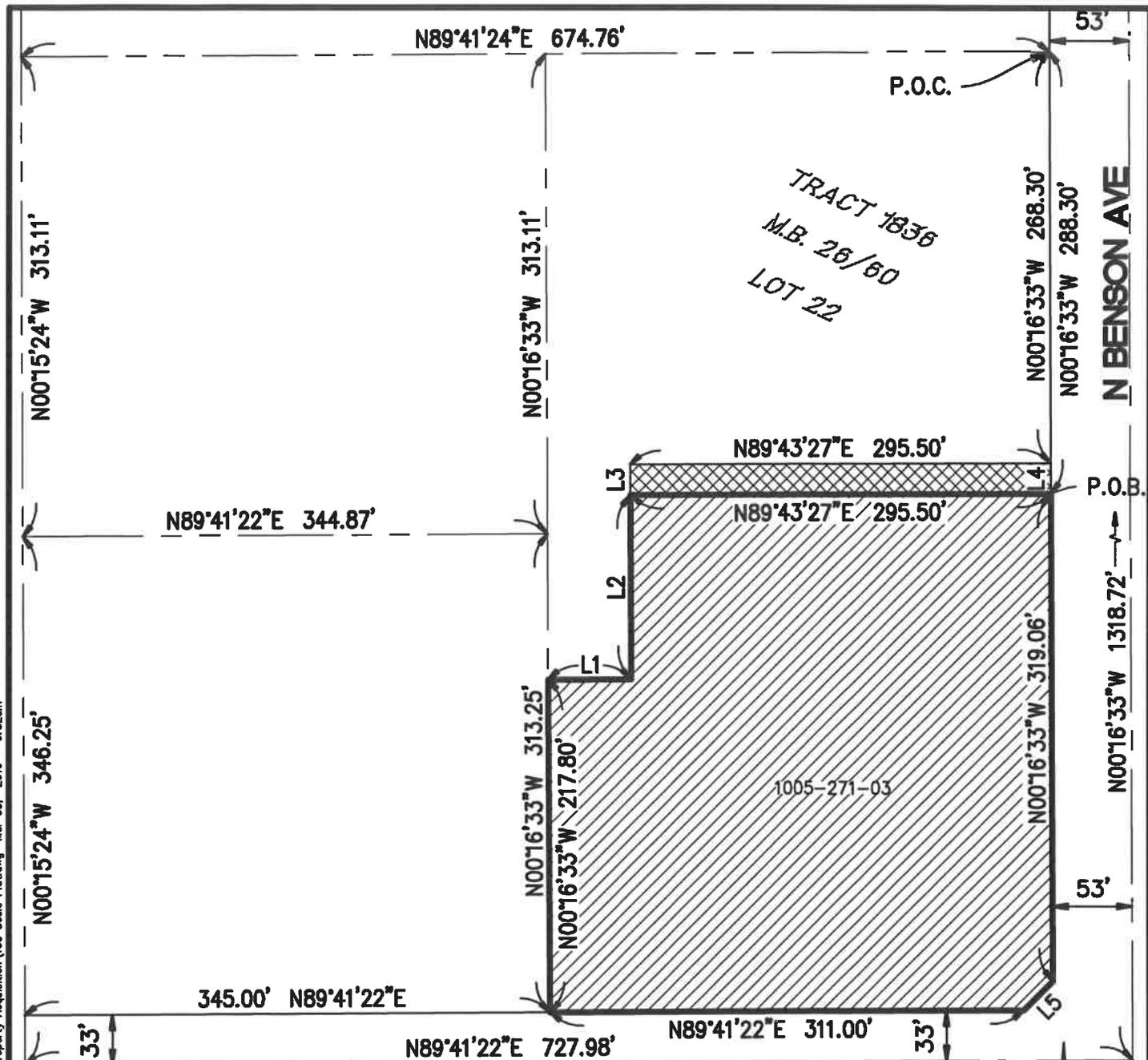
This real property has been described by me, or under my direction, in conformance with the Professional Land Surveyor's Act.


Ronald A. Musser, L.S. 4230, Exp. 6-30-20

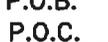


3-5-19
Date

EXHIBIT "B" - Plat Depicting the Site



LEGEND

-  EXISTING PROPERTY LINE
-  PROPOSED PROPERTY ACQUIRED
-  PROPOSED AREA TO BE ACQUIRED (104,847 SF)
-  PROPOSED EASEMENT (5,510 SF)
-  P.O.B. POINT OF BEGINNING
-  P.O.C. POINT OF COMMENCEMENT

LINE TABLE		
LINE #	LENGTH	DIRECTION
L1	54.50'	N89°43'27"E
L2	120.45'	N00°16'33"W
L3	20.00'	N00°16'33"W
L4	20.00'	N00°16'33"W
L5	26.88'	N44°42'25"E



TKE ENGINEERING, INC.
2305 CHICAGO AVENUE
RIVERSIDE, CA 92507
(951) 680-0440

Ronald A. Musser
RONALD A. MUSSER L.S. No. 4230
EXPIRES: 6-30-20



EXHIBIT 'B'

PROPERTY ACQUISITION

APN 1005-271-03
(PORTION OF)

S:\CADD\102-136 Legal Description, Plat and ALTA Survey for SAWCo Reservoir Site Property Acquisition\100 Scale Plat.dwg Mar 05, 2019 - 9:52am

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by written deed or grant dated _____, 2019 from the San Antonio Water Company, is hereby accepted by the undersigned officer or agent on behalf of the City of Upland, pursuant to authority conferred by the City of Upland on _____ 2019, pursuant to Resolution No. 2019-_____ and the City of Upland consents to recordation thereof by its duly authorized officer.

Dated this _____ day of _____, 2019

By: _____
Jeannette Vagnozzi
City Manager, City of Upland

Provides for:

1723 N. Benson Avenue, Upland, CA. 91784 (1005-271-03)

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 San Bernardino }

On _____ before me, _____, Notary Public, 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 who acknowledged to me that he/she executed the same in his/her authorized capacity, and by his/her signature on the instrument the person, or entity upon behalf of which the person acted, executed the instrument.

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

WITNESS my hand and official seal.

(Signature of Notary)

(This area for official notarial seal)

APPENDIX 2

Form of Construction Access Easement Agreement

RECORDING REQUESTED BY
City of Upland

AND WHEN RECORDED, RETURN TO:

City of Upland
460 N. Euclid Ave.
Upland, CA 91786
Attention: Keri Johnson, City Clerk

with a copy to:

San Antonio Water Company
139 N. Euclid Ave.
Upland, CA 91786
Attention: Brian Lee, General Manager

Space Above Reserved for Recorder's Use Only

This Construction Access Easement Agreement is exempt from recording fees pursuant to Sections 6103 and 27383 of California Government Code. No Documentary Transfer Tax pursuant to Section 11922 of California Revenue and Taxation Code

CONSTRUCTION ACCESS EASEMENT AGREEMENT

THIS CONSTRUCTION ACCESS EASEMENT AGREEMENT (“**Agreement**”) is entered into as of _____, 201__, by and between San Antonio Water Company, a California corporation (“**Grantor**”) and the City of Upland (“**Grantee**”).

RECITALS

This Agreement is entered into on the basis of the following facts, understandings, and intentions of the Parties. The following recitals are a substantive part of this Agreement.

WHEREAS, Grantor is the fee owner of that certain real property in the City described in **Exhibit “A”-1** and depicted in **Exhibit “B”-1**, each of which is attached hereto and incorporated herein (“**Grantor Property**”).

WHEREAS, the Grantee owns that certain property described in **Exhibit “A”-2** and depicted in **Exhibit “B”-2**, each of which is attached hereto and incorporated herein (“**Grantee Property**”).

WHEREAS, the Grantee intends to construct and maintain certain reservoir improvements within the Grantee Property (“**Improvements**”) as described in that certain Plan No. WT-9128 entitled, “Replacement of 7.5 MG Reservoir and Water Improvements, 17th Street and Benson Avenue, Upland CA 91786,” prepared by Brady and approved by the City’s Director of Public Works on January 11, 2018.

WHEREAS, Grantor and Grantee wish to enter into this Agreement to provide to the Grantee a temporary easement over the Grantor Property and adjacent to the Grantee Property, as described in **Exhibit “A”-3** and depicted in **Exhibit “B”-3**, each of which is attached and incorporated herein (“**Construction Access Easement Area**”), for the purpose of facilitating the construction of the Improvements.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and easement contained herein, the parties agree as follows:

1. **Grant of Easement.** Grantor hereby grants to Grantee and Grantee’s agents, employees, invitees, representatives, architects, consultants, contractors, and subcontractors (collectively, “**Grantee Parties**”) an easement to enter upon and use the Construction Access Easement Area for the purpose of constructing the Improvements during the Term (as defined below) of this Agreement. In connection with the construction of the Improvements, the Grantee may use any or all of the Construction Access Easement Area for all construction-related purposes including, without limitation, vehicular access, temporary placement of building materials and assembly, and all other related construction activities.

2. **Term.** The term (“**Term**”) of this Agreement shall commence on the date hereof and shall expire upon the earliest to occur of (A) the issuance and recordation of a notice of completion by the Grantee pursuant to Chapter 2 (commencing with Section 9200) of Title 3 of Part 6 of Division 4 of the California Civil Code (“**Notice**”) with respect to the Improvements, (B) the date that is 36 full calendar months from the date hereof, or (C) such earlier date as Grantee shall determine that the easement granted hereunder is no longer necessary and notice of which Grantee shall provide to Grantor in writing in advance of such termination date. The Grantee agrees to not unreasonably withhold or delay the issuance/recordation of the Notice.

3. **Indemnity.**

3.1 **Indemnity by Grantee.** Grantee shall indemnify, defend and hold harmless Grantor from and against any and all claims, liabilities, obligations, orders, damages, fines, penalties, and expenses (including, but not limited to, attorneys’ fees and costs) to the extent arising from any negligent act or willful misconduct by the Grantee or Grantee’s officials, officers, employees, contractors, subcontractors, agents, and representatives under this Agreement, except to the extent such claims, liabilities, obligations, orders, damages, fines, penalties, or expenses arise from the negligence or willful misconduct of Grantor.

4. **Grantee Obligations.** The Grantee shall be solely responsible for securing any building materials placed upon the Construction Access Easement Area and at Grantee’s sole cost shall, to the extent reasonably possible, restore the Construction Access Easement Area to its

original condition prior to the expiration of the Term of this Agreement. In addition, Grantee shall require its contractors and subcontractors to name Grantor as an additional insured on any policy of insurance required by Grantee's contract(s) let for the construction of the Improvements.

5. Modification. The terms and conditions of this Agreement shall not be modified, amended, waived, or repealed except by the written agreement of the parties.

6. Notice of Termination. Upon the expiration of this Agreement under Section 2 above, the parties shall cooperate reasonably to record a written statement acknowledging such termination in the San Bernardino County Recorder's Office. The provisions of this Section 6 shall survive termination of this Agreement.

7. Remedies and Enforcement.

7.1 All Legal and Equitable Remedies Available. In the event of a breach or threatened breach by any party to this Agreement of any of the terms, covenants, restrictions or conditions hereof, the other party shall be entitled forthwith to full and adequate relief by injunction and/or all such other available legal and equitable remedies from the consequences of such breach, including payment of any amounts due and/or specific performance.

7.2 Remedies Cumulative. The remedies specified herein shall be cumulative and in addition to all other remedies permitted at law or in equity.

7.3 No Termination for Breach. Notwithstanding anything in this Agreement to the contrary, no breach hereunder shall entitle any party to cancel, rescind, or otherwise terminate this Agreement.

7.4 Irreparable Harm. In the event of a violation or threat thereof of any of the provision of this Agreement, the parties agree that such violation or threat thereof shall cause the other party to suffer irreparable harm and such nondefaulting party shall have no adequate remedy at law. As a result, in the event of a violation or threat thereof of any of the provisions of this Agreement, the nondefaulting party, in addition to all remedies available at law or otherwise under this Agreement, shall be entitled to injunctive or other equitable relief to enjoin a violation or threat thereof of this Agreement.

7.5 Limitation of Remedies. Notwithstanding anything to the contrary contained herein, the Grantor shall not have any recourse to any funds or assets of the Grantee other than is described in Annex "A" attached to that certain Purchase and Sale Agreement and Escrow Instructions by and between the Grantor and Grantee dated as of March __, 2019 (the "Purchase and Sale Agreement").

8. Miscellaneous.

8.1 Amendment. The parties agree that the provisions of this Agreement may be modified or amended, in whole or in part, or terminated, only by the written consent of the Grantee and the record owner of the Grantor Property, evidenced by a document that has been fully executed and acknowledged by all parties and recorded in the Official Records.

8.2 No Waiver. No waiver of any default of any obligation by any party hereto shall be implied from any omission by the other party to take any action with respect to such default.

8.3 No Agency. Nothing in this Agreement shall be deemed or construed by either party or by any third person to create the relationship of principal and agent or of limited or general partners or of joint venturers or of any other association between the parties.

8.4 Benefit to Grantor Property; Construction Easement Rental. The parties to this Agreement agree that this Agreement and the construction of the Improvements benefits the Grantor Property, and that the easement herein granted by Grantor to Grantee is provided by Grantor as partial consideration of the Grantee's acquisition of the Grantee Property as described in the Purchase and Sale Agreement. Construction Easement Rental shall be paid by Grantee to Grantor only in the manner, from the source of revenue available to Grantee, at the times, and in the amounts (and subject to the conditions) set forth in the Purchase and Sale Agreement.

8.5 Covenants to Run with Land. It is intended that each of the easements, covenants, conditions, restrictions, rights and obligations set forth herein shall run with the land, shall bind every person having any fee, leasehold or other interest therein and shall inure to the benefit of the respective parties and their successors, assigns, heirs, and personal representatives.

8.6 Grantee's Acceptance. Any future purchaser or grantee of the Grantor's Property or any portion thereof, by acceptance of a deed conveying title thereto or the execution of a contract for purchase thereof, whether from an original party or from a subsequent owner of such property, shall accept such deed or contract upon and subject to each and all of the easements, covenants, conditions, restrictions and obligations contained herein. By such acceptance, any such grantee shall for himself and his successors, assigns, heirs, and personal representatives, covenant, consent, and agree to and with the other party, to keep, observe, comply with, and perform the obligations and agreements set forth herein with respect to the property so acquired by such grantee.

8.7 Severability. Each provision of this Agreement and the application thereof to the Grantor Property is hereby declared to be independent of and severable from the remainder of this Agreement. If any provision contained herein shall be held to be invalid or to be unenforceable or not to run with the land, such holding shall not affect the validity or enforceability of the remainder of this Agreement. In the event the validity or enforceability of any provision of this Agreement is held to be dependent upon the existence of a specific legal description, the parties agree to promptly cause such legal description to be prepared.

8.8 Time of Essence. Time is of the essence of this Agreement.

8.9 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed as original but all of which together shall constitute one and the same instrument.

8.10 Entire Agreement. This Agreement contains the complete understanding and agreement of the parties hereto with respect to all matters referred to herein, and all prior representations, negotiations, and understandings are superseded hereby.

8.11 Governing Law. The laws of California shall govern the interpretation, validity, performance, and enforcement of this Agreement.

8.12 Bankruptcy. In the event of any bankruptcy of the owner of the Grantor Property, the parties agree that this Agreement shall, to the maximum extent permitted by law, be considered an agreement that runs with the land and that is not rejectable, in whole or in part, by the bankrupt person or entity.

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

GRANTOR:

SAN ANTONIO WATER COMPANY,
a California corporation

APPROVED AS TO FORM:

Counsel to San Antonio Water Company

By: _____
Name: Tom Thomas
Title: President

By: _____
Thomas H. McPeters, Esq

GRANTEE:

CITY OF UPLAND,
a public body

APPROVED AS TO FORM:

Richards, Watson & Gershon,
A Professional Corporation

By: _____
Name: Jeannette Vagnozzi
Title: City Manager

By: _____
City Attorney

ATTEST:

Keri Johnson, City Clerk

EXHIBIT "A"-1

LEGAL DESCRIPTION OF GRANTOR PROPERTY

The East 350.00 feet of Lot 22 of Tract 1836, in the City of Upland, County of San Bernardino, State of California, as per map recorded in Book 26 of Maps, Page 60, in the office of the County Recorder of said County.

Excepting therefrom the following;

Commencing at intersection of the northerly line of said Lot 22 with the westerly line of Benson Avenue as described in document to the City of Upland, a Municipal Corporation recorded December 19, 2013 as Document Number 2013-0542884 records of said County; thence South 00°16'33" East, 288.30 feet along said westerly line to the Point of Beginning; thence South 00°16'33" East, 319.06 feet continuing along said westerly line to an angle point in said line; thence South 44°42'25" West, 26.88 feet along said westerly line to the southerly line of Said Lot 22; thence South 89°41'22" West, 311.00 feet along said southerly line to the westerly line of said East 350.00 feet of Lot 22; thence North 00°16'33" West, 217.80 feet along said westerly line; thence North 89°43'27" East, 54.50 feet; thence North 00°16'33" West, 120.45 feet to a point that is South 89°43'27" West, 295.50 feet from the Point of Beginning; thence North 89°43'27" East, 295.50 feet to the Point of Beginning;

Containing 101,672 square feet or 1.90 ac.

AFFECTS: APN 1005-271-03

See (EXHIBIT "B") for a plat depicting the above described property.

This real property has been described by me, or under my direction, in conformance with the Professional Land Surveyor's Act.



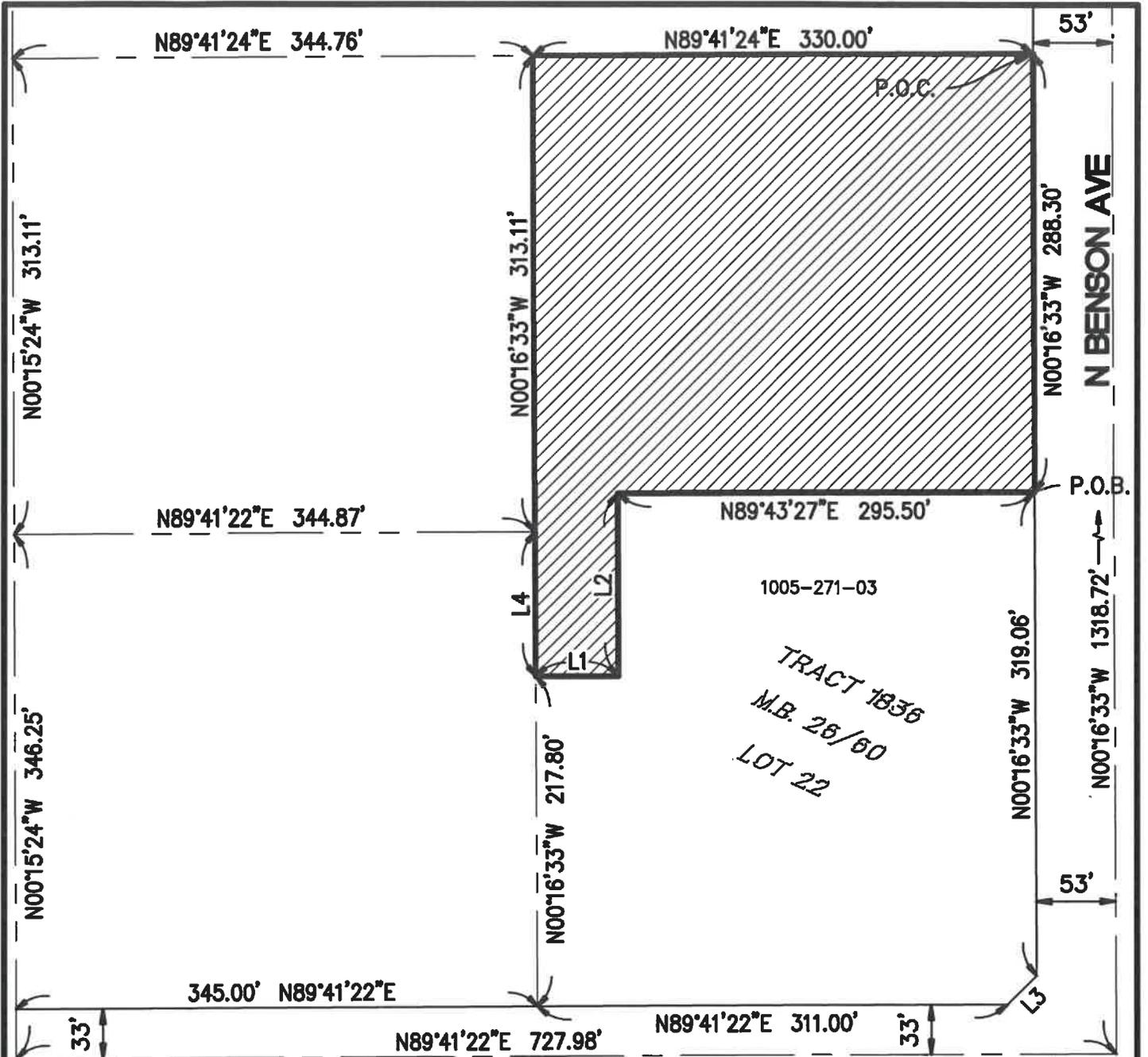
Ronald A. Musser, L.S. 4230, Exp. 6-30-20



3-5-19

Date

EXHIBIT "B"-1 (PLAT DEPICTING GRANTOR PROPERTY)



LEGEND

- EXISTING PROPERTY LINE
- PROPOSED REMAINDER PARCEL BOUNDARY
- PROPOSED REMAINDER PARCEL (101,672 SF)
- P.O.B.** POINT OF BEGINNING
- P.O.C.** POINT OF COMMENCEMENT

LINE TABLE		
LINE #	LENGTH	DIRECTION
L1	54.50'	N89°43'27"E
L2	120.45'	N00°16'33"W
L3	26.88'	N44°42'25"E
L4	95.45'	N00°16'33"W



SCALE: 1"=100'



TKE ENGINEERING, INC.
2305 CHICAGO AVENUE
RIVERSIDE, CA 92507
(951) 680-0440

Ronald A. Musser
RONALD A. MUSSER L.S. No. 4230
EXPIRES: 6-30-20

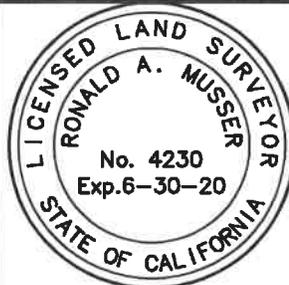


EXHIBIT 'B'

REMAINDER PARCEL

APN 1005-271-03
(PORTION OF)

EXHIBIT "A"-2

LEGAL DESCRIPTION OF GRANTEE PROPERTY

That portion of the East 350.00 feet of Lot 22 of Tract 1836, in the City of Upland, County of San Bernardino, State of California, as per map recorded in Book 26 of Maps, Page 60, in the office of the County Recorder of said County described as follows:

- A. Commencing at intersection of the northerly line of said Lot 22 with the westerly line of Benson Avenue as described in document to the City of Upland, a Municipal Corporation recorded December 19, 2013 as Document Number 2013-0542884 records of said County; thence South 00°16'33" East, 288.30 feet along said westerly line to the Point of Beginning; thence South 00°16'33" East, 319.06 feet continuing along said westerly line to an angle point in said line; thence South 44°42'25" West, 26.88 feet along said westerly line to the southerly line of Said Lot 22; thence South 89°41'22" West, 311.00 feet along said southerly line to the westerly line of said East 350.00 feet of Lot 22; thence North 00°16'33" West, 217.80 feet along said westerly line; thence North 89°43'27" East, 54.50 feet; thence North 00°16'33" West, 120.45 feet to a point that is South 89°43'27" West, 295.50 feet from the Point of Beginning; thence North 89°43'27" East, 295.50 feet to the Point of Beginning;

Containing 104,847 square feet or 2.41 Ac.

Together with a perpetual non-exclusive easement for the benefit of the property described in paragraph "A" above for pedestrian and vehicular ingress and egress described as follow;

- B. Commencing at intersection of the northerly line of said Lot 22 with the westerly line of Benson Avenue as described in document to the City of Upland, a Municipal Corporation recorded December 19, 2013 as Document Number 2013-0542884 records of said County; thence South 00°16'33" East, 268.30 feet along said westerly line to the Point of Beginning; thence South 00°16'33" East, 20.00 feet continuing along said westerly line; thence South 89°43'27" West, 295.50 feet; thence North 00°16'33" West, 20.00 feet; thence North 89°43'27" East, 295.50 feet to the point of Beginning.

This easement shall benefit the property described in paragraph "A" above and shall burden and run with the property described in this paragraph "B"

Containing 5,910 square feet or 0.135 Ac.

AFFECTS: APN 1005-271-03

See (EXHIBIT "B") for a plat depicting the above described property.

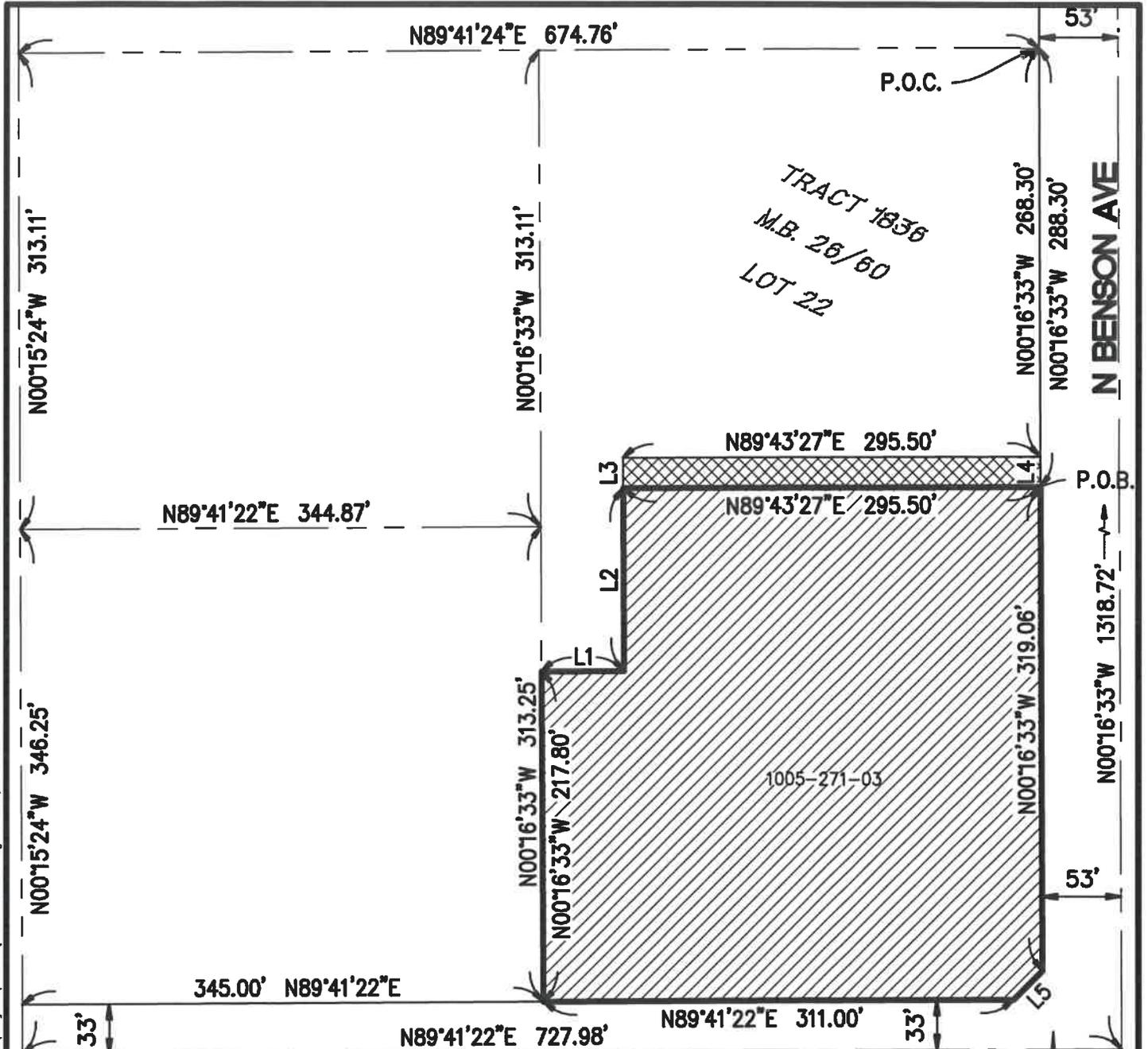
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Ronald A. Musser, L.S. 4230, Exp. 6-30-20



3-5-19
Date

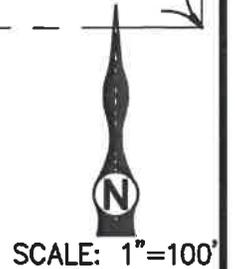
EXHIBIT "B"-2 (PLAT DEPICTING GRANTEE PROPERTY)



LEGEND

-  EXISTING PROPERTY LINE
-  PROPOSED PROPERTY ACQUIRED
-  PROPOSED AREA TO BE ACQUIRED (104,847 SF)
-  PROPOSED EASEMENT (5,510 SF)
-  P.O.B. POINT OF BEGINNING
-  P.O.C. POINT OF COMMENCEMENT

LINE TABLE		
LINE #	LENGTH	DIRECTION
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(951) 680-0440

Ronald A. Musser
RONALD A. MUSSER L.S. No. 4230
EXPIRES: 6-30-20



EXHIBIT 'B'

PROPERTY ACQUISITION

APN 1005-271-03
(PORTION OF)

EXHIBIT "A"-3

LEGAL DESCRIPTION OF CONSTRUCTION ACCESS EASEMENT AREA

[TO BE PROVIDED]

[Approximately 15,000 sq. ft. portion of Remainder Parcel TBD]

EXHIBIT "A"-3

PLAT DEPICTING CONSTRUCTION ACCESS EASEMENT AREA

[TO BE PROVIDED]

[Approximately 15,000 sq. ft. portion of Remainder Parcel TBD]

ANNEX "A"

Payment of Purchase Price; Revenues for Payment of Construction Easement Rental

The payment of the Purchase Price, accrued interest thereon, and Construction Easement Rental by the Buyer shall be on an unsecured basis solely from Net Water Revenues or from other available monies in the Buyer's Water Enterprise Fund.

Related Defined Terms:

"Gross Water Revenues" means all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Buyer's Water System including, without limiting the generality of the foregoing, (i) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the Buyer from the furnishing and supplying of services and facilities through the Water System, (ii) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, or other moneys to the extent that such earnings and income are available for use for the Water System pursuant to law, and (iii) the proceeds derived by the Buyer directly or indirectly from the sale, lease, or other disposition of a part of the Water System; provided the term "Gross Water Revenues" shall not include any of the following: (A) customers' deposits or any other deposits or advances subject to refund until those deposits or advances become the property of the Buyer, (B) connection charges and impact fees that are established for specific purposes and moneys derived from which are deposited by the Buyer in funds separate and apart from the Water Enterprise Fund, and (C) charges collected by the Buyer for water meter installation that are deposited by the Buyer in funds separate and apart from the Water Enterprise Fund.

"Net Water Revenues" means, for any period, an amount equal to all of the Gross Water Revenues received during such period minus the amount required to pay all Operation and Maintenance Costs during such period.

"Operation and Maintenance Costs" means the reasonable and necessary costs paid or incurred by the Buyer for maintaining and operating the Water System, determined in accordance with generally accepted accounting principles, including (i) all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the Water System in good repair and working order, (ii) all administrative costs of the Buyer that are charged directly or apportioned to the operation of the Water System, such as salaries and wages of employees, overhead, taxes (if any), the cost of permits and licenses to operate the Water System and insurance premiums, and (iii) all other reasonable and necessary costs of the Buyer or charges required to be paid by it to comply with the terms hereof; but excluding in all cases, the following: (A) debt service payable on obligations incurred by the Buyer with respect to the Water System, (B) depreciation, replacement and obsolescence charges or reserves therefor, and (C) amortization of intangibles or other bookkeeping entries of a similar nature.

"Water Enterprise Fund" means the enterprise fund of the Buyer relating to the Water System and in which Gross Water Revenues are deposited.

“**Water System**” means the whole and each and every part of the water system of the Buyer (including but not limited to all drinking water collection, transport, treatment, storage, and delivery facilities, including land and easements thereof, owned by the Buyer, and all other properties, structures, or works hereafter acquired and constructed by the Buyer and determined to be a part of such water system), including the portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such water system or any part thereof hereafter acquired or constructed; provided, that to the extent the Buyer is not the sole owner of an asset or property or to the extent that an asset or property is used in part for the above-described water system purposes, only the Buyer’s ownership interest in such asset or property or only the part of the asset or property so used for water system purposes shall be considered to be part of the Water System.

All principal of the Purchase Price to be paid by the Buyer shall bear interest at the rate of **one and eighty-eight hundredths of one percent (1.88%)** per annum from the Closing Date to and including the date of payment to Seller.

Except as otherwise provided below, the Buyer shall pay to the Seller the Purchase Price in the amounts and at the following times:

Installment Payment Schedule Table:

Installment Payment	Payment Date	Principal	Interest	Total Principal & Interest
#1	Close of Escrow	\$ 344,000.00	\$ 0.00	\$ 344,000.00
#2	December 10, 2020	344,000.00	interest ⁽¹⁾	344,000.00 + interest ⁽¹⁾
#3	December 10, 2021	344,000.00	19,401.60	363,401.60
#4	December 10, 2022	344,000.00	12,934.40	356,934.40
#5	December 10, 2023	344,000.00	6,467.20	350,467.20
	Total:	\$1,720,000.00		

(1) Interest from the Close of Escrow through Installment Payment #2 shall be calculated as follows: (a) the ratio of the number of calendar days, commencing with first calendar day after the Close of Escrow, through and including December 10, 2020, divided by 365, multiplied by (b) 0.0188 and multiplied by (c) \$1,376,000.00 (i.e., the then outstanding principal amount of \$1,720,000.00 minus \$344,000.00 principal amount paid at Close of Escrow). For example, if Close of Escrow and Installment Payment #1 occur on March 31, 2019, interest for Installment Payment #2 would be calculated as 619 calendar days ÷ 365 x 0.0188 x \$1,376,000.00 = \$43,870.65.

Notwithstanding anything herein or in the Agreement to the contrary, the Buyer in its sole discretion and at any time may prepay any or all of the principal amount of the Purchase Price with accrued interest to the date of payment. In addition, the Buyer and Seller may in their discretion agree to defer all or a portion of the principal amount due and payable on the dates set forth above, and provide for the payment of deferred amount to another date not later than December 10, 2025.

In the event of any such prepayment or deferment of payment of all or a portion of the principal amount of the Purchase Price, the Buyer and Seller shall promptly prepare and attach to the Agreement a modified schedule of principal and interest payments reflecting the same. The City Manager and President may prepare and approve such modified schedule without having to obtain further authorization from the Buyer or Seller.



PUBLIC WORKS DEPARTMENT
1370 North Benson Avenue
Upland, California 91786-0460
Telephone (909) 291-2930
Facsimile (909) 291-2974

November 29, 2018

Brian Lee, General Manager
San Antonio Water Company
139 N. Euclid Avenue
Upland, CA. 91786

Subject: Request for a Time Extension for the Purchase a Portion of the SAW Co. Property Located on the NWC of 17th Street & Benson Avenue (APN 1005-271-03)

Dear Mr. Lee:

On July 18, 2017, the SAW Co. Board approved the property appraisal report for the subject property value prepared by the Bronstein Company in the amount of \$1,720,000 and provided the City until the end of the calendar year 2018 to complete the transaction.

At this time, the City has completed all of the application documents with the State to secure an SRF loan and the draft loan agreement document is being prepared by the State in coordination with our City Attorney's Office. I am requesting an additional 3 months to complete the loan agreement and financing with the State. During this period, the City and SAW Co. open escrow with a final escrow closing contingent upon securing the SRF funding. At this time, based upon my conversations with the State, I believe this work can be completed within the 3 month extension period. As such, I respectfully request the SAW Co. Board allow the 3 moth extension to complete the land purchase.

Should you have any questions or need additional information, please let me know.

Sincerely,

A handwritten signature in cursive script that reads "Rosemary Hoerning".

Rosemary Hoerning, PE, PLS, MPA
Public Works Director/City Engineer
City of Upland
909-291-2931

Tom Thomas
Board President
San Antonio Water Company

Date

cc: San Antonio Water Company Directors
Jeannette Vagnozzi, City Manager, City of Upland

Rosemary Hoerning

From: Tamanaha, Marques@Waterboards <Marques.Tamanaha@waterboards.ca.gov>
Sent: Thursday, November 01, 2018 1:09 PM
To: Rosemary Hoerning
Subject: RE: Upland SRF

Hi Rosemary,

I just received the credit review clearance for \$16.5 million at 1.8% with a 30-year repayment. It sounds like our legal just reached out to you with a draft agreement. As soon as the consultation is done, I will begin routing the agreement for final management approval. I still anticipate the agreement will get issued early 2019.

Let me know if you have questions.

Marques Tamanaha

Project Manager - SWRCB
(916) 449-5645

Cary R. Bronstein, MAI
Cell Phone: (818) 601-0776
Cary@TBCappraisal.com

APPRAISAL REPORT



Proposed Subdivided Lot (+2.6 Acres)
1723 N. Benson Avenue
Upland, CA 91786

TBCinc File: 3394-G-217



The Bronstein Company, Inc.

REAL ESTATE VALUATION & CONSULTING

Cary R. Bronstein, MAI

Cell Phone: (818) 601-0776
Cary@TBCappraisal.com

Ms. Rosemary Hoerning, PE, PLS, MPA
Public Works Director/City Engineer
City of Upland
460 N. Euclid Ave.
Upland CA, 91786

May 30, 2017

RE: Appraisal Report
Proposed Subdivided Lot (±2.6 Acres)
1723 N. Benson Avenue
Upland, CA 91786
TBCinc File: 3394-G-217

Dear Ms. Hoerning:

Per your request we have appraised the above captioned property. The purpose of the appraisal is to provide a Fee Simple interest value estimate under the following premise(s):

"Hypothetical" Market Value	Reflects the most probable price achievable based on the subject's current Light Industrial zone designation. A hypothetical condition is invoked as the subject site is a vacant parcel that will be a subdivided portion from a larger parcel.
------------------------------------	--

Our analysis is in conformance with the cited Scope of Work outlined in this appraisal report, in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP). Our appraisal report is a summary report type complying with the reporting requirements set forth under Standards Rule 2-2(a) of USPAP.

This appraisal is valid only for the intended client and for the intended use noted below. This appraisal is not valid for any third party or any use other than that stated below.

CLIENT	City of Upland
INTENDED USER	Public Works Department of the City of Upland
INTENDED USE	Assist in possible purchase of the subject site.

Based on the information, analysis and reasoning provided in the attached appraisal report, together with our best judgment and experience, we estimate the following value conclusion(s) pertinent to the subject's Fee Simple estate:

VALUATION SCENARIO	DATE OF VALUE	VALUE CONCLUSION
"Hypothetical" Market Value	April 27, 2017	\$1,720,000

The value estimate(s) cited above are inclusive of real property only, and do not include furniture, fixtures & equipment (FF&E), or similar non-realty items. Our opinions and conclusions are subject to each of the Assumptions & Limiting Conditions made a part of the attached report.

This report includes the following Hypothetical Conditions and/or Extraordinary Assumptions (which, if found to be false, can potentially impact our assignment results):

Hypothetical Condition(s): **Hypothetical Condition #1**
Our scope of work includes valuation of the subject site on the premise that it can be subdivided from the larger parcel and can be developed based on its Light Industrial (LI) zone designation. Given the subject's current zone designation is Light Industrial, the Market Value scenario is premised on permitted uses and invokes a Hypothetical Condition as if the subject property was subdivided on the date of value.

Extraordinary Assumption(s): **Extraordinary Assumption #1**
The subject is a former industrial site located in an area of various types of industrial uses. With that in mind, we emphasize that our analysis and valuation specifically assumes that subject to be free & clear of any hazardous or toxic contaminants necessitating mitigation, and we further presume that all future usage of such materials will be performed in a safe manner, in conformance with prevailing laws and regulations.

Thank you for the opportunity to have been of service. If you should require any further assistance or have any questions regarding the material discussed in this report, please do not hesitate to call.

Respectfully Submitted,

THE BRONSTEIN COMPANY, INC.



Cary Bronstein, MAI
CA #AG013774; Expires 11/6/2018



Steven Fox
CA #AT3001102; Expires 7/8/2017

Attachments: Appraisal Report

APPRAISAL REPORT TABLE OF CONTENTS

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EXECUTIVE SUMMARY					
Subject Locations		SW Corner of Benson Avenue / 17th Street Upland, CA 91786			
Property Type		Vacant Land zoned as light industrial.			
Description of Subject Property					
Assessor's Parcel Nos.	Street / Locale	Site Configuration	Zone	Parcel Size	
				SF	Acres
1005-271-03 (Portion Of)	1723 N. Benson Avenue	Portion of corner parcel which is 207,329 sf (4.76 Acres) to be subdivided with roughly 350 feet of frontage on 17th Street, with approximately 328 feet of depth on N. Benson Avenue.	LI	114,718	2.63
Building Area		Not applicable (vacant site analysis)			
Census Tract		8.15 / 1			
Flood Zone		Zone X (minimal to moderate flood hazard potential), per Panel 06071C7870J, dated September 2, 2016)			
Valuation Estimate(s)		Hypothetical Market Value – Assuming parcel has been subdivided			
Interest(s) Appraised		Fee Simple			
Critical Dates					
Date of Inspection		April 27, 2017			
Date of "As Is" Value		April 27, 2017			
Value Conclusions		Hypothetical Market Value – Assuming Subject's Subdivision Is Complete			
Cost Approach		Not Utilized			
Sales Comparison Approach		\$1,720,000			
Income Approach		Not Utilized			
Final Reconciled Value		\$1,720,000			

Our opinions and conclusions are subject to each of the Assumptions & Limiting Conditions made a part of this report. **Particular attention is directed to any Hypothetical Conditions(s) and/or Extraordinary Assumption(s) previously noted.**



PROPERTY OVERVIEW & SUMMARY OF KEY VALUATION ISSUES

As noted, the purpose of the appraisal is to provide the following value estimate, as previously defined:

- **Hypothetical Market Value – Assuming Subject’s Subdivision Is Complete**

The subject property represents the proposed acquisition of a portion of a larger parcel. Our analysis is predicated on a Hypothetical Condition that the proposed subdivision has been completed as of the valuation date.

Entire parcel is located at the southwestern corner of N. Benson Avenue and 17th street and is a total of 4.76 Acres (207,329 sf). The subdivided portion and subject property is the southerly portion of the entire parcel with the same situs and measures ± 2.634 Acres (114,718 sf). Located in middle of the subject is an abandoned and dilapidated former water pump house from years gone by, with no value. The land is vacant.

Our client, is proposing to build a new water storage tank upon the subject site. The seller San Antonio Water Company has agreed in principal to sell the site with the City of Upland bearing the associated costs to complete the subdivision prior to acquisition.

Adjacent to the subject site is an existing water tank, which needs replacement. The City of Upland is submitting a proposal to the State of California for funding all costs for building the new storage tank system as well as the acquisition of the subdivided land.

In the analysis of vacant land there are six readily defined options available to the appraisers:

1. Sales Comparison Approach;
2. Residual Analysis;
3. Subdivision Development Study;
4. Extraction Analysis;
5. Allocation Analysis; and,
6. Ground Rent Capitalization

The subject was analyzed via the Sales Comparison Approaches. The Cost and Income Approaches were not utilized because the subject property is a vacant site.

Our scope of work is limited to the proposed acquisition of a portion of a larger parcel and is predicated on a Hypothetical Condition that the proposed subdivision has been completed as of the valuation date and conforms to the Light Industrial (LI) zone designation as vacant land. Valuing the proposed use is outside the scope of work.

The subject was appraised via the Sales Comparison Approach (SCA). The SCA study focuses on land transactions located in the subject’s general trade area that offer physical and economic attributes that reasonably bracket the subject site.

SUMMARY OF STRENGTHS & WEAKNESSES	
STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> > Good general location off N. Benson Avenue / 17th Street in the city of Upland. > The parcel is located next to an existing city owned water storage tank as well as a water treatment plant. All water associated uses. > Demand among investors is generally strong, as evidenced by declines in Cap Rate requirements over the past few years. > Occupancy is stable and demand in the area is very strong. 	<ul style="list-style-type: none"> > Market participants commented although zoned Light Industrial the neighborhood is primarily residential in nature and may impact proposed uses. > General investor concerns that market conditions, while presently strong, may not necessarily be sustainable, and thus could potentially decline in coming years.

SCOPE OF WORK (APPRAISAL DEVELOPMENT & REPORTING PROCEDURES)

Our appraisal analysis and the appraisal report document are based on the scope of work determined appropriate for this engagement. Based on the 2016/2017 version of USPAP, the scope of work rule is summarized as follows:

SCOPE OF WORK RULE

For each appraisal and appraisal review assignment, an appraiser must:

1. Identify the problem to be solved;
2. Determine and perform the scope of work necessary to develop credible assignment results; and
3. Disclose the scope of work in the report.

An appraiser must properly identify the problem to be solved in order to determine the appropriate scope of work. The appraiser must be prepared to demonstrate that the scope of work is sufficient to produce credible assignment results.

An appraiser must gather and analyze information about those assignment elements that are necessary to properly identify the appraisal or appraisal review problem to be solved.

Scope of Work Acceptability

The scope of work must include the research and analyses that are necessary to develop credible assignment results.

An appraiser must not allow assignment conditions to limit the scope of work to such a degree that the assignment results are not credible in the context of the intended use.

An appraiser must not allow the intended use of an assignment or a client's objectives to cause the assignment results to be biased.

Disclosure Obligations

The report must contain sufficient information to allow intended users to understand the scope of work performed.

Based on the above-cited criteria, a further amplification of the scope of work for this particular assignment is provided below.

SCOPE OF WORK (APPRAISAL DEVELOPMENT & REPORTING PROCEDURES)

SCOPE OF WORK GUIDE FOR VALUE APPROACHES
 MINIMUM STANDARDS USED IN TBC APPRAISAL REPORTS

LAND VALUATION

1. Minimum 4 Closed, Comparable Land Sales
2. Adequate description of data items utilized.
3. Cite verification sources of all data items.
4. Adjustment Matrix - Quantitative
5. Adequate analytic comments and support for adjustments applied.
6. Market participant interviews.
7. Plat Map of each land sale, when available.

SALES COMPARISON

1. Minimum 4 Closed, Comparable Improved Sales
2. Adequate description of data items utilized.
3. Cite verification sources of all data items.
4. Adjustment Matrix - Quantitative
5. Adequate analytic comments and support for adjustments applied.
6. Market participant interviews.
7. Photograph of each data item, when available.

COST APPROACH

1. When available, analyze actual or budget construction costs
2. Utilize Marshall & Swift Cost Guide (show base factor development)
3. Reasonably account for Soft / Indirect Costs
4. Address all forms of possible depreciation
5. Address Entrepreneurial Profit

INCOME APPROACH

- DIRECT CAPITALIZATION
1. Minimum 4 Comparable Rental Items (to include at least 3 Closed Leases)
 2. Adequate description of data items utilized.
 3. Cite verification sources of all rental data.
 4. Adjustment Matrix - Quantitative
 5. Adequate analytic comments and support for adjustments applied.
 6. Separate treatment and analysis of Market versus Contract Rents (when applicable).
 7. Effort to obtain and analyze 3 years of Historical Operating information.
 8. Market support for Vacancy & Collection Loss; Expense Analysis; Capitalization Rate
 9. Market participant interviews.
 10. Photograph of each data item, when available.
- When a Discounted Cash Flow is deemed applicable, the following requirements apply:
- DISCOUNTED CASH FLOW (DCF)
1. Utilization of ARGUS software
 2. Market based support and adequate discussion relating to Discount/Yield Rate;

NOTES / OTHER

1. The items cited on this table reflect our minimum standards consistently applied in TBC Appraisal Reports.
2. Not all assignments require each of the approaches to value cited herein.
3. Supplemental Client Standards will be incorporated in our Scope of Work, whenever applicable.

**** AS NOTED ABOVE, NOT ALL OF THE APPROACHES REFERENCED ABOVE MAY APPLY TO THE CURRENT ASSIGNMENT. THE FOLLOWING SECTION ADDRESSES SPECIFIC METHODOLOGIES USED IN THIS PARTICULAR APPRAISAL REPORT.**

SCOPE OF WORK (APPRAISAL DEVELOPMENT & REPORTING PROCEDURES)

The purpose of the appraisal is to provide a Fee Simple interest value estimate under the following premise(s):

"Hypothetical" Market Value	Reflects the most probable price achievable based on the subject's current Light Industrial zone designation. A hypothetical condition is invoked as the subject site is a vacant parcel that will be a subdivided portion from a larger parcel.
------------------------------------	--

To develop our opinion of value, we performed the following Scope of Work, per the Uniform Standards of Professional Appraisal Practice (USPAP).

The scope of work undertaken includes (but is not limited to) the following:

- a. Inspection of the of the subject property, and its surroundings;
- b. Research and verification of current land sales and listing comparables;
- c. Inspection of the data items relied on in this report;
- d. Interviews with brokers, managers, and other market participants;
- e. Interviews with city officials and other related governmental agencies;
- f. Review of information available on public records;
- g. Review of economic and other area-specific overviews such as those published by major brokerage firms, universities, government agencies, etc.;
- h. Research relating to current market trends including development patterns, vacancy and absorption rates, supply and demand characteristics, etc.
- i. Development of a credible value estimates utilizing the Sales Comparison Approach; supplemented by elements of a subdivision development analysis.

Our analysis is in conformance with the cited Scope of Work outlined in this appraisal report, in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP). Our appraisal report is a summary report type complying with the reporting requirements set forth under Standards Rule 2-2(a) of USPAP.

INTENDED USE & USER

This appraisal is valid only for the intended client and for the intended use noted below. This appraisal is not valid for any third party or any use other than that stated below.

CLIENT	City of Upland
INTENDED USER	Public Works Department of the City of Upland
INTENDED USE	Assist in possible purchase of the subject site.

EXPOSURE/MARKETING TIME

The estimated time required to market the subject property for sale is between 24 and 36 months. The exposure time implicit in the value conclusion rendered above assumes a similar period of market exposure. This estimate correlates with the improved sales analyzed in this report, and the feedback generated from our market inquiries.



Sale Item	Marketing Time (Months)
One	9.5 Months
Two	N/Av
Three	N/Av
Four	N/Av
Five	N/Av

In addition to the sale items noted above, we have also reviewed numerous other industrial property sales cited on secondary sources such as CoStar. Review of these items reveals a common marketing timeframe in the 3 to 12-month range.

Subject Conclusion

Exposure Time: 9 Months
 Marketing Time: 9 Months

REGIONAL ECONOMIC OVERVIEW

The subject property is in the City of Upland, in San Bernardino County. Upland has an easterly-central location with regard to the five-county area comprising the greater Los Angeles Area Basin (Los Angeles, Orange, Ventura, San Bernardino, and Riverside Counties).

55

LOCATION MAP



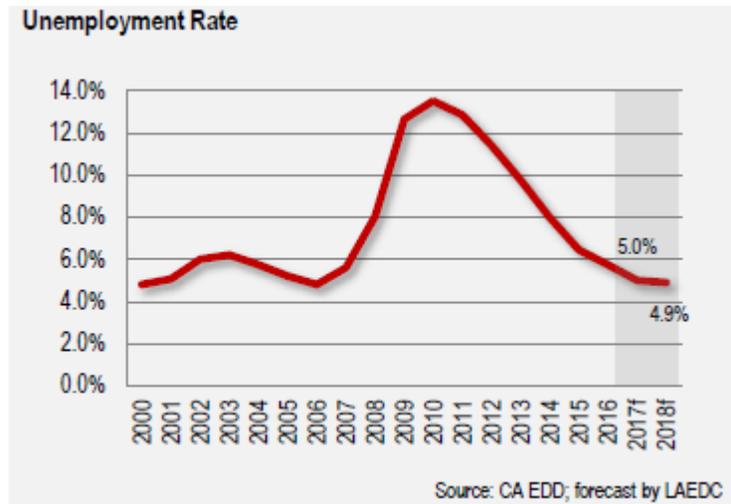
As noted, San Bernardino County is part of the five-county area known as the Los Angeles Metropolitan Area (LAMA), which is comprised of Los Angeles, Orange, Ventura, San Bernardino and Riverside Counties. The LAMA boasts an expansive regional economic base in terms of geography, population, and economic productivity. This five-county metropolitan area covers over 34,000 square miles and represents the second largest metropolitan area in the country with a population exceeding 18.5 million.

San Bernardino County is unique in that it has many growing industries, but also is home to a significant amount of poverty. San Bernardino County has more than 2.1 million residents and boasts a workforce of just under one million today. Numerous universities and large medical facilities call the county their home. Industry trends in goods movement have trade and logistics industries thriving, taking advantage of its numerous airports with cargo service (Ontario International and San Bernardino International Airports) and rail networks present there.

In 2016, real GDP in San Bernardino County grew at 1.6 percent, a slowdown from the prior year when the economy grew by 3.6 percent. However, this year's growth still outpaced the national rate of growth. Real GDP growth is expected to be 2.5 percent in 2017 and 2.2 percent in 2018, also outpacing the nation.

EMPLOYMENT

In 2016, the average unemployment rate in San Bernardino County reached 5.7 percent, the lowest unemployment rate since 2007 and less than half the peak rate of 13.5 percent reached in 2010. It is expected to continue its decline over the next two years, falling to 5.0 percent in 2017 and reaching 4.9 percent in 2018.



Job growth has been positive since 2012, averaging 3.6 percent annually from 2012 through 2016. This is expected to slow to 1.4 percent annually over the next two years as the labor market tightens.

Nonfarm employment was up over the year by 20,100 wage and salary jobs to reach 723,800 jobs, an increase of 2.9 percent over 2015.

The majority of industry sectors added jobs in 2016. The largest private sector gains were in transportation, warehousing and utilities (adding 4,400 jobs), health care and social assistance (adding 3,200 jobs), construction and wholesale trade followed (adding 1,600 jobs and 1,500 jobs respectively). Government payrolls grew the most, adding 4,700 jobs.

Four sectors shed jobs over the year. Management of companies and enterprises took a large hit, losing 2,700 jobs in 2016. Administrative and support and waste services lost 600 jobs over the year after adding a cumulative 7,100 jobs across three years prior (2012 through 2015). Finance and insurance and natural resources (mining and logging) each lost roughly 100 jobs from 2015.

As the rate of job creation slows, the number of jobs added will also decline, with 9,110 jobs expected to be added in 2017 and an additional 11,303 jobs in 2018.

The sectors expected to add the largest number of jobs over the two years are health care and social assistance (6,360 new jobs), construction (3,270 jobs), and administrative and support services (2,770 jobs) and government (1,940 new jobs). Leisure and hospitality will add 1,450 jobs over the next two years, and wholesale trade is expected to gain 1,360 jobs.

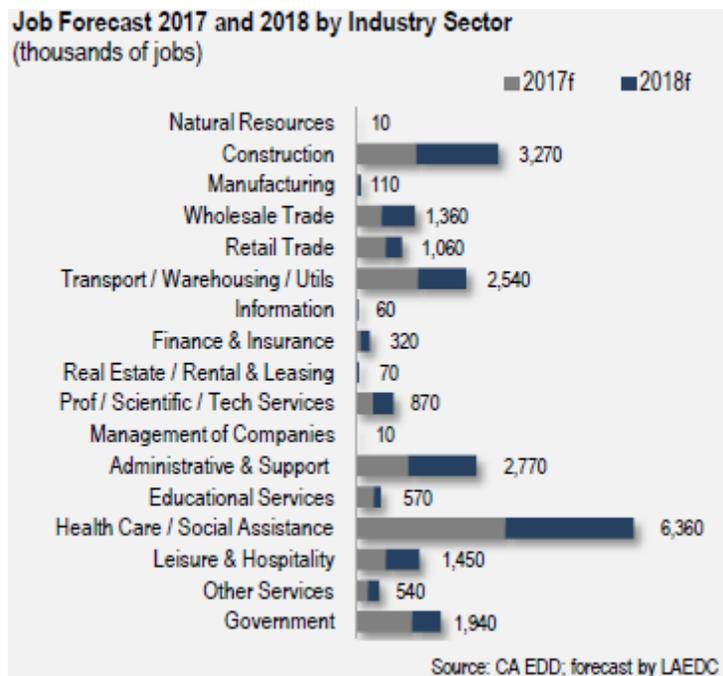
PERSONAL INCOME

Personal income in San Bernardino County has been rising, posting consecutive year-over-year increases since 2010. In 2015, personal income totaled \$75.4 billion, is predicted to reach \$78.2 billion in 2016, and is forecast to continue its growth pattern reaching \$86.3 billion in 2018.

In addition to total personal income, real per capita income has also been rising since 2010, reaching \$35,430 in 2015, predicted at \$36,550 in 2016, and forecast to increase to \$39,800 in 2018. San Bernardino County has the second lowest per capita income of all six counties in Southern California, just slightly above that in Riverside County.

MAJOR INDUSTRIES

A forecast of jobs categorized by industry sector is noted below:



Almost all industry sectors will add jobs over the next two years but overall, the strongest job growth in terms of number of new jobs will be in the following industries:

Health Care and Social Assistance: Health care and social assistance is the county's largest private employer, approximately 40 percent of jobs in this sector are in ambulatory health care, such as doctors' offices and clinics, nearly a quarter are in hospitals, and 30 percent are in social assistance, such as child day care and in home supportive services. As the population continues to grow and age, these industries will need to keep pace so as to provide needed health services. The number of health care and social assistance jobs is expected to expand by 3,420 in 2017 and add an additional 2,940 jobs in 2018, growth of 3.3 percent and 2.8 percent respectively.

Administrative and Support: Approximately 64 percent of the jobs in this sector are in employment services, such as temporary employment agencies. As more industries utilize staffing and employment agencies, this sector will continue to grow. It is becoming more common for firms to add workers under contractual arrangements rather than adding them to the firm's payroll directly to allow more flexibility in terms of staffing needs. This is very commonplace in goods movement and distribution industries, which have a strong presence in the county. Employment in this sector overall is forecast to grow at an average annual rate of 2.5 percent, adding 2,770 new jobs between 2016 and 2018.

Wholesale Trade: With the trend in goods movement industries is the ever-increasing demand for larger facilities. The Inland Empire has become their preferred location to site new facilities, taking advantage of the supply of suitable sites and relatively cheaper land values and labor. The presence of several cargo airports in close proximity, combined with the rail network, has made the county an attractive place for wholesale operations, including Amazon who has sited several of their large distribution centers here. Wholesale employment in San Bernardino County has been adding jobs on an annual basis since 2012, a trend that is expected to continue over the next couple of years. Employment growth from 2016 through 2018 will be relatively moderate, at 1.7 percent annually, adding 1,360 new jobs over the period.

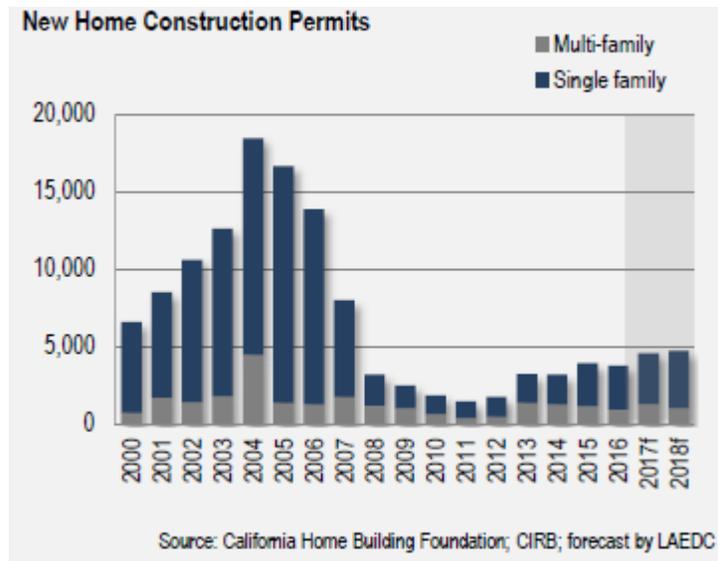
Construction: Construction industry employment declined from 2007 through 2010, shedding more than 19,300 jobs. The sector has been experiencing consecutive annual job growth since 2011 at an annual average growth rate of 5.8 percent through 2016. A large amount of commercial and industrial construction has been taking place along the I10 corridor as the goods movement industries expand their footprint here. Construction is expected to continue this growth trend, adding 3,270 jobs between 2016 and 2018, an average annual growth rate of 4.1 percent and 5.3 percent in 2017 and 2018 respectively.

Government: The public sector is a large employer in San Bernardino County. Local, state and federal governments all have a strong presence here, accounting for roughly 17 percent of all payroll jobs in the county. The public sector reached its lowest employment level in 2012 with 112,500 jobs. From 2012 through 2016, government added 11,700 jobs to their payroll, an increase of 10.4 percent over the period. Growth will temper, mildly adding jobs at 0.8 percent per year, or 1,940 new jobs between 2016 and 2018.

HOUSING

Levels of new home construction in San Bernardino County remain very low. In 2016, the number of permits issued for new home construction in San Bernardino County declined slightly over the year, falling by 3.8 percent to 3,765 units permitted. New home construction reached its highest point in 2004 when 18,470 permits for new homes were issued. After falling to a low of 1,465 units permitted in 2011, new home building in San Bernardino has struggled to recover, improving slowly in fits and starts.

The number of permits issued in 2016 was up more than two-fold since bottoming out in 2011, but remained 80 percent below its previous peak. Most new construction that is taking place continues to be single-family homes although shares of multi-family homebuilding have increased slightly.



In 2016, the median home price in San Bernardino County increased over the year by 6.3 percent to an estimated \$282,500. The median price fell to a low of \$150,236 in this cycle after reaching a peak of \$365,644 in 2006. The median home price San Bernardino County has shot up by 88 percent since bottoming out in 2009, but ended last year still 32 percent below its former peak.

Comparative population statistics and trends pertinent to the greater five-county area are tabled below. As observable, in recent years the population figures have been rising at a modest pace (near or less than 1% per year).

Year	Los Angeles County		Orange County		Riverside & San Bernardino		Ventura County		Total of L.A. 5-Co. Area		State of California	
	Data	%Δ	Data	%Δ	Data	%Δ	Data	%Δ	Data	%Δ	Data	%Δ
1990	8,860.3	---	2,412.0	---	2,620.4	---	669.1	---	14,561.8	---	29,828.5	---
1991	8,955.3	1.1%	2,458.8	1.9%	2,751.3	5.0%	676.9	1.2%	14,842.4	1.9%	30,548.6	2.4%
1992	9,060.2	1.2%	2,511.8	2.2%	2,832.9	3.0%	686.3	1.4%	15,091.2	1.7%	30,987.4	1.4%
1993	9,083.7	0.3%	2,550.4	1.5%	2,885.0	1.8%	693.8	1.1%	15,212.9	0.8%	31,314.2	1.1%
1994	9,106.5	0.3%	2,575.7	1.0%	2,919.9	1.2%	700.6	1.0%	15,302.7	0.6%	31,523.7	0.7%
1995	9,101.1	-0.1%	2,604.5	1.1%	2,959.6	1.4%	705.1	0.6%	15,370.3	0.4%	31,711.8	0.6%
1996	9,108.1	0.1%	2,646.1	1.6%	3,006.6	1.6%	710.5	0.8%	15,471.2	0.7%	31,962.9	0.8%
1997	9,185.6	0.9%	2,699.6	2.0%	3,062.6	1.9%	721.7	1.6%	15,669.4	1.3%	32,452.8	1.5%
1998	9,265.8	0.9%	2,749.6	1.9%	3,117.1	1.8%	729.1	1.0%	15,861.6	1.2%	32,863.0	1.3%
1999	9,394.3	1.4%	2,802.8	1.9%	3,198.4	2.6%	742.8	1.9%	16,138.4	1.7%	33,418.6	1.7%
2000	9,544.0	1.6%	2,853.9	1.8%	3,276.5	2.4%	756.9	1.9%	16,431.3	1.8%	34,000.8	1.7%
2001	9,635.8	1.0%	2,889.9	1.3%	3,386.2	3.3%	769.0	1.6%	16,680.9	1.5%	34,512.7	1.5%
2002	9,722.4	0.9%	2,914.4	0.8%	3,489.2	3.0%	779.9	1.4%	16,906.0	1.3%	34,938.3	1.2%
2003	9,791.0	0.7%	2,939.7	0.9%	3,622.5	3.8%	789.4	1.2%	17,142.6	1.4%	35,388.9	1.3%
2004	9,822.5	0.3%	2,956.5	0.6%	3,757.1	3.7%	795.0	0.7%	17,331.1	1.1%	35,752.8	1.0%
2005	9,809.6	-0.1%	2,957.2	0.0%	3,877.5	3.2%	796.9	0.2%	17,441.1	0.6%	35,985.6	0.7%
2006	9,787.3	-0.2%	2,955.4	-0.1%	3,994.1	3.0%	801.2	0.5%	17,538.1	0.6%	36,246.8	0.7%
2007	9,773.9	-0.1%	2,965.8	0.4%	4,085.3	2.3%	805.9	0.6%	17,630.9	0.5%	36,552.5	0.8%
2008	9,796.8	0.2%	2,982.8	0.6%	4,139.4	1.3%	812.0	0.8%	17,731.0	0.6%	36,856.2	0.8%
2009	9,805.2	0.1%	2,998.8	0.5%	4,180.7	1.0%	818.5	0.8%	17,803.3	0.4%	37,077.2	0.6%
2010	9,839.4	0.3%	3,017.2	0.6%	4,239.1	1.4%	824.9	0.8%	17,920.6	0.7%	37,339.5	0.7%
2011	9,902.6	0.6%	3,051.5	1.1%	4,291.7	1.2%	831.8	0.8%	18,077.6	0.9%	37,676.0	0.9%
2012	9,946.9	0.4%	3,086.3	1.1%	4,329.7	0.9%	836.8	0.6%	18,199.6	0.7%	38,037.9	1.0%
2013	10,056.4	1.1%	3,113.4	0.9%	4,367.4	0.9%	842.8	0.7%	18,380.0	1.0%	38,366.5	0.9%
2014	10,123.7	0.7%	3,139.6	0.8%	4,414.9	1.1%	848.0	0.6%	18,526.2	0.8%	38,725.1	0.9%
2015p	10,192.4	0.7%	3,165.2	0.8%	4,458.8	1.0%	853.0	0.6%	18,669.3	0.8%	39,071.3	0.9%
2016f	10,253.5	0.6%	3,198.1	1.0%	4,527.7	1.5%	859.3	0.7%	18,838.6	0.9%	39,423.0	0.9%
2017f	10,294.5	0.4%	3,230.6	1.0%	4,606.3	1.7%	865.7	0.7%	18,997.1	0.8%	39,777.8	0.9%

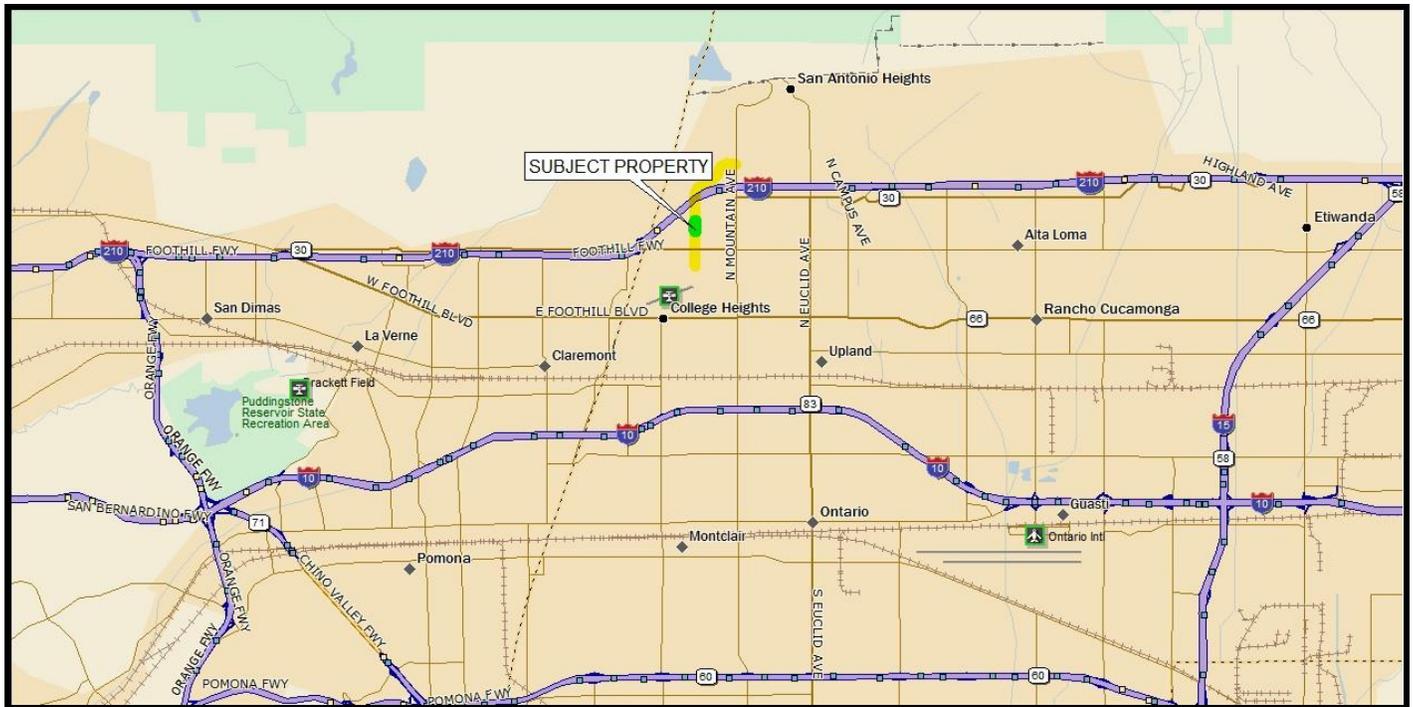
Source: California Dept. of Finance, Demographic Research Unit, E2; forecasts by LAEDC

LOCAL AREA & MARKET OVERVIEW DISCUSSION

The boundaries of the subject property’s general area of influence may essentially be defined as follows:

- Northern Boundary: Foothill (210) Freeway
- Southern Boundary: San Bernardino (10) Freeway, Montclair, Chino
- Eastern Boundary: Ontario Freeway (15), Fontana, Rialto
- Western Boundary: San Bernardino County Line, Claremont, La Verne

AREA MAP



CITY OF UPLAND

The subject property is located in Upland, in the western portion of San Bernardino County, which is located approximately 40 miles east of the downtown Los Angeles Central Business District. Upland has a land area of 15 square miles.

Upland was incorporated May 15, 1906, and has a City Council/City Manager form of government. The population of Upland is 73,732, an increase of 7.8% since 20000 (Source: 2010 US Census).

The City of Upland is bounded by San Antonio Heights, the unincorporated area of San Bernardino County, and the San Bernardino Mountains to the north; Ontario and Montclair to the south; Rancho Cucamonga to the east; and Claremont and Pomona (in Los Angeles County) to the west.

Upland is generally characterized as a suburban inland community consisting of single and multi-family homes; commercial uses; as well as light industrial and related uses. The city is heavily impacted by the neighboring City of Ontario, and the Ontario Airport located within this city.

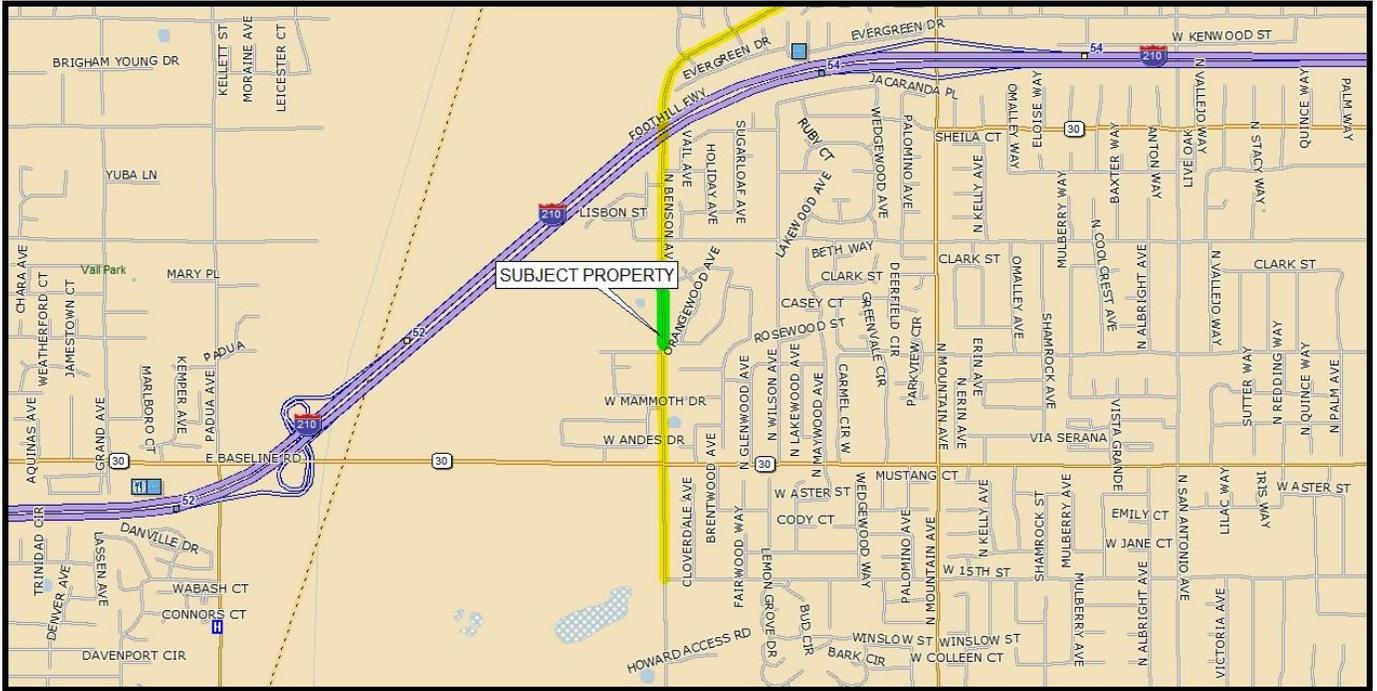
The major employer in Upland is the San Antonio Community Hospital with 1,800 employees.

The area in which the subject properties are located is well served by various transportation amenities. Regional transportation is provided by the San Bernardino Freeway (Interstate 10); the Ontario Freeway (Interstate 15); and the California State Highway 30/I-210. These freeways provide access to the Greater Los Angeles freeway system and to Southern California and points beyond. Historic Route 66 (Foothill Boulevard) is an east/west route through the City of Rancho Cucamonga. Other transportation services include mass transit offered by the Omni Trans Bus Lines (bus service), Metro Link Commuter Rail, and Amtrak Passenger Lines. The Ontario International Airport is located five miles south of the city, Los Angeles International Airport is 40 miles west, and Orange County/John Wayne Airport is located 40 miles southwest.

IMMEDIATE AREA TRENDS AND NEIGHBORHOOD TRAITS

The subject property's more immediate boundaries are defined by 16th Street / 210 Freeway to the north; Arrow Highway to the south; San Bernardino / Los Angeles County Line to the west and Mountain Avenue to the east.

VICINITY MAP



An aerial view of the subject site and its immediate surroundings are presented on the following page.

AERIAL VIEWS OF SUBJECT & NEIGHBORING PROPERTIES



CLOSE-UP

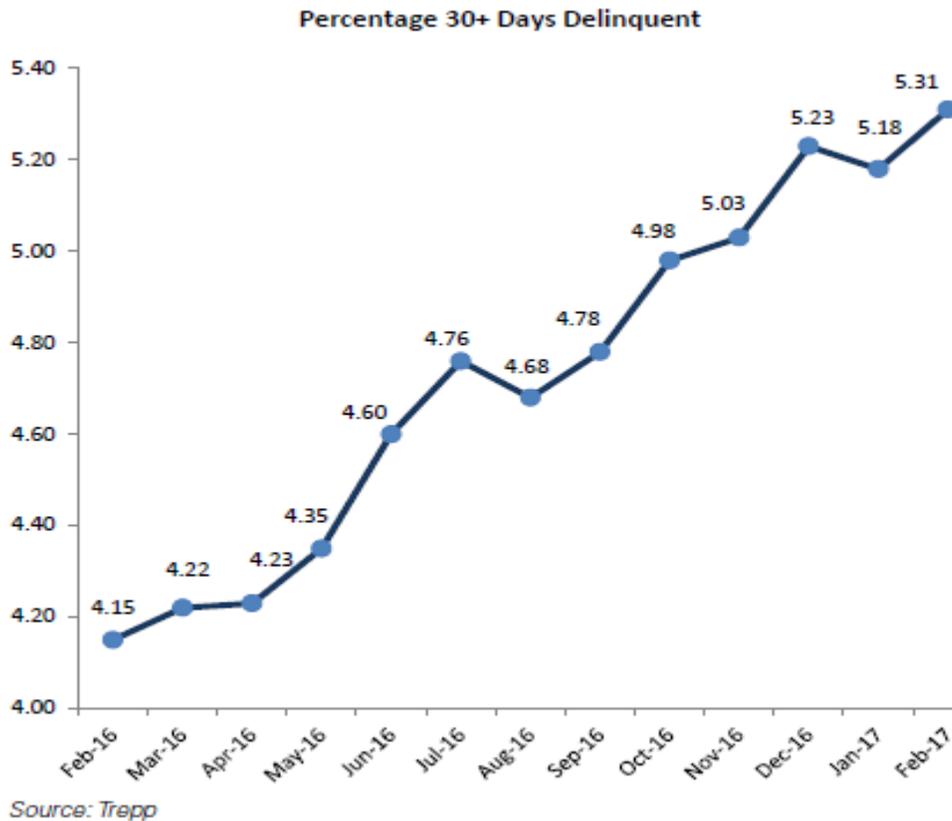


GENERAL MARKET DYNAMICS & PUBLISHED STATS

Overall, the real estate sector – on a macro level – shows signs of improvement with the passage of time following the turbulence and instability brought on by the credit market collapse and ensuing Great Recession of 2007-2009 (18-month recession and longest since WWII).

Statistically, according to TreppWire Reporting, the delinquency rate on loans included in US Commercial Mortgage-Backed Securities (CMBS) conduit/fusion transactions has declined, overall, in recent years – with a low of 4.15% as of February-2016.

However, the rate has increased almost every month since then and reached 5.31% in February 2017, an overall increase of 1.16% over the twelve-month span. The graph below illustrates the trend observed during this period.



Overall, the incremental increase in this indicator may potentially reflect a sign that market conditions – which have been favorable in recent years – might potentially be softening.

With respect to sale trends, the subject locale, like many others throughout the five county area, experienced strong sales volume and steady appreciation levels between 2000 and into mid-2007, fueled in no small part by a confluence of market forces including tentative investor interest in stock market investments; the impact of tax-deferred 1031 exchange sales; as well as the benefit of historically low interest rates

Market conditions began declining as of Q3-2007 when the impacts of the sub-prime lending debacle began to be felt, and a downward value trend continued throughout 2008, 2009 and into latter 2010. Markets began to stabilize in 2011/2012, and a slow and cautious upward trend appears to be continuing as of 2015/2016 and now continuing into 2017

In terms of the above reference to an upward price pattern in the local market, we have analyzed the sale trend of regional land sales, tracking average sale prices from 2007 to the current timeframe. The graph includes some 2500 data points traced on a rolling average basis.

The observable pattern demonstrates a peak in market conditions in mid-2009, followed by a marked decline extending from 2010 into 2013. From 2013 thru 2016 the trend is cyclical yet continuing an upward trend, followed by a consistent upward price pattern from 2016 to the current timeframe.

**SALE TREND ANALYSIS – REGIONAL LAND SALES (APPROXIMATELY 2,500 DATA POINTS)
AVERAGE SALE PRICE PER LAND SF**



*** Trend line cited on a rolling-average basis*

BROKER SURVEY

As part of our market research we paid careful attention to the feedback garnered via detailed interviews with local real estate professionals. The results of our survey work are summarized below:

MARKET PARTICIPANT OPINION SURVEY			
Broker	Company	Opinion of Value PSF	Comments
Eric Burney	DAUM Commercial	\$13.00 to \$15.00	Mr. Burney is very familiar with the Upland Industrial Market. He commented that the subject is an outlier location for light industrial land due to its proximity to a residential neighborhood and water treatment plant.
Art Day	CBRE	\$13.00	Mr. Day is a knowledgeable industrial broker with experience in neighboring areas of Fontana. He commented that Fontana is an inferior area to Upland and should be accounted for when comparing areas.
Don Archer	NAI Capital	\$13.00 to \$15.00	Mr. Archer focuses on industrial land and buildings throughout the submarkets in the Upland, Riverside, San Gabriel Areas. He commented that industrial land has over the last year increased in value. He added that the subject due to its specific location should be discounted compared to predominantly more concentrated industrial areas.

PUBLISHED STATS

General market trends were reviewed via publications provided by large brokerage firms and CoStar property analytics. The stats and charts noted on the following pages are derived from the Q1-2017 CoStar Light Industrial Report for the Inland Empire Report as well as statistics within Western San Bernardino County where City of Upland is located.

Key stats and excerpts from that report are displayed on the following pages:

Overview

Inland Empire Light Industrial

ECONOMIC OVERVIEW

Following several years of uninspired economic performance, the metro's employers stepped up the pace of hiring, and employment has grown at a faster rate than the U.S. average since 2012. Unemployment in the Inland Empire is still above prerecessionary lows, so a sustained run of above-trend growth is needed to get back on track, and momentum is already slowing. This economy was built on trade and construction during the last cycle, and while the construction sector remains depressed, a rebound in trade hiring has lifted the jobs market back into the black. A strong dollar has helped boost activity at the ports of LA/Long Beach, which has in turn driven stellar absorption in the warehouse market. White-collar sectors are piggybacking on the growth in the industrial economy, too.

A large share of GMP is tied to LA/Long Beach port activity, and trade is great for the local economy, unless it stops. More than a year after labor disputes slowed operations at West Coast port facilities, businesses are still recovering. As the November 2012 strike made painfully clear, the Inland Empire's logistics industry functions only when there is throughput at the ports, and prickly labor relations often threaten to shut down this economic engine. Adding concern, shipments of empty containers leaving the Port of Long Beach have surged, suggesting the Chinese economy's slowdown is impacting U.S. exports. More than 15% of the metro's jobs are in wholesale trade, transportation, and warehousing. Disruptions caused by strikes, infrastructure issues, natural disasters, or shifts in shipping patterns can take a major toll on these jobs and have a multiplier effect on the local economy. And make no mistake: The Inland Empire remains a blue-collar economy, plain and simple. There are no Fortune 500 companies in the metro, and few major corporations are headquartered in the two-county area.

With its relatively high unemployment rate and historically limited opportunities for knowledge-sector workers, population growth in this once-booming housing-bust market has been modest compared with recent history. More recently, however, white-collar sectors like education and health services have brought more educated workers to the market. Overall, this is still a bedroom community that attracts residents from its pricier neighbors, so escalating housing and business costs in Los Angeles, Orange County, and San Diego bode well for household relocations and population growth here.

Homebuyers are being lured back to the market by significantly more affordable housing, yet home building remains oppressively low. Median home prices have risen nearly 15% since 2014, and are likely to continue on that path. Memories here are long, and it might take a generation for residents to feel comfortable with a home investment again. So even if home prices continue to rise construction may be slow to return. Single-family housing starts are still well below those of peak years, and while multifamily starts have had a stronger recovery, they remain less than half of what they were during the most active years. Unlike construction, trade remains a key economic driver here, and the government is working hard to bring high-tech manufacturing to the metro. Ultimately, reliance on the construction sector, state and local budget issues, and lack of knowledge-sector workers may hinder growth here.

Overview

Inland Empire Light Industrial

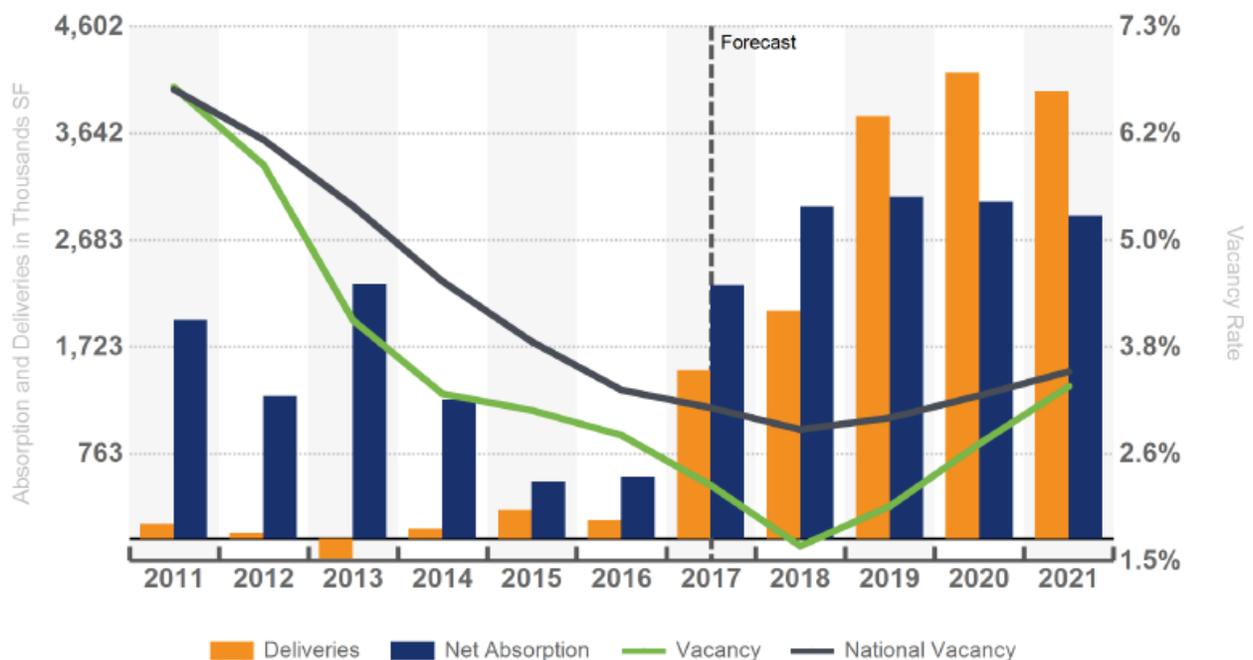
12 Mo. Deliveries in SF (000)	12 Mo. Net Absorption (000)	Vacancy Rate	12 Mo. Rent Growth
749	1,567	2.9%	11.6%

KEY INDICATORS

Current Quarter	RBA (000)	Vacancy Rate	Asking Rent	Availability Rate	Net Absorption (000)	Net Deliveries (000)	Under Const. (000)
LIND - 1990+ & 25K+ SF	19,210	6.7%	\$8.53	9.1%	(25)	90	298
LIND - <1990 & 25K+ SF	36,256	1.9%	\$8.52	3.7%	150	0	0
LIND - <25K SF	74,133	2.6%	\$9.47	3.9%	65	24	129
Light Manufacturing	15,279	1.5%	\$7.88	3.9%	0	0	0
Market	144,878	2.9%	\$8.94	4.6%	190	114	427

Annual Trends	12 Month Change	Hist. Avg.	Fcst. Avg.	Peak	When	Trough	When
Vacancy	-0.3%	5.3%	2.3%	9.8%	2009 Q2	2.8%	2016 Q4
Net Absorption (000)	1,567	2,047	2,858	5,743	2005 Q3	(2,158)	2009 Q2
Net Deliveries (000)	749	2,043	3,024	5,362	2006 Q1	(246)	2014 Q2
Rent Growth	11.6%	2.7%	4.5%	10.8%	2017 Q1	-9.8%	2009 Q4
Sales (\$ millions)	\$442	\$406	N/A	\$700	2016 Q2	\$200	2001 Q2

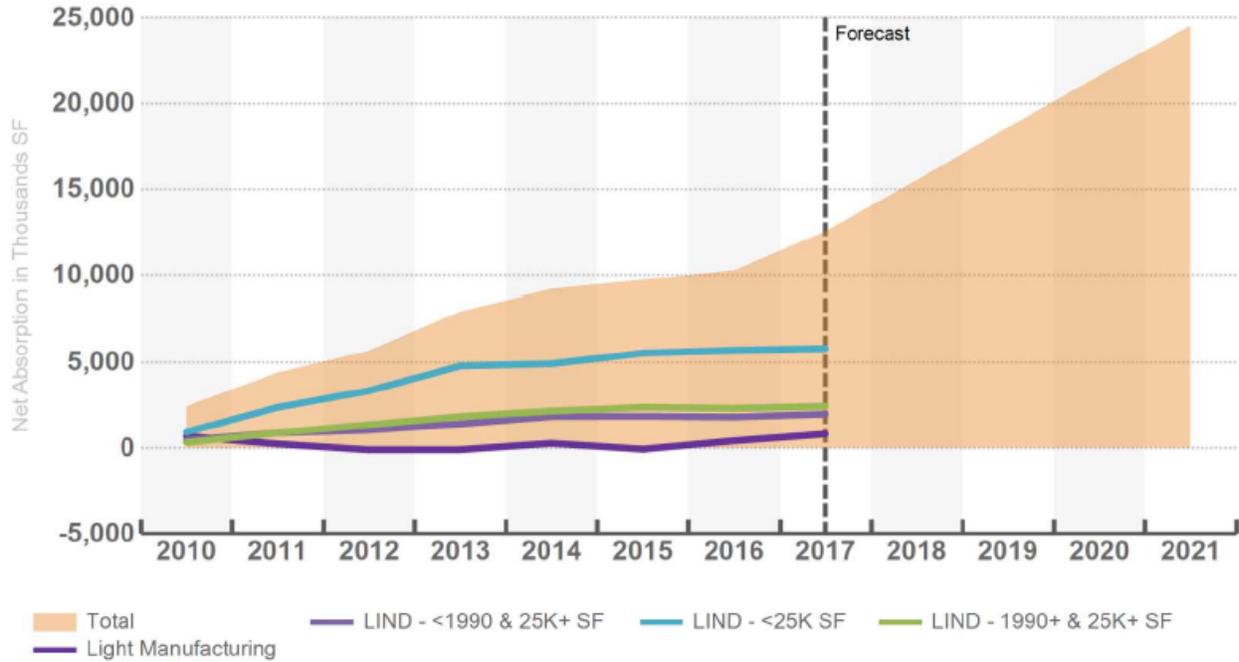
NET ABSORPTION, NET DELIVERIES AND VACANCY RATE



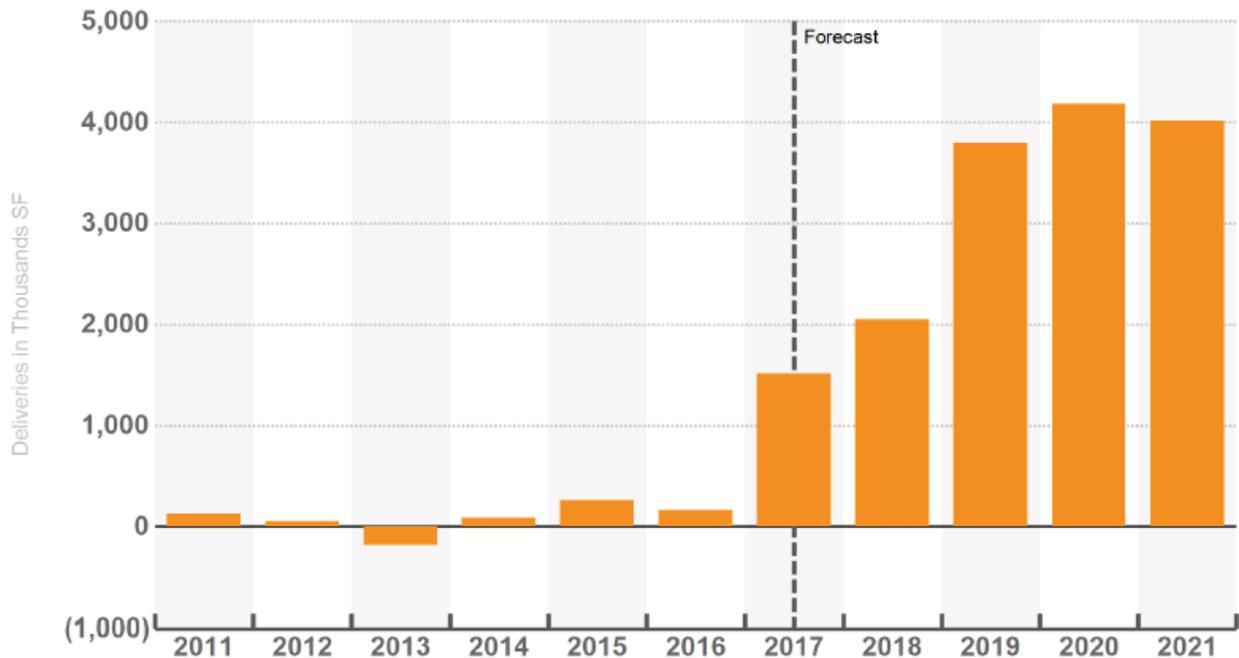
Overview

Inland Empire Light Industrial

CUMULATIVE NET ABSORPTION



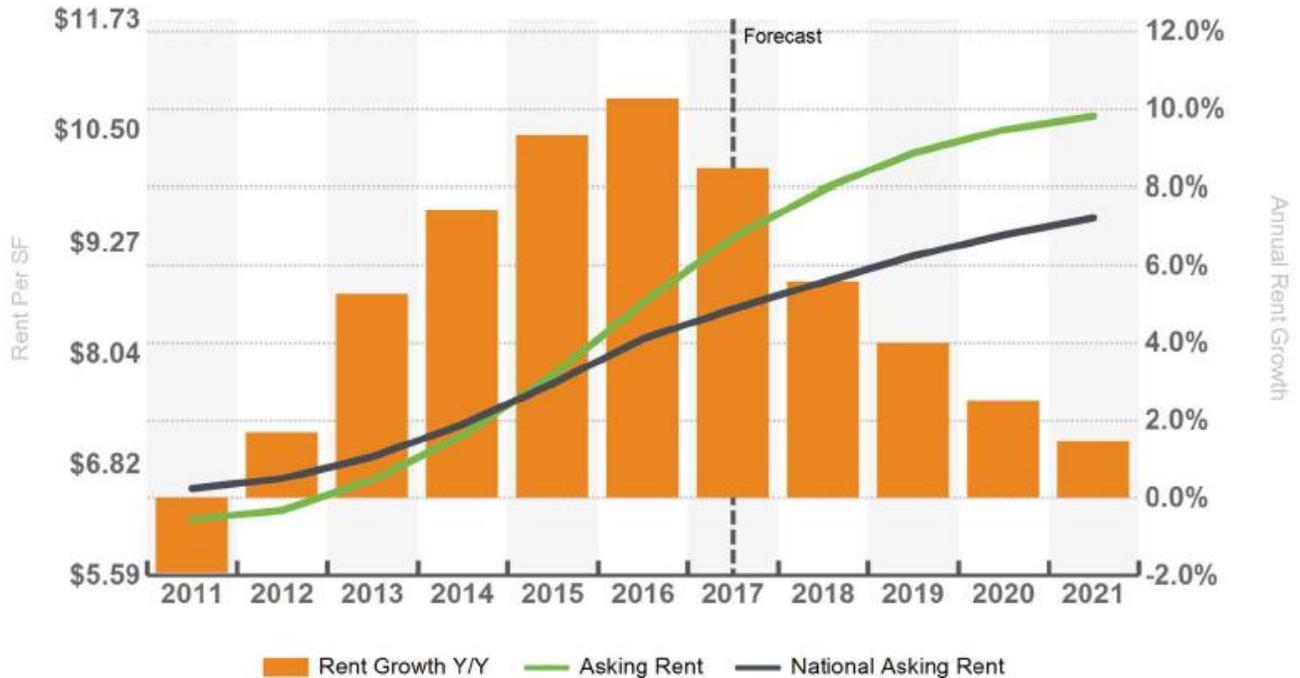
NET DELIVERIES



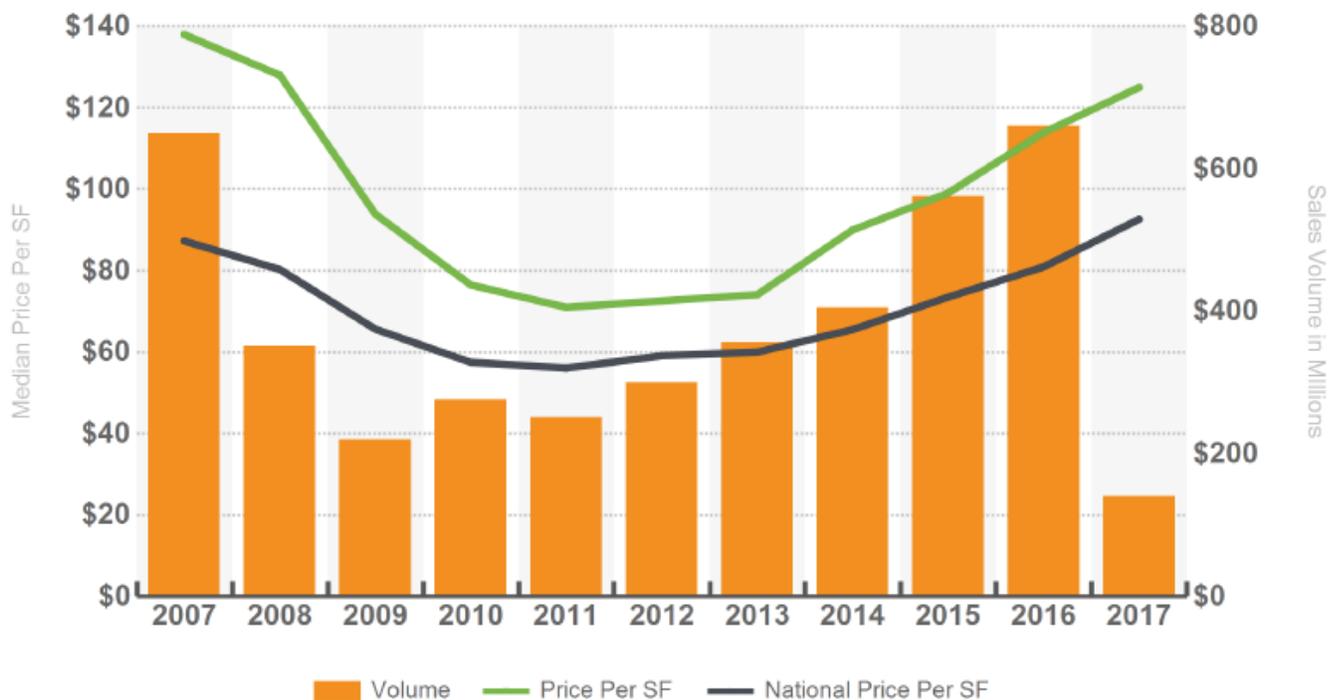
Overview

Inland Empire Light Industrial

ASKING RENT LEVELS AND ANNUAL GROWTH



SALES VOLUME AND MEDIAN PRICE



Overview

Inland Empire Light Industrial

MARKET FUNDAMENTALS HISTORY AND FORECAST

Year	Inventory			Net Absorption			Vacancy		
	SF (000)	Growth	% Growth	SF (000)	% Growth	Constrct. Ratio	SF (000)	Percent	Ppts Chg
2021	159,595	4,020	2.6%	2,900	1.9%	1.4	5,388	3.4%	0.6
2020	155,575	4,184	2.8%	3,028	2.0%	1.4	4,268	2.7%	0.7
2019	151,392	3,795	2.6%	3,071	2.1%	1.2	3,112	2.1%	0.4
2018	147,597	2,049	1.4%	2,987	2.1%	0.7	2,388	1.6%	(0.7)
2017	145,548	1,513	1.1%	2,274	1.6%	0.7	3,326	2.3%	(0.6)
2016	144,035	166	0.1%	556	0.4%	0.3	4,087	2.8%	(0.3)
2015	143,868	260	0.2%	515	0.4%	0.5	4,476	3.1%	(0.2)
2014	143,608	92	0.1%	1,247	0.9%	0.1	4,731	3.3%	(0.8)
2013	143,516	(179)	-0.1%	2,284	1.7%	(0.1)	5,887	4.1%	(1.7)
2012	143,695	52	0.0%	1,279	1.0%	0.0	8,350	5.8%	(0.9)
2011	143,643	132	0.1%	1,966	1.5%	0.1	9,577	6.7%	(1.3)
2010	143,511	183	0.1%	2,408	1.9%	0.1	11,411	8.0%	(1.6)
2009	143,328	1,376	1.0%	(613)	-0.5%	--	13,637	9.5%	1.3
2008	141,953	2,630	1.9%	(1,263)	-1.0%	--	11,648	8.2%	2.6
2007	139,323	5,287	3.9%	4,562	3.6%	1.2	7,756	5.6%	0.3
2006	134,035	4,607	3.6%	3,501	2.8%	1.3	7,030	5.2%	0.7
2005	129,428	5,168	4.2%	5,286	4.5%	1.0	5,924	4.6%	(0.3)

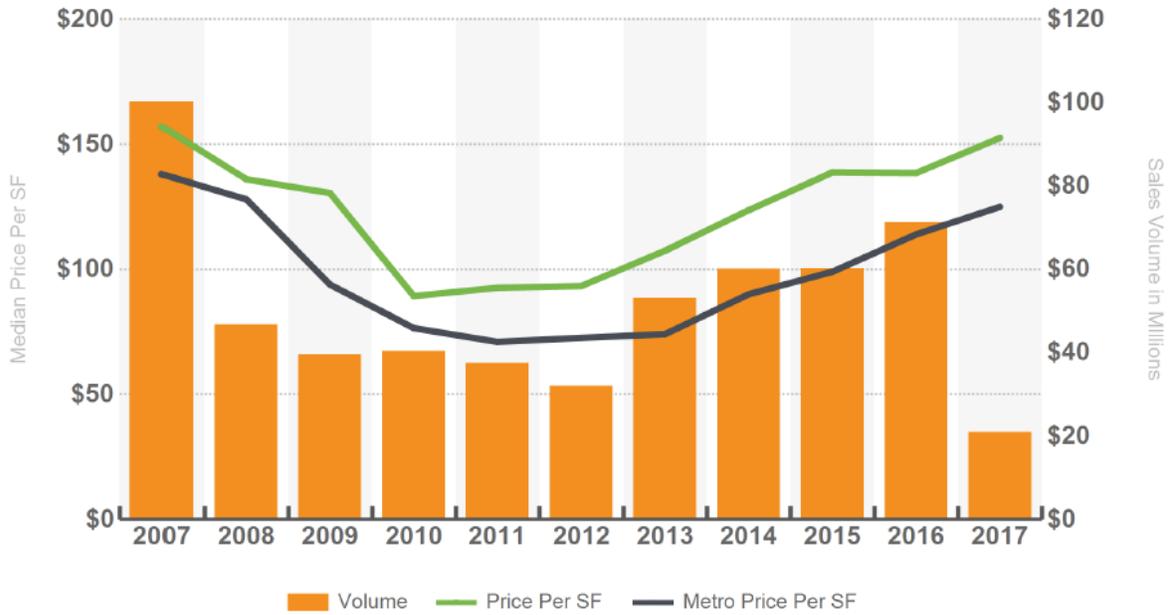
MARKET RENT HISTORY AND FORECAST

Year	Gross Asking Rent			
	Per SF	Index	% Growth	Vs Hist Peak
2021	\$10.66	142	1.5%	18.0%
2020	\$10.51	140	2.5%	16.3%
2019	\$10.25	137	4.0%	13.4%
2018	\$9.86	132	5.6%	9.1%
2017	\$9.34	125	8.5%	3.3%
2016	\$8.61	115	10.3%	-4.8%
2015	\$7.81	104	9.3%	-13.6%
2014	\$7.14	95	7.4%	-21.0%
2013	\$6.65	89	5.3%	-26.5%
2012	\$6.31	84	1.7%	-30.1%
2011	\$6.21	83	-1.9%	-31.3%
2010	\$6.33	85	-6.2%	-29.9%
2009	\$6.75	90	-9.8%	-25.3%
2008	\$7.49	100	-5.3%	-17.2%
2007	\$7.91	106	0.3%	-12.5%
2006	\$7.89	105	3.5%	-12.8%
2005	\$7.62	102	4.7%	-15.7%

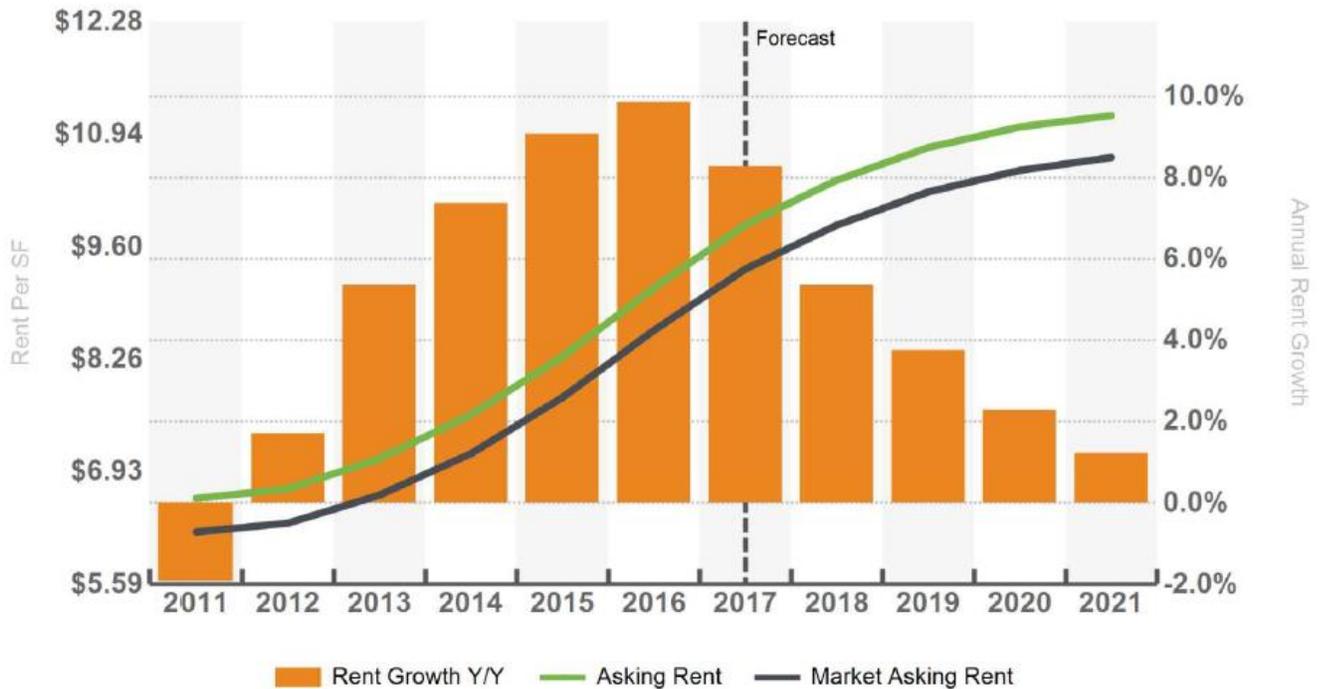
Overview

West San Bernardino Light Industrial

SALES VOLUME AND MEDIAN PRICE



ASKING RENT LEVELS AND ANNUAL GROWTH



SITE DESCRIPTION

Legal Description

A full legal description was not provided, nor were we able to ascertain one from recorded public records. However, based on our reading of the County Plat Map, we have developed the following legal description:

Parcel 3 of a portion of tract no. 1836 Map Book 1005, Page 27 of records, in the City of Upland, County of San Bernardino, in the State of California.

APN: 1005-271-03-0000

Site Attributes

Description of Subject Property

Assessor's Parcel Nos.	Street / Locale	Site Configuration	Zone	Parcel Size	
				SF	Acres
1005-271-03 (Portion Of)	1723 N. Benson Avenue	Portion of corner parcel which is 207,329 sf (4.76 Acres) to be subdivided with roughly 350 feet of frontage on 17th Street, with approximately 328 feet of depth on N. Benson Avenue.	LI	114,718	2.63

Shape	Mostly Rectangular (See Plat Map)
Size	±114,718 sf (±2.634 Acres)
Frontage	±350 Feet along 17 th Street and ±328 Feet along N. Benson
Depth	Varies (See Plat Map)
Topography	Level
Comments	As previously mentioned. The subject property represents the proposed acquisition of a portion of a larger parcel. Our analysis is predicated on a Hypothetical Condition that the proposed subdivision has been completed as of the valuation date.

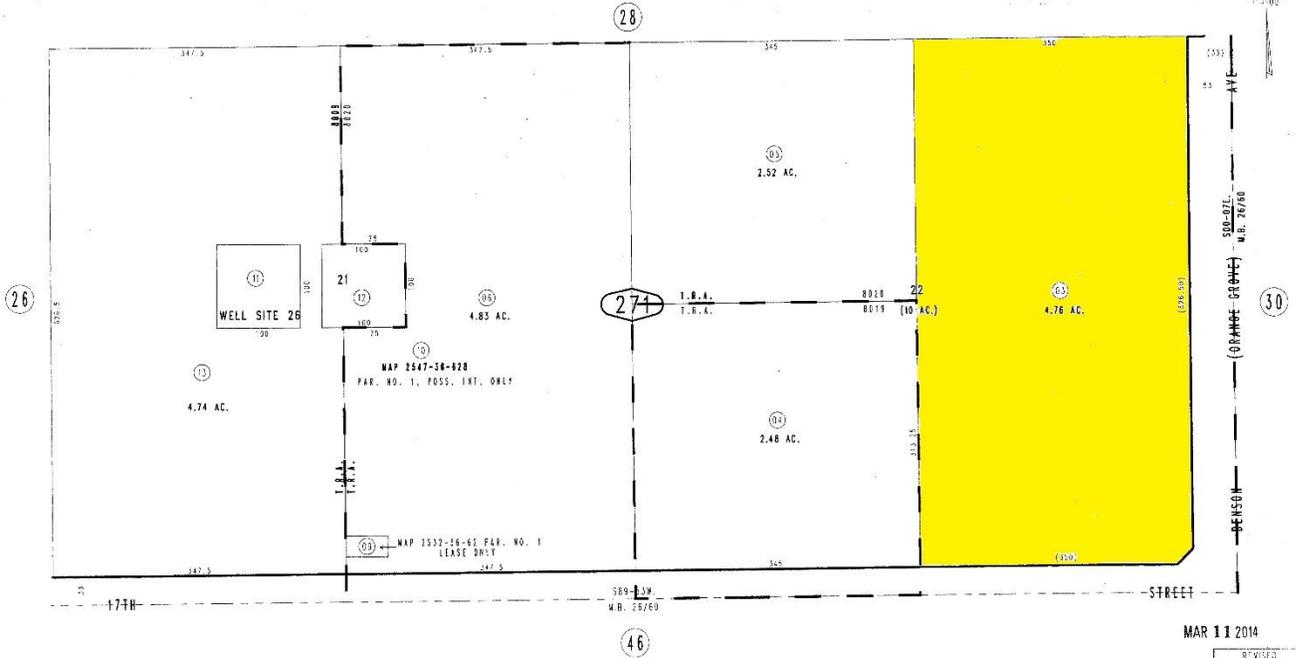
PLAT MAP (UNSUBDIVIDED)

THIS MAP IS FOR THE PURPOSE
 OF AD VALOREM TAXATION ONLY.

Ptn. Tract No. 1836, M.B. 26/60

City of Upland
 Tax Rate Area
 8009 8019 8020

1005 - 27



August 2004

Ptn. S.E.1/4, Sec.35
 T.1N.,R.8W.

Assessor's Map
 Book 1005 Page 27
 San Bernardino County

MAR 11 2014

REVISED
 03/20/13 LH
 01/28/14 RM



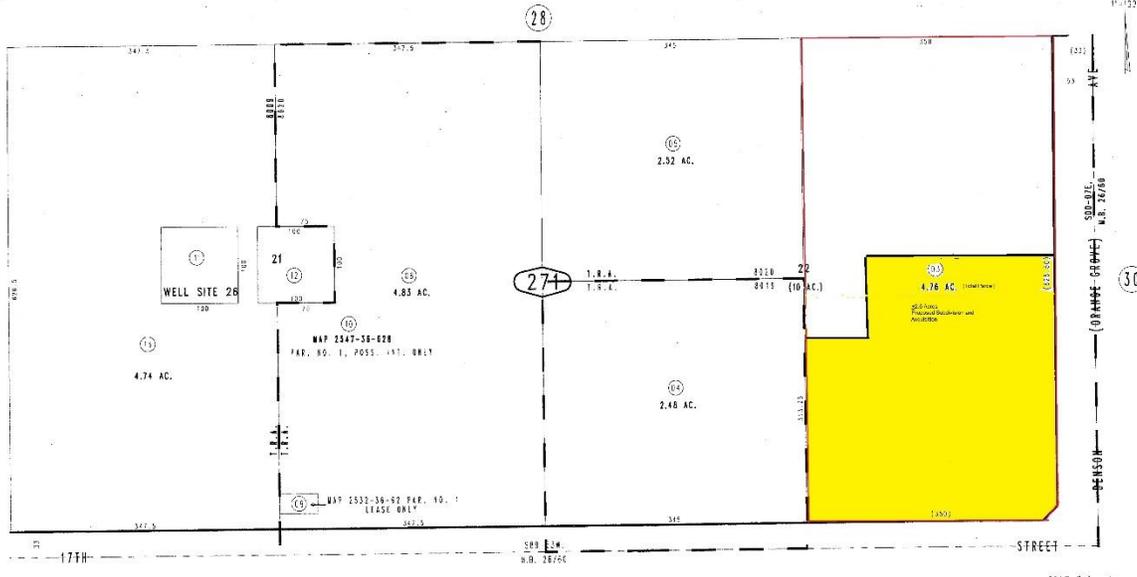
PLAT MAP (PROPOSED SUBDIVISION - HYPOTHETICALLY)

THIS MAP IS FOR THE PURPOSE
 OF AN ALCOHOL TAXATION CR. Y.

Ptn. Tract No. 1836, M.B. 26/60

City of Upland
 Tax Rate Area
 8009 8019 8020

1005 - 27



August 2004

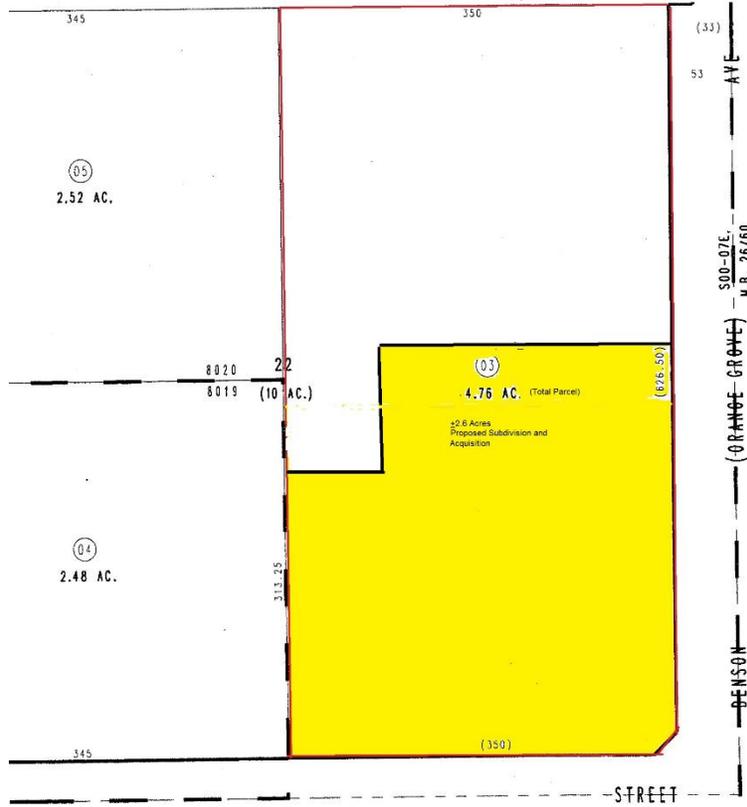
Ptn. S.E.1/4, Sec.35
 T.1N.,R.8W.

Assessor's Map
 Book 1005 Page 27
 San Bernardino County

MAR 11 2014

REVISION
 02/05/13 - R
 01/20/14 - RW

**PLAT MAP - CLOSEUP
(PROPOSED SUBDIVISION - HYPOTHETICALLY)**



SITE DESCRIPTION

Zoning	Designation	LI (Light Industrial)
	Purpose	The LI zone is intended to allow for light industrial and business park uses with little potential to create noise, odor, vibration, or other similar impacts to surrounding areas, and is intended to generate employment opportunities in the City. Permitted uses in the LI zone include light manufacturing; construction, maintenance, and repair services; equipment sales and rentals; vehicle repair, service and maintenance; research and development; and warehousing, wholesaling, and distribution. Limited amounts of retail, personal services, restaurants, and public/quasi-public uses are permitted to serve area workers, and ancillary retail areas are permitted for the sale of products manufactured on-site. Development in the LI zone should contribute to an attractive streetscape with articulated building facades, pedestrian-friendly sidewalks, trees, and landscaping. The LI zone implements the Light Industrial/Business Park (LI-BP) land use designation in the General Plan.
		Permitted uses include: Light Industrial, Medical and many community uses.
	Minimum Lot Size	12,500 sf
	Minimum Lot Width	125 ft.
	Minimum Lot Depth	None
	Maximum Lot Coverage	None
	Floor Area Ratio (FAR)	0.50
	Maximum Building Height	40 ft
	Setback Requirements	
	Front:	5 ft
	Side:	5 ft
	Rear:	10 ft
Parking Requirements	1 per 500 sq. ft. of industrial/manufacturing area	
Subject's Conformance to Zone	The subject is a vacant site.	

CITY ZONING MAP



SITE DESCRIPTION

<p>Utilities</p> <p style="text-align: center;">Electricity Gas Water/Sewer</p>	<p>The subject’s utility providers are cited below:</p> <p>Southern California Edison Southern California Gas Company City of Upland Water District</p>
<p>Soil Conditions</p>	<p>The site appears to have adequate drainage and there were no outward signs of atypical building settlement observed. Interested parties should contact a soils engineer or other qualified professional.</p>
<p>Earthquake/Seismic Risk</p>	<p>The subject site is not located within an Alquist-Priolo Special Studies zone. Due to the subject’s location within Southern California, there is some degree of earthquake hazard. It is recommended that any interested party obtain a complete geological study to determine any potential hazard specifically germane to the subject locale.</p>
<p>Flood Zone</p>	<p>Zone X (minimal to moderate flood hazard potential), Panel 06071C7870J, dated September 2, 2016</p>
<p>Environmental & Toxic Contamination</p>	<p>We are aware of no environmental/toxic contamination impacting the subject site. The subject property is assumed to be free and clear of any such contamination. No evidence of this kind of contamination was observed during our inspection.</p> <p>WE EMPHASIZE TO THE USER OF THIS REPORT THAT THE APPRAISERS ARE NOT QUALIFIED TO DETECT SUCH SUBSTANCES, AND IT IS AN EXPRESS ASSUMPTION OF OUR ANALYSIS THAT THE SUBJECT IS A CLEAN SITE WITH NO CONTAMINATION OR TOXICITY.</p> <p><u>Extraordinary Assumption #1</u> The subject is a former industrial site located in an area of various types of industrial uses. With that in mind, we emphasize that our analysis and valuation specifically assumes that subject to be free & clear of any hazardous or toxic contaminants necessitating mitigation, and we further presume that all future usage of such materials will be performed in a safe manner, in conformance with prevailing laws and regulations.</p>

SITE DESCRIPTION

Easements, Encumbrances, & Restrictions	Report Type: N/A Company: N/A Date: N/A Order Number: N/A
<u>Comments</u> A Preliminary Title Report (PTR) was not provided for our review. Based on our property inspection and general research, we are aware of no obvious items that would negatively impact the subject sites. THIS APPRAISAL ASSUMES THAT NO SUBSTANTIVE EASEMENTS, RESTRICTIONS, ENCROACHMENTS OR ENCUMBRANCES NEGATIVELY IMPACT THE SUBJECT PROPERTY.	

OWNERSHIP & PROPERTY HISTORY

Current Owner	San Antonio Water Company
Date Acquired	N/Av
Consideration	N/Av
Document Type / Number	N/Av
Current Listing or Escrow Status	Currently not being listed for sale or in escrow. San Antonio Water Company has agreed in principal to sell to the City of Upland.
Three Year Sales History	The subject properties have not changed ownership in the previous three years.
Related Comments & Property History	<p>The seller San Antonio Water Company has agreed in principal to sell a portion; which measures ±2.634 Acres (114,718 sf) of a larger parcel to the City of Upland.</p> <p>The City of Upland is in process of submitting a proposal to the State of California for acquisition funds and the construction costs of a new water storage tank to replace an aging system on an adjacent parcel.</p> <p>A selling price has yet to be established. According to Ms. Rosemary Hoerning, Public Works Director/City Engineer City of Upland, the total project including acquisition costs has been budgeted for \$12,000,000.</p> <p>Once a selling price is established the full proposal for all associated costs will be submitted to the State of California. Ms. Hoerning, noted that these costs include: soft costs already spent (including subdivision costs), construction and acquisition funds.</p> <p>After State of California approval, the City of Upland will subdivide the parcel and move forward with acquisition of the land. Ms. Hoerning estimates six months for approval, six months for the subdivision process and a year of construction. Estimated completion of the project is slated for Q3-2019.</p>



ASSESSED VALUE & TAXES

APN	Land	Improvement	Total
1005-271-03-0000	\$5,227	-	\$5,227

Tax Year	2016
Tax Rate Area	8020
Tax Rate	1.075800%
Special Assessments	\$47.52
Total Taxes	\$99.79
Delinquent Taxes / Source	None / San Bernardino Treasurer Tax Collector

Property Tax Law: California Proposition 13 is promulgated in the California Constitution as Article 13-A. Passes on June 6, 1978 by a margin of nearly two-to-one, Prop 13 capped real property tax rates at 1% of the full cash value and, except for an annual 2% inflation adjustment, prohibited higher reassessment of real property unless the property changed ownership.

Article 13-A Section 1 sets forth an exception to the 1% tax rate for bonded indebtedness approved by 55% of the voters for school construction or leasing, and by two-thirds of the voters for other real estate acquisition or improvement. Section 2 sets forth the definition of "full cash value" (i.e. assessed value) as the appraised value of real property when purchased, newly constructed, or a change in ownership occurs; or as a base the assessor's value as shown on the 1975-76-tax bill. The term "full cash value" may reflect from year to year the inflationary rate not to exceed 2 percent for any given year or reduction as shown in the consumer price index or comparable data for the taxing jurisdiction, or may be reduced to reflect substantial damage, destruction or other factors causing a decline in value. The term "newly constructed" does not include real property that is reconstructed, after a disaster declared by the Governor, to its prior condition.

Based on the provisions of Article 13-A of the California Constitution, the valuation section of this report will use a real property tax liability based on the appraised value of the subject property as though a sale had occurred.

IMPROVEMENT DESCRIPTION

Description of Subject Property					
Assessor's Parcel Nos.	Street / Locale	Site Configuration	Zone	Parcel Size	
				SF	Acres
1005-271-03 (Portion Of)	1723 N. Benson Avenue	Portion of corner parcel which is 207,329 sf (4.76 Acres) to be subdivided with roughly 350 feet of frontage on 17th Street, with approximately 328 feet of depth on N. Benson Avenue.	LI	114,718	2.63

The subject property represents the proposed acquisition of a portion of a larger parcel. Our analysis is predicated on a Hypothetical Condition that the proposed subdivision has been completed as of the valuation date.

Entire parcel is located at the southwestern corner of N. Benson Avenue and 17th street and is a total of 4.76 Acres (207,329 sf). The subdivided portion and subject property is the southerly portion of the entire parcel with the same situs and measures ± 2.634 Acres (114,718 sf). Located in middle of the subject is an abandoned and dilapidated former water pump house from years gone by, with no value. The land is vacant.

Our client, is proposing to build a new water storage tank upon the subject site. The seller San Antonio Water Company has agreed in principal to sell the site with the City of Upland bearing the associated costs to complete the subdivision prior to acquisition.

Adjacent to the subject site is an existing water tank, which needs replacement. The City of Upland is submitting a proposal to the State of California for funding all costs for building the new storage tank system as well as the acquisition of the subdivided land.

SUBJECT PROPERTY – PHOTOGRAPH EXHIBITS



AERIAL VIEW - CLOSE



AERIAL VIEW - DISTANT



LOOKING NORTH



LOOKING SOUTH



SOUTH ALONG N. BENSON AVENUE



WEST OF SUBJECT (OLD WATER TANK)

HIGHEST & BEST USE

Highest and Best Use may be defined as follows:

*"The reasonable, probable, and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."*¹

An analysis of Highest & Best Use (HBU) must consider a property as though vacant and as currently improved. In either case, the HBU analysis must address the following four criteria:

Four Tests of Highest & Best Use			
Test 1	Test 2	Test 3	Test 4
Legally Permissible	Physically Possible	Financially Feasible	Maximally Productive
What can the land legally be used for given current zoning and building codes, environmental regulations, historic district controls, private and other restrictions?	Of the legal uses permitted, which are most appropriate physically given the size, shape, area, terrain, condition, and overall utility of the property?	Among the legally permissible and physically possible uses, which are likely to produce a positive financial return?	From the potential uses that are financially feasible, which yield the highest returns?

HBU As VACANT

The subject property is summarized below:

Description of Subject Property					
Assessor's Parcel Nos.	Street / Locale	Site Configuration	Zone	Parcel Size	
				SF	Acres
1005-271-03 (Portion Of)	1723 N. Benson Avenue	Portion of corner parcel which is 207,329 sf (4.76 Acres) to be subdivided with roughly 350 feet of frontage on 17th Street, with approximately 328 feet of depth on N. Benson Avenue.	LI	114,718	2.63

¹ Source: The Dictionary of Real Estate Appraisal, 4th ed. (Chicago: Appraisal Institute, 2002)



HBU As VACANT (CONT'D.)

The subject property is zoned LI (Light Industrial) which allows for a of public uses.

The corner parcel is mostly rectangular, and at street grade. The subject property total once subdivided will be approximately 114,718 sf (2.634 Acres). The site has all necessary utilities available from the adjacent parcels. Presently the site is a vacant; an abandoned and water pump house sits at the middle of the site.

Legally permissible uses cater toward development of light industrial uses.

As presently zoned, the HBU appears to be light industrial as mentioned above.

HBU As IMPROVED

Not applicable - the subject property is vacant land.

VALUATION SECTION

Appraisers have three traditional tools, or methods to rely upon in the valuation process. These methods, which are commonly referred to as the Cost, Sales Comparison, and Income Approaches, are used because they reflect the best available system – or structure – to mirror and provide insight into the thinking process of active market participants.

Derived from these three major approaches, there are numerous other related techniques and methods which an appraiser can make use of, depending on the nature of the valuation problem. A brief description of some of appraisal’s major tools is provided below:

Primary Methods of Valuation		
COST APPROACH	SALES COMPARISON APPROACH	INCOME APPROACH
<p>This approach is based upon the proposition that an informed purchaser would pay no more for a property than the cost of producing a substitute property of similar utility.</p> <p>This approach is particularly helpful when analyzing a newly constructed or proposed building, especially when the improvements represent the HBU of the site.</p> <p>It is also quite helpful when dealing with special use properties where truly comparable sale data may be sparse.</p> <p>When a property has aged, estimating depreciation becomes increasingly difficult and the Cost Approach becomes a less useful tool.</p>	<p>The Sales Comparison Approach relies on a process of contrasting market transactions to the property under appraisal.</p> <p>The appraiser develops search criteria based on traits identified in the subject property. These traits include physical attributes such as size, configuration, quality, condition, etc. – as well as other important features such as time of sale, location, use, and economic characteristics.</p> <p>The appraiser then narrows the pool of available market data to those items deemed most comparable. From that pool, distinctions observed among the data items are accounted for in order to derive an estimate of value appropriate for the subject property.</p> <p>This approach can be quite useful for both income producing, and owner-user style properties.</p>	<p>This approach is based on the economic principle of Anticipation. Succinctly stated, the marketplace routinely demonstrates that there is a measurable value placed on the right to collect income over time and/or sell a property for profit at a future date.</p> <p>The Income Approach allows the appraiser to analyze future benefits projected for a property and translate them, via market-derived rates, into a present value estimate.</p> <p>The primary tools of the Income Approach are Direct Capitalization, and Discounted Cash Flow (DCF) analyses.</p> <p>This method of analysis is especially important when dealing with income-producing assets in which the likely buyer would be making value decisions stemming from investment-based criteria.</p>
<p>Additional Comments</p> <p>The principles that make up the foundation for the three major approaches described above can be applied in the form of related and tangential methodologies – depending on the nature of the appraisal problem. For example, in the analysis of vacant land there are six readily defined options available to appraisers: 1) Sales Comparison Approach; 2) Residual Analysis; 3) Extraction Analysis; 4) Subdivision Development Study; 5) Allocation Analysis; and, 6) Ground Rent Capitalization. But, nevertheless, each of these techniques has its roots in the three primary methods elaborated on above. And, many of these supplemental techniques have application when appraising improved properties as well.</p>		

INTRODUCTION & METHODOLOGY

As noted, the purpose of the appraisal is to provide the following value estimate, as previously defined:

- **Hypothetical Market Value – Assuming Subject’s Subdivision Is Complete**

The subject property represents the proposed acquisition of a portion of a larger parcel. Our analysis is predicated on a Hypothetical Condition that the proposed subdivision has been completed as of the valuation date.

Entire parcel is located at the southwestern corner of N. Benson Avenue and 17th street and is a total of 4.76 Acres (207,329 sf). The subdivided portion and subject property is the southerly portion of the entire parcel with the same situs and measures ± 2.634 Acres (114,718 sf). Located in middle of the subject is an abandoned and dilapidated former restaurant from years gone by, with no value. The land is vacant.

In the analysis of vacant land there are six readily defined options available to the appraisers:

1. Sales Comparison Approach;
2. Residual Analysis;
3. Subdivision Development Study;
4. Extraction Analysis;
5. Allocation Analysis; and,
6. Ground Rent Capitalization

The subject was analyzed via the Sales Comparison Approaches. The Cost and Income Approaches were not utilized because the subject property is a vacant site.

Our scope of work is limited to the proposed acquisition of a portion of a larger parcel and is predicated on a Hypothetical Condition that the proposed subdivision has been completed as of the valuation date and conforms to the Light Industrial (LI) zone designation as vacant land. Valuing the proposed use is outside the scope of work.

The subject was appraised via the Sales Comparison Approach (SCA). The SCA study focuses on land transactions located in the subject’s general trade area that offer physical and economic attributes that reasonably bracket the subject site.

COST APPROACH

The Cost Approach was not utilized for the reasons discussed above.

INCOME APPROACH

The Income Approach was not utilized for the reasons discussed above.

SALES COMPARISON APPROACH (SCA)

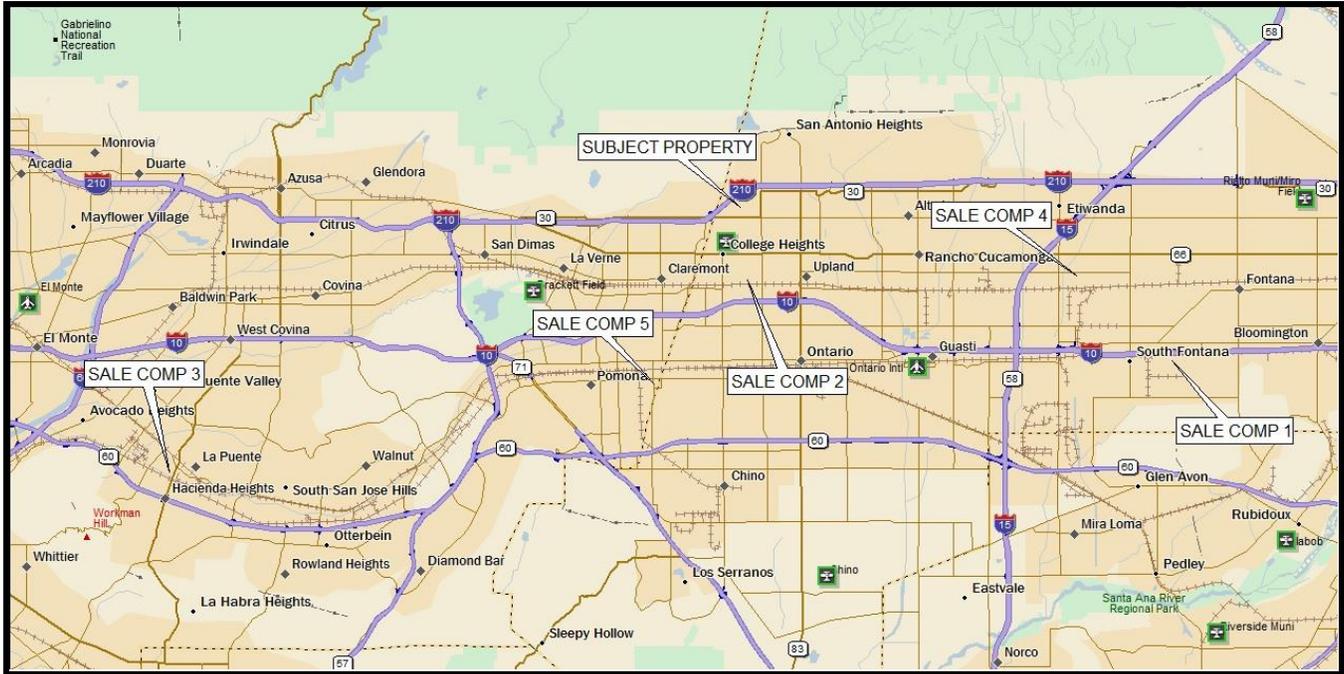
The Sales Comparison Approach (SCA) is a method of valuation that compares prices paid for similar properties in an open and free marketplace. A thorough survey of the market in the subject area was made in an effort to locate comparable sales and a listing of similar use properties that would aid in forming an opinion of value for the subject property.

SCA – OPEN SPACE LAND

Summary of Parameters – OPEN SPACE LAND	
General Location	Primary Sort: Inland Empire Secondary Sort: Los Angeles, Riverside, Ventura, San Bernardino
Date of Sale	Primary Sort: Previous 24 Months Secondary Sort: Older sales, if appropriate
Land Area (sf)	Primary Sort: 1 acres to 20 acres Secondary Sort: Larger or smaller, if appropriate
Use	Light Industrial

On the following pages the reader will find a summary of each of the sales employed in our analysis along with a sales map. Subsequent to the presentation of data, further comments relating to our analysis and valuation are provided.

LAND SALE MAP



SUMMARY OF LAND SALES

Sale	Street Address	City / State	Sale Date	Zoning	Land Area		Price PSF
					SF	Acres	
1	15460 Slover Avenue	Fontana, CA 92337	Feb-17	M-1	108,900	2.50	\$ 15.26
2	1455-1469 W 9th St	Upland, CA 91786	Feb-17	LI	206,910	4.75	\$ 16.92
3	Parriot Place & Don Julian Drive	City of Industry, CA 91745	Dec-16	IDM	649,066	14.90	\$ 12.98
4	8570-8628 Hickory Avenue	Rancho Cucamonga, CA 91739	Oct-16	I	207,781	4.77	\$ 16.50
5	1602-1640 E. 7th Street	Pomona, CA 91766	Sep-16	M-1	76,896	1.77	\$ 15.61

PRESENTATION OF EFFECTIVELY VACANT LAND SALES

Item	Street Address	Sale Date	Zone	Sale Price
	City/State	Document No.	Sq. Ft.	Price psf
	Assessor's Parcel No(s)	Marketing Time	Acres	Financing Terms
	Condition of Sale	Interest Acquired	Exp After Purch	
1	15460 Slover Avenue Fontana, CA 92337 0237-041-11 Expansion	February 16, 2017 75681 9.5 Months Fee Simple	M-1 108,900 2.50 None	\$ 1,662,000 \$ 15.26 26.9% DP / Conv
	<u>Other Transaction Details</u>			
	Topography:	Level		
	Utility Status:	All Available		
	Parcel Configuration:	Interior		
	Parcel Shape:	Mostly Rectangular		
	Entitlement Status:	None		
	Demolition Required:	No		
	Interim Value:	No		
	Buyer:	Peterman Lumber Inc.		
	Seller:	Fernando A. Trujillo		
	Seller's Broker:	Daryl Beans of First World Commercial		
	Buyer's Broker:	Art Day of CBRE		
	Verification Sources:	Sellers Broker; Costar; Loopnet; RealQuest; Public Records.		
	Verification Date:	May-2017		
	<u>Comments</u>			
	This is a previously developed lot that was purchased by Peterman Lumber for expanding their business which is located next door. Property is located in an industrial zone of similar uses in the City of Fontana near the corner of Slover Avenue and Elm Avenue, just south of the San Bernardino Freeway (10). Small shed structure in place that will likely not be demolished, but no value was associated with it in terms of the price paid. Site purchased by adjacent property owner for expansion of lumber yard. Agent interview suggests a small premium was paid due to the expansion nature of the sale, reportedly in the range of about \$1.00 to \$1.50 psf.			



PRESENTATION OF EFFECTIVELY VACANT LAND SALES

Item	Street Address	Sale Date	Zone	Sale Price
	City/State	Document No.	Sq. Ft.	Price psf
	Assessor's Parcel No(s)	Marketing Time	Acres	Financing Terms
	Condition of Sale	Interest Acquired	Exp After Purch	

2	1455-1469 W 9th St Upland, CA 91786 1007-471-03 Conventional	February 6, 2017 53178 N/A Fee Simple	LI 206,910 4.75 No	\$ 3,500,000 \$ 16.92 28.6% DP / Pivt
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Other Transaction Details

Topography:	Level
Utility Status:	All Available
Parcel Configuration:	Interior
Parcel Shape:	Rectangular
Entitlement Status:	None
Demolition Required:	No
Interim Value:	Yes
Buyer:	Oliver Family Trust
Seller:	Harney Trust
Seller's Broker:	None
Buyer's Broker:	Eric Burney of DAUM Commercial
Verification Sources:	CoStar, Loopnet; RealQuest; Public Records.
Verification Date:	May-2017

Comments

The property was purchased primarily as vacant land, with a 11,858 sf building that was in disrepair with deferred maintenance. Buyer was located next door and has plans to clean up the property. Located on 9th Street in an industrial zone with similar uses. To our knowledge, the existing improvement program will remain in place, subject to being upgraded, and then leased in the future. Although in disrepair, a degree of contributory value nonetheless is indicated.



PRESENTATION OF EFFECTIVELY VACANT LAND SALES

Item	Street Address	Sale Date	Zone	Sale Price
	City/State	Document No.	Sq. Ft.	Price psf
	Assessor's Parcel No(s)	Marketing Time	Acres	Financing Terms
	Condition of Sale	Interest Acquired	Exp After Purch	
3	Parriot Place & Don Julian Drive City of Industry, CA 91745 8208-027-911,912 Conventional	December 16, 2016 16022152 N/A Fee Simple	IDM 649,066 14.90 None	\$ 8,424,500 \$ 12.98 49.8% DP / Conv
	Other Transaction Details			
	Topography:	Level		
	Utility Status:	All Available		
	Parcel Configuration:	Corner		
	Parcel Shape:	Irregular		
	Entitlement Status:	None		
	Demolition Required:	No		
	Interim Value:	No		
	Buyer:	Prudential Life Insurance Company of America		
	Seller:	Rich Investment International Group		
	Seller's Broker:	None		
	Buyer's Broker:	Tony Phu of Colliers International		
	Verification Sources:	CoStar, Loopnet; RealQuest; Public Records.		
	Verification Date:	May-2017		
	Comments			
	The vacant lot is a partially paved parking lot, which was owned by the former redevelopment agency of the City of Industry then purchased by Prudential in November-2015. The buyers plans are to develop warehouse space. The parcel is bisected by Parriot Place at the corner of Don Julian Drive. Surrounding development is primarily industrial and manufacturing.			
4	8570-8628 Hickory Avenue Rancho Cucamonga, CA 91739 0229-171-01,03,11 Conventional	October 3, 2016 410722 N/A Fee Simple	I 207,781 4.77 None	\$ 3,428,500 \$ 16.50 Cash
	Other Transaction Details			
	Topography:	Level		
	Utility Status:	All Available		
	Parcel Configuration:	Interior		
	Parcel Shape:	Rectangular		
	Entitlement Status:	None		
	Demolition Required:	Marginal (small metal shed)		
	Interim Value:	Sufficient to offset demo		
	Buyer:	Oakmont Industrial Group LLC		
	Seller:	Griffith Company		
	Seller's Broker:	Jeff Smith of Lee & Associates		
	Buyer's Broker:	None		
	Verification Sources:	Sellers Broker; Costar; LoopNet; RealQuest; Public Records.		
	Verification Date:	May-2017		
	Comments			
	This is an assemblage of two adjacent vacant parcels used at the time of sale as a contractors storage yard. Buyer's intention is to build a warehouse. At the time of sale entitlements were not in place. The property is located south of the intersection of Arrow Route and Hickory Avenue in Rancho Cucamonga.			



PRESENTATION OF EFFECTIVELY VACANT LAND SALES

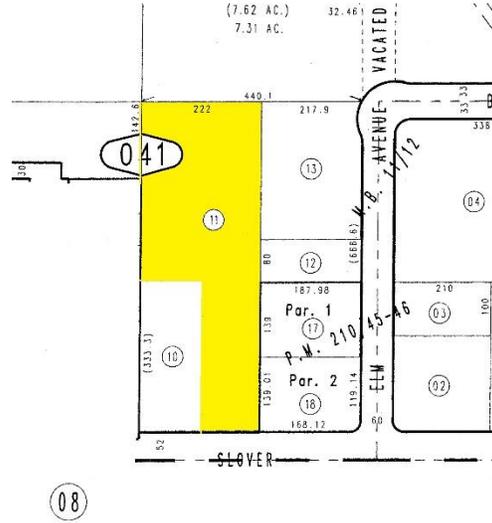
Item	Street Address	Sale Date	Zone	Sale Price
	City/State	Document No.	Sq. Ft.	Price psf
	Assessor's Parcel No(s)	Marketing Time	Acres	Financing Terms
	Condition of Sale	Interest Acquired	Exp After Purch	
5	1602-1640 E. 7th Street Pomona, CA 91766 8327-025-002,004 Conventional	September 14, 2016 1109213 N/Av Fee Simple	M-1 76,896 1.77 None	\$ 1,200,000 \$ 15.61 8.9% DP / Conv
	<u>Other Transaction Details</u>			
	Topography:	Level		
	Utility Status:	All Available		
	Parcel Configuration:	Corner		
	Parcel Shape:	Mostly Rectangular		
	Entitlement Status:	None		
	Demolition Required:	Yes		
	Interim Value:	Yes		
	Buyer:	Michael and Robin Allen		
	Seller:	Gregery Gilson		
	Seller's Broker:	None		
	Buyer's Broker:	None		
	Verification Sources:	CoStar, Loopnet; RealQuest; Public Records.		
	Verification Date:	May-2017		
	<u>Comments</u>			
	Property is located in an area of similar industrial uses, just off of Mission Boulevard, between E. Mission and E. 9th Street. Frontage along 7th Street as well as E. N Avenue.			



LAND SALE PHOTO & PLAT MAP EXHIBITS



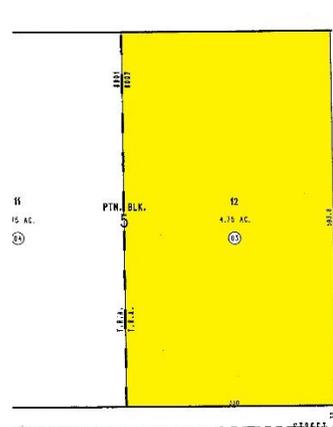
LAND SALE #1



PLAT MAP #1



LAND SALE #2



PLAT MAP #2



LAND SALE #3

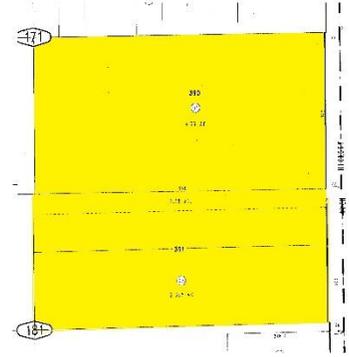


PLAT MAP #3

LAND SALE PHOTO & PLAT MAP EXHIBITS



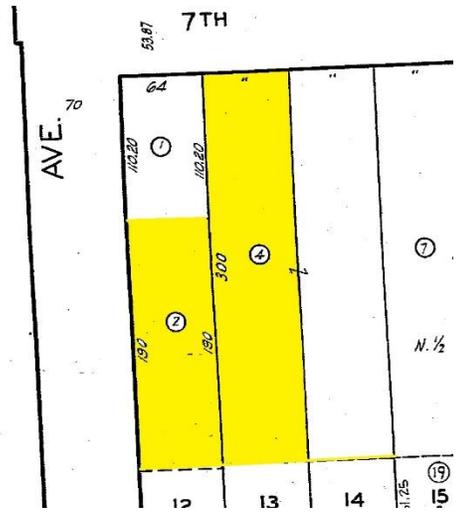
LAND SALE #4



PLAT MAP #4



LAND SALE #5



PLAT MAP #5

ANALYSIS VIA SCA

Following are narrative comments and other supporting data which provide detail on nuances observed in the subject market, as well as specific traits deemed noteworthy among the individual data items.

All of the comparables represent sites in the local marketplace of the subject property. They were chosen because of their location, time of sale, utility, and economic potential based on the nature of the subject site and its immediate environs.

In analyzing the market data, we gave consideration to the features of comparison deemed most important in the subject market. These include rights conveyed, condition of sale, market conditions at time of sale, location, site size, topography, zoning, utility status, and development potential.

On the following page is an adjustment matrix that displays each of the features of comparison deemed necessary to reach an opinion of value for the subject properties. The adjustments are not necessarily based on a paired-data study. Rather, the categories and adjustments are intended to offer general insight with regard to the order of magnitude afforded each of the features of comparison, as determined by our investigation into the subject marketplace.

ADJUSTMENT OF COMPARABLE LAND DATA

	SUBJECT	ONE	TWO	THREE	FOUR	FIVE
Sale Price	N/A	\$1,662,000	\$3,500,000	\$8,424,500	\$3,428,500	\$1,200,000
Site Size (sf)	114,718	108,900	206,910	649,066	207,781	76,896
Regional Location	Upland, CA 91784	Fontana, CA 92337	Upland, CA 91786	City of Industry, CA	Rancho Cucamonga,	Pomona, CA 91766
Specific Location	1723 N. Benson Avenue	15460 Slover Avenue	1455-1469 W 9th St	Parriot Place & Don Julian	8570-8628 Hickory Avenue	1602-1640 E. 7th Street
Site Configuration	Corner	Interior	Interior	Corner	Interior	Corner
Site Shape	Mostly Rectangular	Mostly Rectangular	Rectangular	Irregular	Rectangular	Mostly Rectangular
Topography	All Available	Level	Level	Level	Level	Level
Utility Status	All Available	All Available	All Available	All Available	All Available	All Available
Zone/Density	LI	M-1	LI	IDM	I	M-1
Demolition	No	No	No	No	Marginal	Yes
Interim Value	No	No	Yes	No	Sufficient to offset demo	Yes
Entitlements	None	None	None	None	None	None
Other	N/A	N/A	N/A	N/A	N/A	N/A
Unadjusted \$ psf	N/A	\$15.26	\$16.92	\$12.98	\$16.50	\$15.61
Rights Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjusted \$ psf	N/A	\$15.26	\$16.92	\$12.98	\$16.50	\$15.61
Financing Terms	Conventional	26.9% DP / 0%	28.6% DP / 0%	49.8% DP / 0%	Cash 0%	8.9% DP / 0%
Condition of Sale	Conventional	Expansion	Conventional	Conventional	Conventional	Conventional
Exp. After Purch.	N/A	-8.2% None	0% No	0% None	0% None	0% None
Adjusted \$ psf	N/A	\$14.01	\$16.92	\$12.98	\$16.50	\$15.61
Date	Apr-17	Feb-17	Feb-17	Dec-16	Oct-16	Sep-16
	No. Mos---->	2	2	4	6	7
Adjusted \$ psf	N/A	\$14.13	\$17.06	\$13.20	\$16.91	\$16.06
Regional Location	Upland, CA	5%	0%	-5%	-5%	-5%
Specific Location	Benson Ave	0%	-5%	10%	0%	0%
Site Size (sf)	114,718	0%	0%	5%	0%	0%
Site Configuration	Corner	0%	0%	0%	0%	0%
Site Shape	Mostly	0%	0%	0%	0%	0%
Topography	All Available	0%	0%	0%	0%	0%
Utility Status	All Available	0%	0%	0%	0%	0%
Zone/Density	LI	0%	0%	0%	0%	0%
Demolition	No	0%	0%	0%	1%	3%
Interim Value	No	0%	-5%	0%	-1%	-3%
Entitlements	None	0%	0%	0%	0%	0%
Other	N/A	0%	0%	0%	0%	0%
Subtotal of Adjust.	N/A	5%	-10%	10%	-5%	-5%
FINAL INDICATORS	N/A	\$14.83	\$15.35	\$14.52	\$16.07	\$15.26
Total % Adjustment	N/A	-3%	-9%	12%	-3%	-2%



RANGE OF UNIT VALUE INDICATORS

The Price per Square Foot is an indicator of value that compares the physical aspects of the comparable sales. Differences in date of sale, location, size and conditions of sale will cause variances in this measure. A summary of the analyzed data is provided below:

	Price PSF	
	Unadjusted	Adjusted
Minimum:	\$12.98	\$14.52
Maximum:	\$16.92	\$16.07
Range:	\$3.94	\$1.55
Range Reduction:	N/A	-60.57%
Average:	\$15.45	\$15.21

Consideration has been given to each of the sale items reported in this study. After adjustments for the features of comparison previously summarized, the range or “spread” between high and low indicators has been reduced by about 61% with an average indicator of between \$14.50 to \$15.50 psf

DISCUSSION OF ADJUSTMENTS

GENERAL COMMENTS REGARDING COMPARISONS/ADJUSTMENTS

As previously discussed, comparisons have been made for features of comparison deemed most relevant given the nature of the subject properties and the marketplace in which they are located. The comparisons are intended to offer general insight with regard to the order of magnitude afforded each of the categories, as determined by the appraisers by virtue of our investigations into the subject marketplace.

SPECIFIC COMMENTS REGARDING COMPARISONS/ADJUSTMENTS

The adjustment process has been undertaken in an intentionally minimalist fashion. However, in a few instances adjustments were deemed warranted.

- **RIGHTS CONVEYED:** Adjustments for this feature of comparison were not warranted as the subject and each data item reflect a Fee Simple estate.
- **FINANCING TERMS:** The data items reflect cash or cash equivalent financing terms. Therefore, numeric adjustments were not applied.
- **CONDITION OF SALE:** All the data items reflect conventional sales, with the exception of Sale Two which is an expansion of the neighboring business and thus was adjusted downward.
- **EXPENDITURE AFTER PURCHASE:** Adjustments for this feature of comparison were not warranted.

SPECIFIC COMMENTS REGARDING COMPARISONS/ADJUSTMENTS

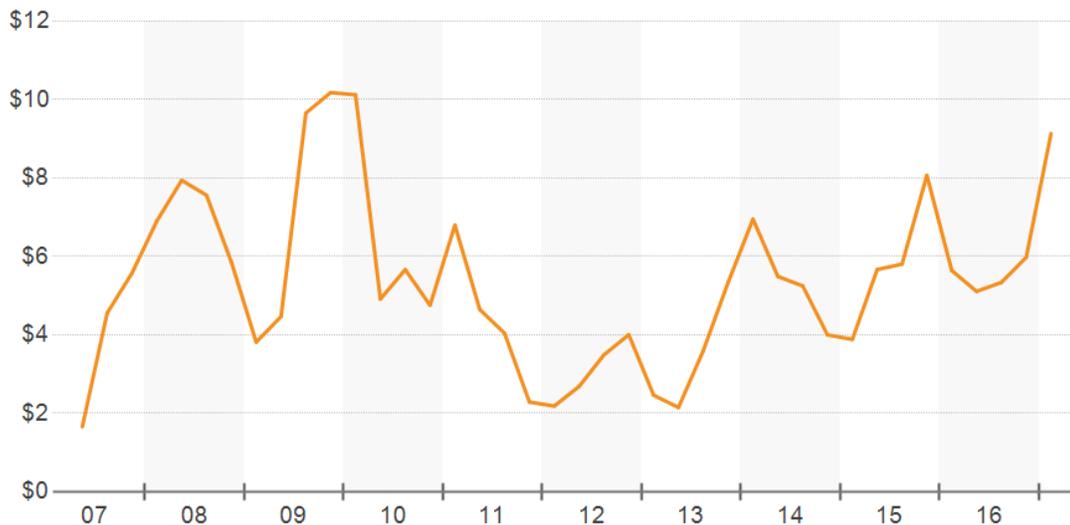
- MARKET CONDITIONS AT TIME OF SALE (DATE):** With respect to sale trends, the subject locale, like many others throughout the five-county area, experienced strong sales volume and steady appreciation levels between 2000 and into mid-2007, fueled in no small part by a confluence of market forces including tentative investor interest in stock market investments; the impact of tax-deferred 1031 exchange sales; as well as the benefit of historically low interest rates

Market conditions began declining as of Q3-2007 when the impacts of the sub-prime lending debacle began to be felt, and a downward value trend continued throughout 2008, 2009 and into latter 2010. Markets began to stabilize in 2011/2012, and a slow and cautious upward trend appears to be continuing as of 2015/2016 and now continuing into 2017

In terms of the above reference to an upward price pattern in the local market, we have analyzed the sale trend of regional land sales, tracking average sale prices from 2007 to the current timeframe. The graph includes some 2500 data points traced on a rolling average basis.

The observable pattern demonstrates a peak in market conditions in mid-2009, followed by a marked decline extending from 2010 into 2013. From 2013 thru 2016 the trend is cyclical yet continuing an upward trend, followed by a consistent upward price pattern from 2016 to the current timeframe.

**SALE TREND ANALYSIS – REGIONAL LAND SALES (APPROXIMATELY 2,500 DATA POINTS)
AVERAGE SALE PRICE PER LAND SF**



*** Trend line cited on a rolling-average basis*

Overall, the totality of information suggests upward price movement and we have thus applied an annual time adjustment of 5% (applied on a monthly basis).

SPECIFIC COMMENTS REGARDING COMPARISONS/ADJUSTMENTS

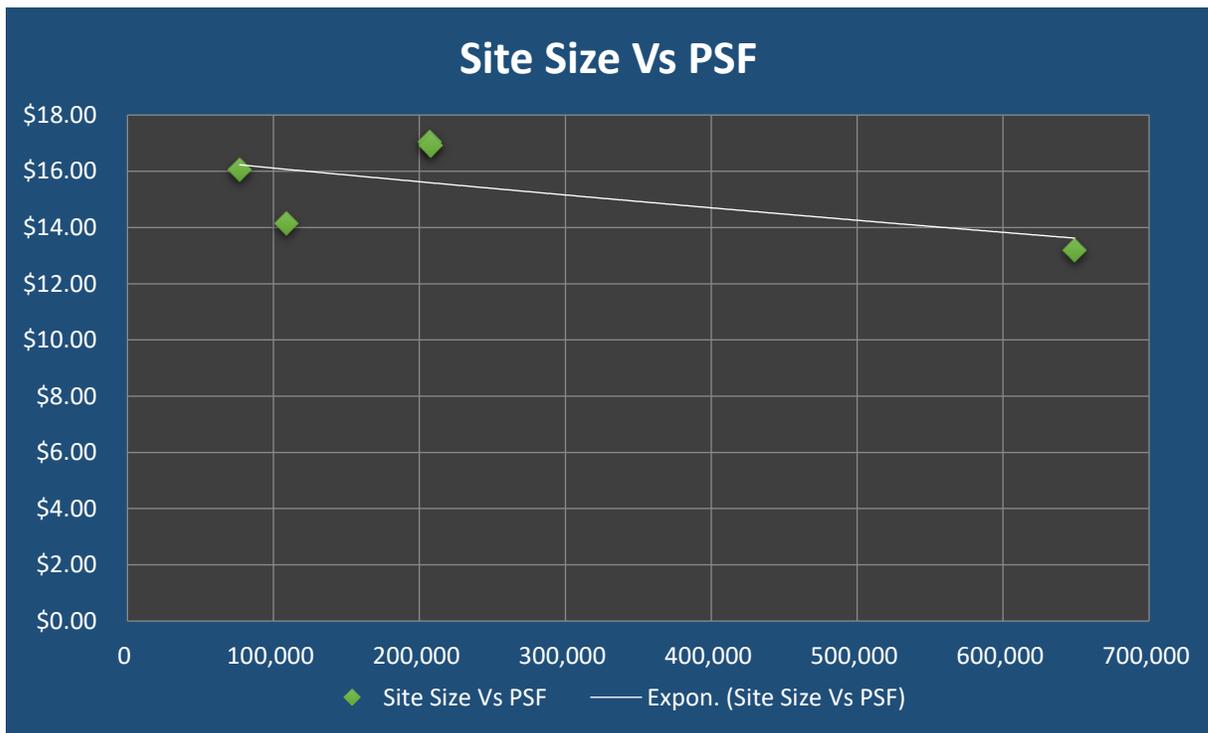
- LOCATION:** The data items offer a mixture of regional locations with varying distinctions. Location adjustments have been segregated into two categories including General Location and Specific Location. The General Location heading addresses perceived distinctions on a broad geographic level (city identity zip code, etc.); whereas the Specific Location heading focuses on more provincial distinctions such as street identity, freeway visibility, immediate surrounding uses, etc.

Overall, the data reflect a competitive cross-section of locales, but some degree of adjustment was deemed warranted in a few instances. With regards to General Location, a nominal upward adjustment was deemed necessary for Sale Comp One due to its inferior location in Fontana. Sales Three, Four and Five were adjusted downward for being superior compared to the subject's location in Upland.

With regard to Specific Location, adjustments were warranted upward for Sale Three due to the parcel being bisected by a road and being inferior. While Sale Two is superior for its location and was adjusted downward.

- SITE SIZE:** With regard to Site Size Sale Three is much larger and adjusted upward. The data items offer land size ranges of 1.77 acre to 14.90 acres. (Bracketing the subject which is approximately 2.634 acres. Based on general economies of scale, it is sometimes the case that larger projects sell at lower PSF price points, reflecting the more limited pool of investors, which in turn can create a favorable negotiating posture. However, often we see a counter-intuitive theme, in which demand for larger sites is stronger, thus generating possible PSF premiums for larger sites, relative to smaller ones.

In the present case, our analysis of the sales (see chart below), doesn't lean toward the counter-intuitive, which results in nominal upward adjustments for only Sale Three



SPECIFIC COMMENTS REGARDING COMPARISONS/ADJUSTMENTS

- **SITE CONFIGURATION:** This category deals primarily with parcel orientation (corner versus interior lots). In the present case, given the large size of the sites, this distinction is moot.
- **SITE SHAPE:** The subject is rectangular shaped and the data items include a mixture of rectangular or slightly irregular parcels. However, we found no indication that specific adjustments were necessary, hence none are applied. Overall, given the large size of the sites, this distinction is moot.
- **TOPOGRAPHY:** The data items vary in topographical features, but since the subject is zoned and slated as open space land, we did not find it necessary to adjustment for topographical distinctions.
- **UTILITY STATUS:** The data items are reasonably competitive with the subject and no specific adjustments were warranted in the present case.
- **ZONE DENSITY:** In terms of zoning/density, all data items are similar to the subject property and thus numeric adjustments were not deemed warranted.
- **DEMOLITION / INTERIM VALUE:** These categories typically offset themselves, however Sale One has a structure (yet in disrepair) and will not be demolished; thus, adjusted downward. Sales Four and Five were primarily vacant land with older structures and thus have offsetting adjustments.

BROKER SURVEY

As part of our research we paid careful attention to feedback garnered from interviews and surveys of active brokers, managers or other market participants. The results of our inquiries are summarized below:

MARKET PARTICIPANT OPINION SURVEY			
Broker	Company	Opinion of Value PSF	Comments
Eric Burney	DAUM Commercial	\$13.00 to \$15.00	Mr. Burney is very familiar with the Upland Industrial Market. He commented that the subject is an outlier location for light industrial land due to its proximity to a residential neighborhood and water treatment plant.
Art Day	CBRE	\$13.00	Mr. Day is a knowledgeable industrial broker with experience in neighboring areas of Fontana. He commented that Fontana is an inferior area to Upland and should be accounted for when comparing areas.
Don Archer	NAI Capital	\$13.00 to \$15.00	Mr. Archer focuses on industrial land and buildings throughout the submarkets in the Upland, Riverside, San Gabriel Areas. He commented that industrial land has over the last year increased in value. He added that the subject due to its specific location should be discounted compared to predominantly more concentrated industrial areas.

SUPPLEMENTAL LISTING & SALES DATA –INDUSTRIAL LAND

As a secondary check of reasonableness, we also searched listings and sales identified on public records as "industrial land". Overall, this secondary data set is reasonably corroborative of our primary data valuation and conclusions.

SUMMARY OF LAND LISTINGS									
Item	Property Address	City	Zone	Land Area		Asking Price		Mktg/Exp os Time (Mos.)	
				Acres	SF	Total	PSF		
1	16470 Slover Ave	Fontana	M-1	3.79	165,092	\$ 3,632,024	\$ 22.00	30.83	
2	11053 Catawaba Ave	Fontana		2.10	91,476	\$ 2,750,000	\$ 30.06	11.60	
3	Cypress Ave @ Boyle	Fontana	M1	3.39	147,624	\$ 1,995,000	\$ 13.51	96.27	
4	16226 Washington Dr	Fontana		2.33	101,664	\$ 1,930,000	\$ 18.98	13.90	
5	10201 Bellegrave Ave	Jurupa Valley	M-SC	3.44	149,846	\$ 1,648,310	\$ 11.00	12.07	
6	500 E Belmont St	Ontario	M1	3.01	131,115	\$ 1,638,945	\$ 12.50	3.93	
7	12801 Magnolia Ave	Riverside		1.45	63,162	\$ 1,500,000	\$ 23.75	17.03	
8	16166 Washington Dr	Fontana	M1	2.80	121,967	\$ 1,495,000	\$ 12.26	33.37	
9	12229 S La Cadena Dr	Colton		1.02	44,474	\$ 1,300,000	\$ 29.23	52.00	
10	5620 Market St	Jurupa Valley	M-SC	3.05	132,858	\$ 1,199,000	\$ 9.02	22.60	
11	E Grand Ave & 3rd St	Corona	LI/MU	1.29	56,192	\$ 1,095,000	\$ 19.49	3.67	
12	E 8th St	Rncho Cuca	ML	1.46	63,771	\$ 991,000	\$ 15.54	12.53	
13	13261-13289 Arrow Rt	Rncho Cuca	G-I	1.67	72,745	\$ 982,060	\$ 13.50	46.37	
14	SWC E Lowell & S Milliken	Ontario	LI	1.00	43,560	\$ 958,320	\$ 22.00	5.40	
15	1285 S Jefferson Ln	Colton		1.73	75,284	\$ 950,000	\$ 12.62	5.50	
16	8424 Cottonwood Ave	Fontana	IC	2.00	87,120	\$ 900,000	\$ 10.33	22.20	
17	10657 Cactus Ave	Bloomington	M-1	1.50	65,340	\$ 899,000	\$ 13.76	0.50	
18	10420 Juniper Ave	Fontana	M1	1.21	52,707	\$ 895,000	\$ 16.98	2.23	
19	10441 Catawba Ave	Fontana		1.06	45,973	\$ 715,635	\$ 15.57	19.50	
20	15939 Boyle Ave	Fontana		1.03	44,866	\$ 697,500	\$ 15.55	19.50	
21	344-364 E Orange Show Rd	San Bern.	LI	1.06	46,173	\$ 550,000	\$ 11.91	20.03	
				MINIMUM:	1.00	43,560	\$ 550,000	\$ 9.02	0.50
				MAXIMUM:	3.79	165,092	\$ 3,632,024	\$ 30.06	96.27
				AVERAGE:	1.97	85,858	\$ 1,367,704	\$ 16.65	21.48
				MEDIAN:	1.67	72,745	\$ 1,095,000	\$ 15.54	17.03



SUPPLEMENTAL LAND SALES										
Item	Property Address	City	Sale Date	Zone	Land Area		Sales Price		Mktg/Expos Time (Mos.)	
					Acres	SF	Total	PSF		
1	738 E Norman Rd	San Bernardino	Feb-17	IL	1.16	50,530	\$ 495,000	\$ 9.80	3.9	
2	Whittram Ave @ Cherry Ave	Fontana	Feb-17	IR	1.12	48,787	\$ 700,000	\$ 14.35	0.0	
3	1075-1095 E 3rd St	Corona	Jan-17	M1	2.59	112,820	\$ 1,180,000	\$ 10.46	0.0	
4	16381 Slover Ave	Fontana	Jan-17	M1	2.70	117,612	\$ 999,702	\$ 8.50	9.6	
5	Cameron Way	Rialto	Nov-16	H-IND	1.14	49,658	\$ 430,000	\$ 8.66	0.0	
6	8676 Live Oak Ave	Fontana	Nov-16	IC	1.80	78,408	\$ 1,175,000	\$ 14.99	71.5	
7	1446 N Alder Ave	Rialto	Nov-16	I-AR	2.50	108,900	\$ 1,002,397	\$ 9.20	59.8	
8	Parkridge Ave	Norco	Aug-16	C2	1.71	74,488	\$ 652,000	\$ 8.75	19.0	
9	10918 Cherry Ave	Fontana	Jun-16		3.70	161,172	\$ 2,418,000	\$ 15.00	21.6	
10	10710 Tamarind Ave	Fontana	Jun-16	IL	3.92	170,755	\$ 1,750,000	\$ 10.25	52.9	
11	22050 Commerce Way	Grand Terrace	May-16	CM	1.04	45,302	\$ 600,000	\$ 13.24	0.0	
12	8705-8725 9th St	Rncho Cuca	May-16	GI	1.24	54,014	\$ 1,150,000	\$ 21.29	0.8	
13	Walnut Ave & Alder Ave	Rialto	May-16	SP	3.25	141,570	\$ 1,694,000	\$ 11.97	19.1	
14	1514 S Bon View Ave	Ontario	May-16	IL	1.91	83,200	\$ 1,350,000	\$ 16.23	19.4	
15	14108 Santa Ana Ave	Fontana	Apr-16	IC	1.02	44,431	\$ 643,000	\$ 14.47	2.1	
16	Hyssop Dr	Rncho Cuca	Apr-16		2.04	88,862	\$ 975,000	\$ 10.97	0.0	
17	Rochester & Arrow Route Hwy	Rncho Cuca	Feb-16	GI 8	2.89	125,888	\$ 1,895,000	\$ 15.05	1.0	
18	15954 Slover Ave	Fontana	Feb-16	M-1	1.06	46,174	\$ 450,000	\$ 9.75	7.8	
19	NWC Francis St, & Baker A	Ontario	Feb-16	M-2	1.04	45,302	\$ 589,381	\$ 13.01	0.0	
20	3783 Bartlett Ave	Riverside	Jan-16	BMP	1.71	74,488	\$ 622,000	\$ 8.35	0.0	
					MINIMUM:	1.02	44,431	\$ 430,000	\$ 8.35	0.0
					MAXIMUM:	3.92	170,755	\$ 2,418,000	\$ 21.29	71.5
					AVERAGE:	1.98	86,118	\$ 1,038,524	\$ 12.21	14.4
					MEDIAN:	1.76	76,448	\$ 987,351	\$ 11.47	3.0



RELIANCE AND MERIT OF INDIVIDUAL DATA ITEMS

PRIMARY RELIANCE

Primary reliance has been given to Sales One, Two, Four and Five. These data items recent closed transactions; and the totality of these sales reasonably bracket the subject in terms of location and most physical and economic aspects.

\$16
The above items offer an adjusted unit value range of roughly \$14.38 to \$16.07 psf, with an overall average of approximately 15.38\$ psf.

SECONDARY RELIANCE

Secondary reliance has been given to Sale Three (as this item is larger). This item offers an adjusted unit value of about \$14.52 psf.

CONCLUSION OF VALUE

Overall, based upon our analysis and market inquiries, the "Hypothetical" Market Value of the subject property is estimated as follows:

Summary of Land Valuation			
Land Area	Price psf		Land Value
114,718	\$	14.50	\$ 1,663,411
114,718	\$	15.50	\$ 1,778,129
			\$ 1,720,000

RECONCILIATION OF FINAL VALUE

The subject property was analyzed exclusively utilizing the Sales Comparison Approach.

Therefore, based on the preceding data and discussion, together with our best judgment and experience, we estimate the following indication of value, based on the subject’s Fee Simple interest, as of the stated date of valuation, to be as follows:

VALUATION SCENARIO	DATE OF VALUE	VALUE CONCLUSION
"Hypothetical" Market Value	April 27, 2017	\$1,720,000

The value estimate(s) cited above are inclusive of real property only, and do not include furniture, fixtures & equipment (FF&E), or similar non-realty items. Our opinions and conclusions are subject to each of the Assumptions & Limiting Conditions made a part of the attached report. **This report includes the following Hypothetical Conditions and/or Extraordinary Assumptions (which, if found to be false, can potentially impact our assignment results):**

Hypothetical Condition(s): **Hypothetical Condition #1**
 Our scope of work includes valuation of the subject site on the premise that it can be subdivided from the larger parcel and can be developed based on its Light Industrial (LI) zone designation. Given the subject’s current zone designation is Light Industrial, the Market Value scenario is premised on permitted uses and invokes a Hypothetical Condition as if the subject property was subdivided on the date of value.

Extraordinary Assumption(s): **Extraordinary Assumption #1**
 The subject is a former industrial site located in an area of various types of industrial uses. With that in mind, we emphasize that our analysis and valuation specifically assumes that subject to be free & clear of any hazardous or toxic contaminants necessitating mitigation, and we further presume that all future usage of such materials will be performed in a safe manner, in conformance with prevailing laws and regulations.

SUMMARY OF ADDENDA ATTACHMENTS

CERTIFICATION

COPY OF STATE APPRAISAL LICENSE

ASSUMPTIONS & LIMITING CONDITIONS

DEFINITIONS

QUALIFICATIONS OF THE APPRAISERS

SUPPORTING DOCUMENTS

CERTIFICATION

CERTIFICATION

I certify that, to the best of my knowledge and belief:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.

I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

My engagement in this assignment was not contingent upon developing or reporting predetermined results.

My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.

No one provided significant real property appraisal assistance to the person(s) signing this certification.

Cary Bronstein, MAI and Steven Fox have made a personal inspection of the property that is the subject of this report.

The appraisers have not performed services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Supplemental Appraisal Institute Certification Statements

The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives

As of the date of this report, Cary Bronstein, MAI, has completed the continuing education program of the Appraisal Institute.

Respectfully submitted,

THE BRONSTEIN COMPANY, INC.



Cary Bronstein, MAI
CA #AG013774; Expires 11/6/2018



Steven Fox
CA #AT3001102; Expires 7/8/2017

COPY OF STATE APPRAISAL LICENSE



Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Cary R. Bronstein

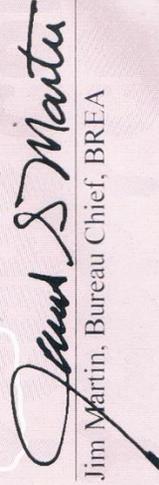
has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 013774

Effective Date: November 7, 2016
Date Expires: November 6, 2018


Jim Martin, Bureau Chief, BREA

3029501

THIS DOCUMENT CONTAINS A TRUE WATERMARK - HOLD UP TO LIGHT TO SEE "CHAIN LINK"



Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Steven Fox

has successfully met the requirements for a license as a residential real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Trainee Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: 3001102

Effective Date: July 9, 2015
 Date Expires: July 8, 2017

Jim Martin
 Jim Martin, Bureau Chief, BRE.A

3022579

THIS DOCUMENT CONTAINS A TRUE WATERMARK - HOLD UP TO LIGHT TO SEE "CHAIN LINK"

ASSUMPTIONS & LIMITING CONDITIONS

UNDERLYING ASSUMPTIONS & LIMITING CONDITIONS

THIS APPRAISAL REPORT HAS BEEN MADE WITH THE FOLLOWING GENERAL ASSUMPTIONS:

- 1) NO RESPONSIBILITY IS ASSUMED FOR THE LEGAL DESCRIPTION OR FOR MATTERS INCLUDING LEGAL OR TITLE CONSIDERATIONS. TITLE TO THE PROPERTY IS ASSUMED TO BE GOOD AND MARKETABLE UNLESS OTHERWISE STATED.
- 2) THE PROPERTY IS APPRAISED FREE AND CLEAR OF ANY OR ALL LIENS OR ENCUMBRANCES UNLESS OTHERWISE STATED.
- 3) RESPONSIBLE OWNERSHIP AND COMPETENT PROPERTY MANAGEMENT ARE ASSUMED.
- 4) THE INFORMATION FURNISHED BY OTHERS IS BELIEVED TO BE RELIABLE. HOWEVER, NO WARRANTY IS GIVEN FOR ITS ACCURACY.
- 5) ALL ENGINEERING IS ASSUMED TO BE CORRECT. THE PLOT PLANS AND ILLUSTRATIVE MATERIAL IN THIS REPORT ARE INCLUDED ONLY TO ASSIST THE READER IN VISUALIZING THE PROPERTY.
- 6) IT IS ASSUMED THAT THERE ARE NO HIDDEN OR NON-APPARENT CONDITIONS OF THE PROPERTY, SUBSOIL, OR STRUCTURES THAT RENDER IT MORE OR LESS VALUABLE. NO RESPONSIBILITY IS ASSUMED FOR SUCH CONDITIONS OR FOR ARRANGING FOR ENGINEERING STUDIES THAT MAY BE REQUIRED TO DISCOVER THEM.
- 7) IT IS ASSUMED THAT THERE IS FULL COMPLIANCE WITH ALL APPLICABLE FEDERAL, STATE, AND LOCAL ENVIRONMENTAL REGULATIONS AND LAWS UNLESS NONCOMPLIANCE IS STATED, DEFINED, AND CONSIDERED IN THE APPRAISAL REPORT.
- 8) IT IS ASSUMED THAT ALL APPLICABLE ZONING AND USE REGULATIONS AND RESTRICTIONS HAVE BEEN COMPLIED WITH, UNLESS A NONCONFORMITY HAS BEEN STATED, DEFINED, AND CONSIDERED IN THE APPRAISAL REPORT.
- 9) IT IS ASSUMED THAT ALL REQUIRED LICENSES, CERTIFICATES OF OCCUPANCY, CONSENTS, OR OTHER LEGISLATIVE OR ADMINISTRATIVE AUTHORITY FROM ANY LOCAL, STATE, OR NATIONAL GOVERNMENT OR PRIVATE ENTITY OR ORGANIZATION HAVE BEEN OR CAN BE OBTAINED OR RENEWED FOR ANY USE ON WHICH THE VALUE ESTIMATE CONTAINED IN THIS REPORT IS BASED.
- 10) IT IS ASSUMED THAT THE UTILIZATION OF THE LAND AND IMPROVEMENTS IS WITHIN THE BOUNDARIES OR PROPERTY LINES OF THE PROPERTY DESCRIBED AND THAT THERE IS NO ENCROACHMENT OR TRESPASS UNLESS NOTED IN THE REPORT.

THIS APPRAISAL REPORT HAS BEEN MADE WITH THE FOLLOWING GENERAL LIMITING CONDITIONS:

- 1) PER CLIENT REQUEST, WE HAVE APPRAISED THE SUBJECT PROPERTY PERFORMING AN APPRAISAL PROCESS, AS CITED IN THE SCOPE OF WORK SECTION OF THIS APPRAISAL, PER THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE (USPAP).
- 2) OUR APPRAISAL REPORT IS A SUMMARY APPRAISAL REPORT TYPE COMPLYING WITH THE REPORTING REQUIREMENTS SET FORTH UNDER STANDARDS RULE 2-2(B) OF THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE. AS SUCH, IT PRESENTS ONLY SUMMARY DISCUSSIONS OF THE DATA, REASONING, AND ANALYSES THAT WERE USED IN THE APPRAISAL PROCESS TO DEVELOP THE APPRAISER'S OPINION OF VALUE. SUPPORTING DOCUMENTATION CONCERNING THE DATA, REASONING AND ANALYSES IS RETAINED IN THE APPRAISER'S FILE. THE DEPTH OF DISCUSSION CONTAINED IN THIS REPORT IS SPECIFIC TO THE NEEDS OF THE CLIENT AND FOR THE INTENDED USE STATED.
- 3) THE DISTRIBUTION, IF ANY, OF THE TOTAL VALUATION IN THIS REPORT BETWEEN LAND AND IMPROVEMENTS APPLIES ONLY UNDER THE STATED PROGRAM OF UTILIZATION. THE SEPARATE ALLOCATIONS FOR LAND AND BUILDINGS MUST NOT BE USED IN CONJUNCTION WITH ANY OTHER APPRAISAL AND ARE INVALID IF SO USED.
- 4) POSSESSION OF THIS REPORT, OR A COPY THEREOF, DOES NOT CARRY WITH IT THE RIGHT OF PUBLICATION.
- 5) THE APPRAISERS, BY REASON OF THIS APPRAISAL, ARE NOT REQUIRED TO GIVE FURTHER CONSULTATION, TESTIMONY, OR BE IN ATTENDANCE IN COURT WITH REFERENCE TO THE PROPERTY IN QUESTION UNLESS ARRANGEMENTS HAVE BEEN PREVIOUSLY MADE.
- 6) NEITHER ALL NOR ANY PART OF THE CONTENTS OF THIS REPORT (ESPECIALLY ANY CONCLUSIONS AS TO VALUE, THE IDENTITY OF THE APPRAISERS, OR THE FIRM WITH WHICH THE APPRAISERS ARE CONNECTED) SHALL BE DISSEMINATED TO THE PUBLIC THROUGH ADVERTISING, PUBLIC RELATIONS, NEWS, SALES, OR OTHER MEDIA WITHOUT THE PRIOR WRITTEN CONSENT AND APPROVAL OF THE APPRAISER.

- 7) ANY VALUE ESTIMATES PROVIDED IN THE REPORT APPLY TO THE ENTIRE PROPERTY, AND ANY PRORATION OR DIVISION OF THE TOTAL INTO FRACTIONAL INTERESTS WILL INVALIDATE THE VALUE ESTIMATE, UNLESS SUCH PRORATION OR DIVISION OF INTERESTS HAS BEEN SET FORTH IN THE REPORT.
- 8) THE APPRAISERS ASSUME THAT THE READER OR USER OF THIS REPORT HAS BEEN PROVIDED WITH COPIES OF AVAILABLE BUILDING PLANS AND ALL LEASES AND AMENDMENTS, IF ANY, ENCUMBERING THE PROPERTY.
- 9) NO SURVEY WAS FURNISHED SO THE APPRAISERS UTILIZED THE COUNTY TAX PLAT TO ASCERTAIN THE PHYSICAL DIMENSIONS AND ACREAGE OF THE PROPERTY. SHOULD A SURVEY PROVE THESE CHARACTERISTIC INACCURATE, IT MAY BE NECESSARY FOR THIS APPRAISAL TO BE ADJUSTED.
- 10) THE FORECASTS, PROJECTIONS, OR OPERATING ESTIMATES CONTAINED HEREIN ARE BASED UPON CURRENT MARKET CONDITIONS, ANTICIPATED SHORT-TERM SUPPLY AND DEMAND FACTORS, AND A CONTINUED STABLE ECONOMY. THESE FORECASTS ARE, THEREFORE, SUBJECT TO CHANGES IN FUTURE CONDITIONS.
- 11) ONLY PRELIMINARY PLANS AND SPECIFICATIONS WERE AVAILABLE IN THE PREPARATION OF THIS APPRAISAL; THE ANALYSIS, THEREFORE, IS SUBJECT TO A REVIEW OF THE FINAL PLANS AND SPECIFICATIONS WHEN AVAILABLE.
- 12) ANY PROPOSED IMPROVEMENTS ARE ASSUMED TO HAVE BEEN COMPLETED UNLESS OTHERWISE STIPULATED; ANY CONSTRUCTION IS ASSUMED TO CONFORM WITH THE BUILDING PLANS REFERENCED IN THE REPORT.
- 13) SINCE EARTHQUAKES ARE NOT UNCOMMON IN THE AREA, NO RESPONSIBILITY IS ASSUMED DUE TO THEIR POSSIBLE EFFECT ON INDIVIDUAL PROPERTIES UNLESS DETAILED GEOLOGIC REPORTS ARE MADE AVAILABLE.
- 14) TERMITE INSPECTION REPORT WAS AVAILABLE. THE APPRAISERS PERSONALLY INSPECTED THE SUBJECT PROPERTY AND FOUND NO SIGNIFICANT EVIDENCE OF TERMITE DAMAGE OR INFESTATION; HOWEVER, NO GUARANTEE THAT NONE EXISTS SHOULD BE CONSTRUED.
- 15) CONSIDERATION HAS BEEN GIVEN IN THIS APPRAISAL AS TO THE VALUE OF THE PROPERTY CONSIDERED BY THE APPRAISERS TO BE PERSONAL, LOCATED ON THE PREMISES, OR THE COST OF MOVING, RELOCATING SUCH PERSONAL PROPERTY; ONLY THE REAL ESTATE HAS BEEN CONSIDERED.
- 16) RENTAL AREAS HEREIN DISCUSSED HAVE BEEN CALCULATED IN ACCORDANCE WITH THE STANDARDS DEVELOPED BY THE AMERICAN STANDARD ASSOCIATION AS INCLUDED IN THE "REAL ESTATE APPRAISAL TECHNOLOGY" HANDBOOK SPONSORED BY THE AMERICAN INSTITUTE OF REAL ESTATE APPRAISERS AND THE SOCIETY OF REAL ESTATE APPRAISERS.
- 17) IN THIS APPRAISAL ASSIGNMENT, THE EXISTENCE OF POTENTIALLY HAZARDOUS MATERIAL USED IN THE CONSTRUCTION OR MAINTENANCE OF THE BUILDING, SUCH AS THE PRESENCE OF ASBESTOS OR UREA FORMALDEHYDE FOAM INSULATION, AND/OR EXISTENCE OF TOXIC WASTE, WHICH MAY OR MAY NOT BE PRESENT ON THE PROPERTY, HAS NOT BEEN CONSIDERED.
- 18) THE AMERICANS WITH DISABILITIES ACT (ADA) BECAME EFFECTIVE JANUARY 26, 1992. WE HAVE NOT MADE A SPECIFIC SURVEY OR ANALYSIS OF THE SUBJECT PROPERTY TO DETERMINE WHETHER THE PHYSICAL ASPECTS OF THE IMPROVEMENTS MEET THE ADA ACCESSIBILITY GUIDELINES. SINCE COMPLIANCE MATCHES EACH OWNER'S FINANCIAL ABILITY WITH THE COST-TO-CURE THE PROPERTY'S POTENTIAL PHYSICAL CHARACTERISTICS, THE REAL ESTATE APPRAISER CANNOT COMMENT ON COMPLIANCE TO ADA. A BRIEF SUMMARY OF THE SUBJECT'S PHYSICAL ASPECTS IS INCLUDED IN THIS REPORT. IT IN NO WAY SUGGESTS ADA COMPLIANCE BY THE CURRENT OWNER. GIVEN THAT COMPLIANCE CAN CHANGE WITH EACH OWNER'S FINANCIAL ABILITY TO CURE NON-ACCESSIBILITY, THE VALUE OF THE SUBJECT DOES NOT CONSIDER POSSIBLE NON-COMPLIANCE. SPECIFIC STUDY OF BOTH THE OWNER'S FINANCIAL ABILITY AND THE COST-TO-CURE ANY DEFICIENCIES WOULD BE NEEDED FOR THE DEPARTMENT OF JUSTICE TO DETERMINE COMPLIANCE.

Particular attention is directed to the following Hypothetical Condition(s) and/or Extraordinary Assumption(s):

Hypothetical Condition(s):

Hypothetical Condition #1

Our scope of work includes valuation of the subject site on the premise that it can be subdivided from the larger parcel and can be developed based on its Light Industrial (LI) zone designation. Given the subject's current zone designation is Light Industrial, the Market Value scenario is premised on permitted uses and invokes a Hypothetical Condition as if the subject property was subdivided on the date of value.

Extraordinary Assumption(s):

Extraordinary Assumption #1

The subject is a former industrial site located in an area of various types of industrial uses. With that in mind, we emphasize that our analysis and valuation specifically assumes that subject to be free & clear of any hazardous or toxic contaminants necessitating mitigation, and we further presume that all future usage of such materials will be performed in a safe manner, in conformance with prevailing laws and regulations.

DEFINITIONS

DEFINITIONS

The "**Market Value**" definition provided in 12 CFR, Part 54.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994:

The most probable price in terms of money which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in the definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and each acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars, or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Market Value "As Is" is based on the general definition noted above but specifically accounts for any impact to value stemming from property conditions, physical or economic, that are deemed to represent a measurable detriment (or enhancement) to the subject's overall value. For example, the need to cure physical defects or deficiencies; or, the loss in value stemming from non-stabilized occupancy as of the date of analysis are examples of items addressed in deriving an "As Is" estimate of Market Value.

Market Rent* may be defined as:

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the specified lease agreement including term, rental adjustment and revaluation, permitted uses, use restrictions, and expense obligations; the lessee and lessor each acting prudently and knowledgeably, and assuming consummation of a lease contract as of a specified date and the passing of the leasehold from lessor to lessee under conditions whereby:

- Lessee and lessor are typically motivated.
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- The rent payment is made in terms of cash in U.S. dollars, and is expressed as an amount per time period consistent with the payment schedule of the lease contract.
- The rental amount represents the normal consideration for the property leased unaffected by special fees or concessions granted by anyone associated with the transaction.

The **Fee Simple*** interest reflects absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

The **Leased Fee*** interest reflects an ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the lessee are specified by contract terms contained within the lease.

*Source: The Dictionary of Real Estate Appraisal, 4th ed. (Chicago: Appraisal Institute, 2002).

QUALIFICATIONS OF THE APPRAISERS

**PROFESSIONAL QUALIFICATIONS OF:
CARY BRONSTEIN, MAI**

Professional Designations & Affiliations

- "MAI" (Designated Member of the Appraisal Institute, #11230)
- California State Certified General Appraiser (#AG013774)
- Chairman – Technology Committee of the Southern California Chapter of the Appraisal Institute (SCCAI), Year 2000
- Member – SCCAI Admissions Committee, Year 2000
- Treasurer / BOD Member – Enrichment Foundation for Handicapped Children (TBCinc is closely affiliated with this foundation and a portion of all company earnings is donated to this not-for-profit organization)

Background & Experience

- **The Bronstein Company, inc.** (Since 1999)
Principal of TBCinc, a Southern California based appraisal firm providing a wide variety of services including commercial, industrial, and multi-residential valuations; appraisal reviews; estate planning & partial interest discount studies; and, related consultation services. Property types appraised include office, retail, industrial, apartment, vacant land, and special use properties. Primary areas of expertise include Los Angeles, Orange, Ventura, San Bernardino, and Riverside Counties. Additionally, TBCinc has affiliated appraisers with expertise in other regions within California, Nevada, and Arizona.

TBCinc provides services for a variety of appraisal users including Lenders, Mortgage Bankers & Brokers, Estate Planners, Attorneys, Accountants, Insurance Companies, Pension Funds, Developers, and other Real Estate Companies.
- **Prior Experience**
Cary's previous experience includes appraisal and consulting services in both the public and private sectors. Prior to forming TBCinc, he was affiliated with the California-based appraisal firm Curtis-Rosenthal, LLC (1992-1999), where he served as that company's Director; and, between 1990-1992 he was employed by Lea Associates as a senior level analyst. His public sector employment (1987-1990) included serving as an appraiser specialist for the Los Angeles County Assessor's Office in their construction cost estimating division.

Expert Witness

- Cary has served as an expert witness before the following venues:
 - Los Angeles County Assessment Appeals Board
 - City of West Hollywood Rent Stabilization Board

Education

- **Bachelor of Arts Degree**
California State University Northridge
Political Science Major, Public Law Concentration (1987)
- **Appraisal Institute & Related Coursework**
Continuous coursework with regard to fulfilling the requirements of both the Appraisal Institute (100 hours every five years); and, the State of California Office of Real Estate Appraisers (14 hours each calendar year).

STEVEN FOX

3538 KEYSTONE AVE., #3
LOS ANGELES, CA 90034

310-365-8592
FAAHXX@GMAIL.COM

QUALIFICATION SUMMARY

Real Estate, financial, critical thinking, communication and technical software skills; I can verify broker information, create spreadsheets, format documents, create maps, charts, write comparisons, research properties, shoot pictures. B.S. and a Real Estate educational background as well as an aptitude to learn. Practical relevant background with loan origination, brokerage and underwriting multi-family and land, including arranging private financing.

SKILLS PROFILE

OREA Appraisal Trainee
CA DRE Agent
Relationship Building

Business development
Presentation Skills
Sales/Marketing

Market Analysis
Forecasting
Budgeting
Account Management

Appraisal Experience

Curtis-Rosenthal
TBC Appraisal, Inc.

PROFESSIONAL EXPERIENCE

Contemporary Ventures Group **2009 - Present**
Principal Managing Partner

Boutique brokerage firm directed towards multifamily commercial real estate transactions with a focus on creating lasting strategic business relationships.

- Responsible for the location and financial analysis of income producing properties
- Designed and implemented innovative negotiation strategy for short-pay transactions
- Creating pool of qualified financial investors to market properties based on specific requirements
- Successfully managed relationships with key referral partners to generate new business
- Developed profitable relationships with private and conventional money sources to provide creative financing alternatives in a difficult credit market

Stewart Title of California
Business Development

8/2011 to 5/2012

Stewart Title is a multinational information company that provides title insurance services to residential, commercial property owners for both purchase and refinance transactions.

- Building relationships with banks, retail, office, apartment property owners
- Creating and managing referral partners
- Using technology to help clients locate property and expand business

**JPMorgan Chase
Financial Loan Sales**

2008-2009

- Responsible for the acquisition of new business, surpassed all assigned monthly quotas
- Successfully managed relationships with key partners
- Innovated new ways to attract clients through relationship building, social media and online tools
- Consistently nurtured internal contacts to improve process and results
- Collaborated across organizational departments
- Found new ways to analyze data, which created more focused lead generation

**Wells Fargo Home Mortgage
Financial Loan Sales – Real Estate Development**

2004-2008

- New builder relationships that resulted in \$100 million in available inventory
- Successful in meeting profitability goals, increased profitability each year by 30%
- Consistent performer with over \$75 million in business originated
- Developed new systems for lead generation and work process; streamlining operations
- Assigned multiple new major account relationships
- Conducted a weekly “Mastermind Meeting” of industry representatives that improved working relationships and increased lead generation

**Interwest Financial Group, LLC
Financial Loan Origination & Sales**

2000-2004

Reported and worked directly with upper level management to build market exposure; implemented direct marketing and advertising programs.

- Created internet lead generation system
- Adapted business creation strategies from software industry to financial sector
- Increased profitability from year to year by 40%
- Signed major account relationships to service 3rd party clients
- Created customer database which improved customer retention by 25% year to year

EDUCATION

High School - Glen Cove High School
Bachelors of Science- Arizona State

PROFESSIONAL TRAINING

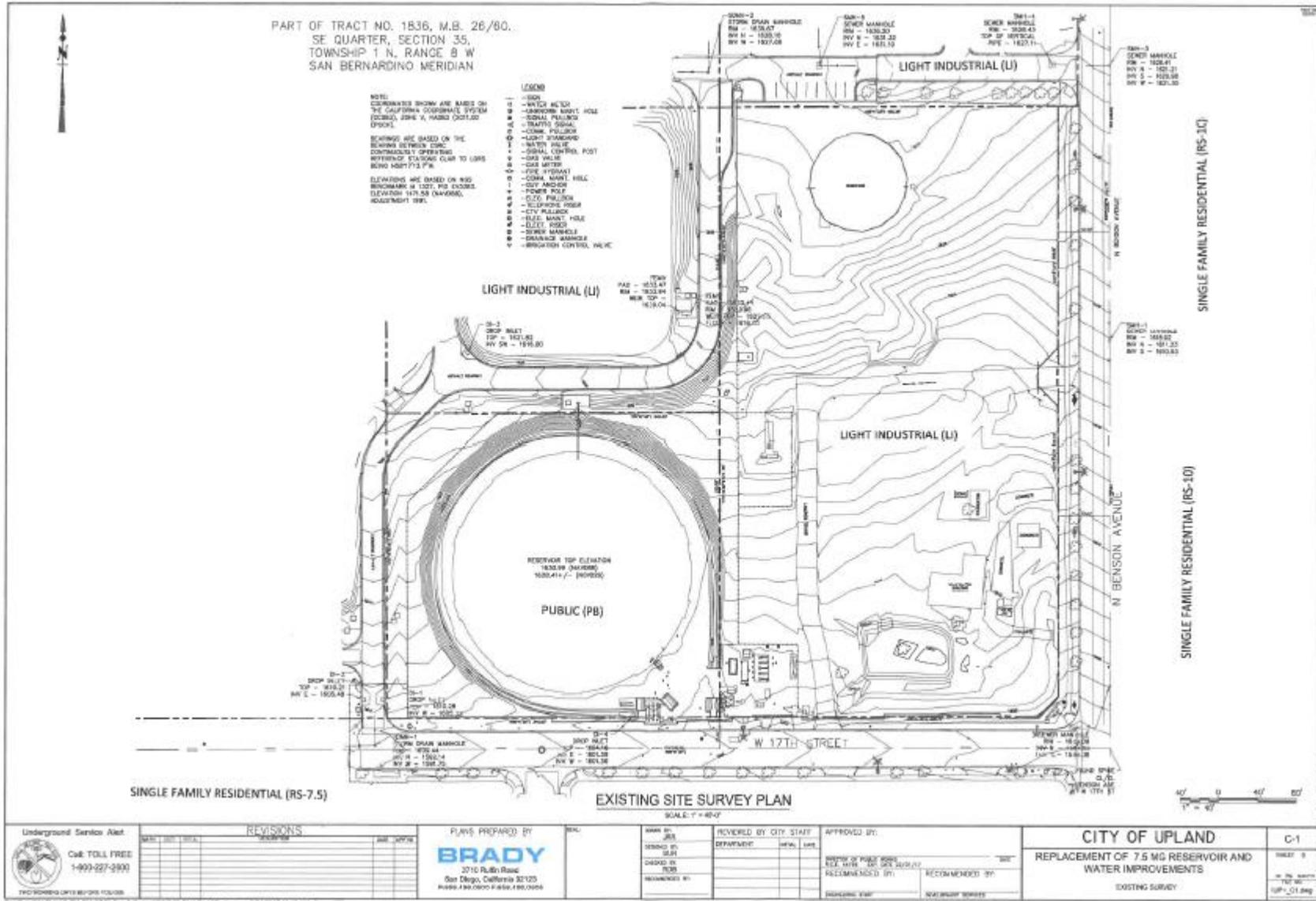
Xerox Sales Training, Cannon Training,
Sales Leader Awards, NLP Training
Expert – MS Office, ACT, Project
Management, Salesforce.com

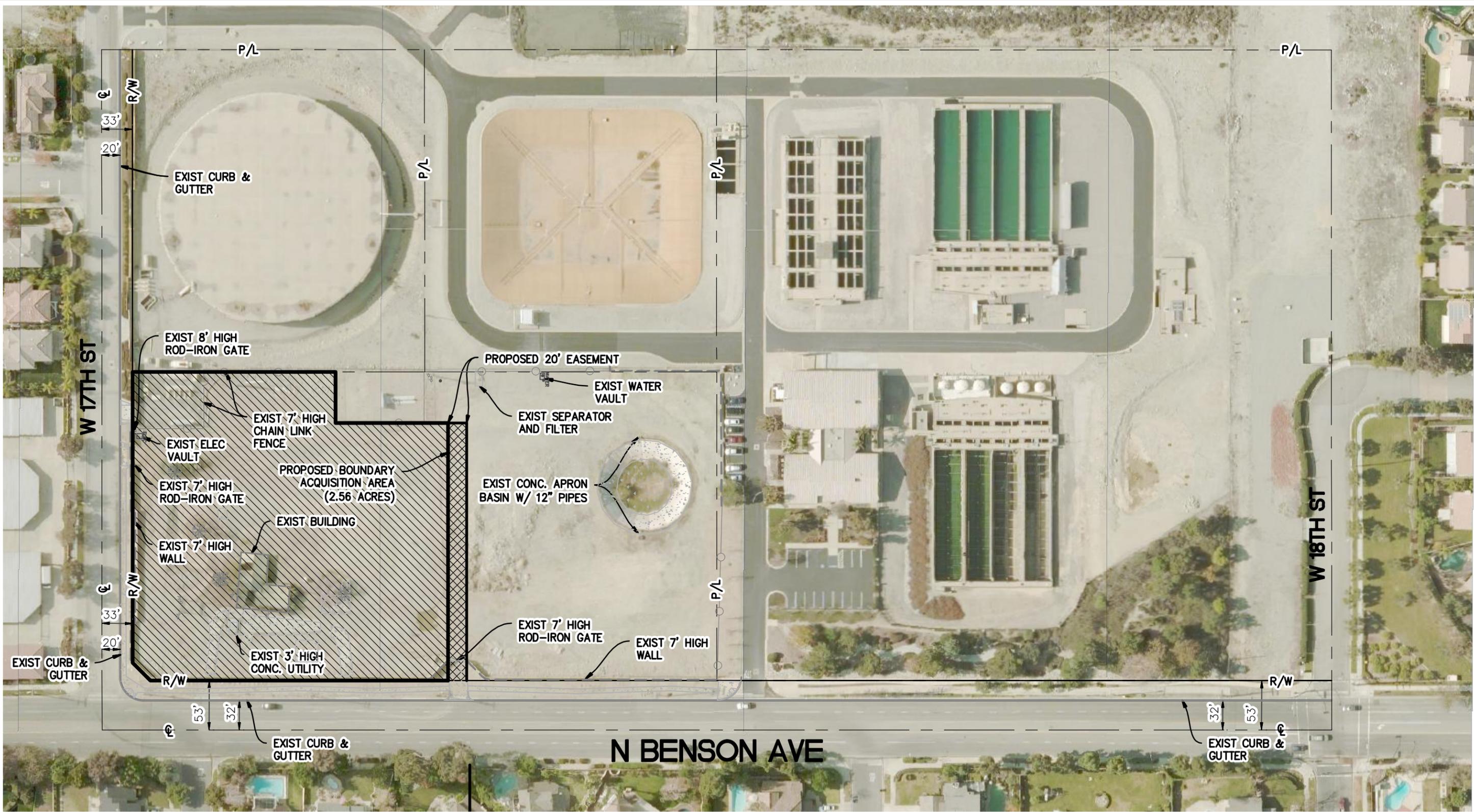
Appraisal Coursework – McKissock

Market Analysis and Highest & Best Use	3/25/13
Basic Appraisal Procedures	4/18/13
Report Writing and Case Studies	4/22/13
Basic Appraisal Principles	5/2/13
Sales Comparison and Income Approaches	5/12/13
Appraiser Site Valuation and Cost Approach	5/15/13
2012-2013 National USPAP	5/21/13

SUPPORTING DOCUMENTS

PROPOSED SITE PLAN (CONT'D)





ROSEWOOD ST

W CLARK ST

W 18TH ST



SCALE: 1" = 100'



TKE ENGINEERING, INC.
 2305 CHICAGO AVENUE
 RIVERSIDE, CA 92507
 (951) 680-0440
 FAX: (951) 680-0490

CITY OF UPLAND

EXHIBIT FOR
 SAWCO RESERVOIR SITE
 PROPERTY ACQUISITION



STAFF REPORT

ITEM NO. 14.C.

DATE: March 11, 2019
TO: MAYOR AND CITY COUNCIL
FROM: JEANNETTE VAGNOZZI, CITY MANAGER
PREPARED BY: ROBERT D. DALQUEST, DEVELOPMENT SERVICES DIRECTOR
LIZ CHAVEZ, DEVELOPMENT SERVICES MANAGER
SUBJECT: REVIEW OF THE 2018 HOUSING ELEMENT ANNUAL PROGRESS
REPORT ON IMPLEMENTATION OF THE GENERAL PLAN HOUSING
ELEMENT

RECOMMENDED ACTION

It is recommended that the City Council receive comments from the public on the 2018 Housing Element Annual Progress Report (the "APR"), and direct staff to submit the report to the Governor's Office of Planning and Research and the California Department of Housing and Community Development to comply with State Law.

GOAL STATEMENT

The proposed action supports the provision of accurate and thorough information in a timely manner to ensure that community members have an opportunity to respond effectively.

BACKGROUND

California Government Code Section 65400 ("Section 65400") requires cities and counties to submit an APR to the State by April 1 of each year. APRs must be submitted to two State agencies: the Governor's Office of Planning and Research (OPR) and the Department of Housing and Community Development (HCD). The APRs describe each jurisdiction's progress in implementing the housing elements of their General Plan.

Two new laws which took effect on January 1, 2018, (SB 35 and AB 879) now require all jurisdictions to submit an APR every year, beginning with the 2018 APRs, due by April 1, 2019. These laws also expanded the types of data that must be reported in the APRs. The draft 2018 APR (Attachment 1) provides an update on the City's progress in implementing the 2014-2021 Housing Element. The APR describes the City's accomplishments through the

end of calendar year 2018 that contribute toward meeting its Regional Housing Needs Allocation (RHNA). The RHNA is the state-mandated process to identify the total number of housing units (by affordability level) that each jurisdiction must accommodate with its housing element.

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental organization or administrative activity that will not result in direct or indirect changes in the environment.

ISSUES/ANALYSIS

The APR is a tool for tracking and monitoring the City's progress in meeting local housing needs and compliance with State housing element law. There are six (6) components to the APR:

These components are described further below and are provided in Attachment 1.

Part 1 - Table A: Describes the number of Housing Development applications submitted. Table A-2: Describes the number of affordable units developed (no units were developed during this period).

Part 2 - Table B: Describes the Regional Housing Needs Allocation Progress (no permitted units issued by affordability during this period).

Part 3 - Table C: Describes the number of sites identified or rezoned to accommodate shortfall housing needs (none approved during this period).

Part 4 - Table D: Describes Housing Element Program Implementation status (all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element have been updated).

Part 5 - Table E: Describes the number of Commercial Development Bonus approved (none approved during this period).

Part 6 - Table F: Describes the number of units rehabilitated, preserved and acquired for alternative adequate site (a total of 11 units were rehabilitated during this period).

FISCAL IMPACTS

Submittal of the APR is required by State law, and may assist the City in qualifying for future State grant opportunities. Otherwise, as the report is primarily for information purposes, this action has no fiscal impact.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

Progress Report

Please Start Here

General Information	
Jurisdiction Name	City of Upland, California
Reporting Calendar Year	2018
Contact Information	
First Name	Liz
Last Name	Chavez
Title	Development Services Manager
Email	lchavez@ci.upland.ca.us
Phone	(909) 931-4146
Mailing Address	
Street Address	<u>460 N. Euclid Ave</u>
City	Upland, CA
Zipcode	91786

Submittal Instructions

Housing Element Annual Progress Reports (APRs) forms and tables must be submitted to HCD and the Governor's Office of Planning and Research (OPR) on or before April 1 of each year for the prior calendar year; submit separate reports directly to both HCD and OPR pursuant to Government Code section 65400. There are two options for submitting APRs:

1. **Online Annual Progress Reporting System (Preferred)** - This enters your information directly into HCD's database limiting the risk of errors. If you would like to use the online system, email APR@hcd.ca.gov and HCD will send you the login information for your jurisdiction. *Please note: Using the online system only provides the information to HCD. The APR must still be submitted to OPR. Their email address is opr.apr@opr.ca.gov.*

2. **Email** - If you prefer to submit via email, you can complete the excel Annual Progress Report forms and submit to HCD at APR@hcd.ca.gov and to OPR at opr.apr@opr.ca.gov. Please send the Excel workbook, not a scanned or PDF copy of the tables.

v 1_29_19

ANNUAL ELEMENT PROGRESS REPORT
Housing Element Implementation
 (CCR Title 25 §6202)

Jurisdiction	City of Upland, California	
Reporting Year	2018	(Jan. 1 - Dec. 31)

Note: + Optional field
 Cells in grey contain auto-calculation formulas

Table A
Housing Development Applications Submitted

Project Identifier					Unit Types		Date Application Submitted	Proposed Units - Affordability by Household Incomes								Total Approved Units by Project	Total Disapproved Units by Project	Streamlining	Notes	
1					2	3	4	5								6	7	8	9	10
Prior APN*	Current APN	Street Address	Project Name*	Local Jurisdiction Tracking ID*	Unit Category (SFA,SFD,2 to 4,5+,ADU,MH)	Tenure R=Renter O=Owner	Date Application Submitted	Very Low-Income Deed Restricted	Very Low-Income Non Deed Restricted	Low-Income Deed Restricted	Low-Income Non Deed Restricted	Moderate-Income Deed Restricted	Moderate-Income Non Deed Restricted	Above Moderate-Income	Total PROPOSED Units by Project	Total APPROVED Units by project	Total DISAPPROVED Units by Project (Auto-calculated Can Be Overwritten)	Was APPLICATION SUBMITTED Pursuant to GC 65913.4(b)? (SB 35 Streamlining)	Notes*	
Summary Row: Start Data Entry Below															74	74	74			
1005-481-05	N/A	1636 Burlington Pl		B201800032	SFD	O	1/22/2018								1	1	1		No	
1005-481-05	N/A	1924 Apple Tree Pl		B201800172	SFD	O	3/19/2018								1	1	1		No	
1005-481-05	N/A	1915 Apple Tree Pl		B201800184	SFD	O	3/19/2018								1	1	1		No	
1005-481-05	N/A	1918 Apple Tree Pl		B201800185	SFD	O	3/19/2018								1	1	1		No	
1005-481-05	N/A	1907 Apple Tree Pl		B201800186	SFD	O	3/19/2018								1	1	1		No	
1005-481-05	N/A	1906 Apple Tree Pl		B201800187	SFD	O	3/19/2018								1	1	1		No	
1005-481-05	N/A	1923 Apple Tree Pl		B201800188	SFD	O	3/19/2018								1	1	1		No	
1007-021-22	1007-021-22	873 Harvest Ave		B201800206	SFD	O	3/22/2018								1	1	1		No	
1007-021-23	1007-021-23	875 Harvest Ave		B201800207	SFD	O	3/22/2018								1	1	1		No	
1007-021-24	1007-021-24	877 Harvest Ave		B201800208	SFD	O	3/22/2018								1	1	1		No	
1005-021-25	1005-021-25	881 Harvest Ave		B201800209	SFD	O	3/22/2018								1	1	1		No	
1007-021-26	1007-021-26	885 Harvest Ave		B201800211	SFD	O	3/22/2018								1	1	1		No	
1007-021-27	1007-021-27	889 Harvest Ave		B201800212	SFD	O	3/22/2018								1	1	1		No	
1007-021-08	1007-021-28	893 Harvest Ave		B201800213	SFD	O	3/22/2018								1	1	1		No	
1007-021-29	1007-021-29	897 Harvest Ave		B201800214	SFD	O	3/22/2018								1	1	1		No	
1007-021-61	1007-021-61	878 Harvest Ave		B201800215	SFD	O	3/22/2018								1	1	1		No	
1007-021-62	1007-021-62	882 Harvest Ave		B201800216	SFD	O	3/22/2018								1	1	1		No	
1007-021-63	1007-021-63	886 Harvest Ave		B201800219	SFD	O	3/22/2018								1	1	1		No	
1007-021-64	1007-021-64	890 Harvest Ave		B201800220	SFD	O	3/22/2018								1	1	1		No	
1007-021-65	1007-021-65	894 Harvest Ave		B201800221	SFD	O	3/22/2018								1	1	1		No	
1007-031-73	1007-031-73	2367 Vineyard St.		B201800307	SFD	O	4/30/2018								1	1	1		No	
1007-031-74	1007-031-74	2363 Vineyard St.		B201800308	SFD	O	4/30/2018								1	1	1		No	
1007-031-75	1007-031-75	2359 Vineyard St.		B201800309	SFD	O	4/30/2018								1	1	1		No	
1007-031-76	1007-031-76	2355 Vineyard St.		B201800310	SFD	O	4/30/2018								1	1	1		No	
1007-031-69	1007-031-69	2383 Vineyard St.		B201800311	SFD	O	4/30/2018								1	1	1		No	
1007-031-70	1007-031-70	2379 Vineyard St.		B201800312	SFD	O	4/30/2018								1	1	1		No	
1007-031-71	1007-031-71	2375 Vineyard St.		B201800313	SFD	O	4/30/2018								1	1	1		No	
1007-031-72	1007-031-72	2371 Vineyard St.		B201800314	SFD	O	4/30/2018								1	1	1		No	
1007-031-47	1007-031-47	855 Brynlee Pl		B201800315	SFD	O	4/30/2018								1	1	1		No	
1007-031-48	1007-031-48	851 Brynlee Pl		B201800316	SFD	O	4/30/2018								1	1	1		No	
1007-031-49	1007-031-49	847 Brynlee Pl		B201800317	SFD	O	4/30/2018								1	1	1		No	
1007-031-50	1007-031-50	845 Brynlee Pl		B201800318	SFD	O	4/30/2018								1	1	1		No	
1007-031-51	1007-031-51	843 Brynlee Pl		B201800319	SFD	O	4/30/2018								1	1	1		No	
1007-031-52	1007-031-52	837 Brynlee Pl		B201800320	SFD	O	4/30/2018								1	1	1		No	
1007-031-53	1007-031-53	833 Brynlee Pl		B201800321	SFD	O	4/30/2018								1	1	1		No	
1007-031-54	1007-031-54	829 Brynlee Pl		B201800322	SFD	O	4/30/2018								1	1	1		No	
1007-031-55	1007-031-55	825 Brynlee Pl		B201800323	SFD	O	4/30/2018								1	1	1		No	
1007-031-36	1007-031-36	820 Brynlee Pl		B201800324	SFD	O	4/30/2018								1	1	1		No	
1007-031-42	1007-031-42	844 Brynlee Pl		B201800326	SFD	O	4/30/2018								1	1	1		No	
1007-031-43	1007-031-43	848 Brynlee Pl		B201800327	SFD	O	4/30/2018								1	1	1		No	
1007-031-44	1007-031-44	850 Brynlee Pl		B201800328	SFD	O	4/30/2018								1	1	1		No	
1007-031-45	1007-031-45	852 Brynlee Pl		B201800329	SFD	O	4/30/2019								1	1	1		No	
1007-031-46	1007-031-46	854 Brynlee Pl		B201800330	SFD	O	4/30/2018								1	1	1		No	
1005-481-05	N/A	1643 Atchison Pl		B201800335	SFD	O	4/30/2018								1	1	1		No	
1005-481-05	N/A	1634 Atchison Pl		B201800337	SFD	O	4/30/2018								1	1	1		No	
1005-481-05	N/A	1640 Atchison Pl		B201800339	SFD	O	4/30/2018								1	1	1		No	
1005-481-05	N/A	1639 Atchison Pl		B201800340	SFD	O	4/30/2018								1	1	1		No	

1005-481-05	N/A	1632 Atchison Pl		B201800342	SFD	O	4/30/2018							1	1	1	No
1005-481-05	N/A	1615 Pear Tree Pl		B201800345	SFD	O	4/30/2018							1	1	1	No
1005-481-05	N/A	1603 Pear Tree Pl		B201800346	SFD	O	4/30/2018							1	1	1	No
1005-481-05	N/A	1606 Pear Tree Pl		B201800347	SFD	O	4/30/2018							1	1	1	No
1005-481-05	N/A	1611 Pear Tree Pl		B201800348	SFD	O	4/30/2018							1	1	1	No
1005-481-05	N/A	1612 Pear Tree Pl		B201800349	SFD	O	4/30/2018							1	1	1	No
1005-481-05	N/A	1602 Pear Tree Pl		B201800351	SFD	O	4/30/2018							1	1	1	No
1005-481-05	N/A	1608 Pear Tree Pl		B201800352	SFD	O	4/30/2018							1	1	1	No
1005-481-05	N/A	1810 Plan Tree Pl		B201800367	SFD	O	5/3/2018							1	1	1	No
1005-481-05	N/A	1819 Chinar Tree Dr		B201800368	SFD	O	5/3/2018							1	1	1	No
1005-481-05	N/A	1820 Plan Tree Pl		B201800380	SFD	O	5/9/2018							1	1	1	No
1005-481-05	N/A	1802 Plan Tree Pl		B201800381	SFD	O	5/9/2018							1	1	1	No
1005-481-05	N/A	1811 Chinar Tree Dr		B201800382	SFD	O	5/9/2018							1	1	1	No
1005-481-05	N/A	1613 Ruedy Pl		B201800386	SFD	O	5/9/2018							1	1	1	No
1005-481-05	N/A	1605 Ruedy Pl		B201800387	SFD	O	5/9/2018							1	1	1	No
1005-481-05	N/A	1612 Ruedy Pl		B201800388	SFD	O	5/9/2018							1	1	1	No
1005-481-05	N/A	1609 Ruedy Pl		B201800389	SFD	O	5/9/2018							1	1	1	No
1005-481-05	N/A	1604 Ruedy Pl		B201800390	SFD	O	5/9/2018							1	1	1	No
1005-481-05	N/A	1614 Ruedy Pl		B201800396	SFD	O	5/10/2018							1	1	1	No
1005-481-05	N/A	1601 Ruedy Pl		B201800397	SFD	O	5/10/2018							1	1	1	No
1005-481-05	N/A	1608 Ruedy Pl		B201800398	SFD	O	5/10/2018							1	1	1	No
1007-031-65	1007-031-65	2399 Vineyard St.		B201800447	SFD	O	6/7/2018							1	1	1	No
1007-031-66	1007-031-66	2395 Vineyard St.		B201800448	SFD	O	6/7/2018							1	1	1	No
1007-031-67	1007-031-67	2391 Vineyard St.		B201800450	SFD	O	6/7/2018							1	1	1	No
1007-031-68	1007-031-68	2387 Vineyard St.		B201800451	SFD	O	6/7/2018							1	1	1	No
1007-031-37	1007-031-37	822 Brynlee Pl		B201800452	SFD	O	6/7/2018							1	1	1	No
1043-262-08	1043-262-08	605 Emerson St.		B201800694	SFD	O	10/9/2018							1	1	1	No

ANNUAL ELEMENT PROGRESS REPORT Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction	City of Upland, California	
Reporting Year	2018	(Jan. 1 - Dec. 31)

This table is auto-populated once you enter your jurisdiction name and current year data. Past year information comes from previous APRs. Please contact HCD if your data is different than the material supplied here

Table B													
Regional Housing Needs Allocation Progress													
Permitted Units Issued by Affordability													
		1	2									3	4
Income Level		RHNA Allocation by Income Level	#N/A									Total Units to Date (all years)	Total Remaining RHNA by Income Level
Very Low	Deed Restricted	#N/A	#N/A									#N/A	#N/A
	Non-Deed Restricted	#N/A	#N/A									#N/A	#N/A
Low	Deed Restricted	#N/A	#N/A									#N/A	#N/A
	Non-Deed Restricted	#N/A	#N/A									#N/A	#N/A
Moderate	Deed Restricted	#N/A	#N/A									#N/A	#N/A
	Non-Deed Restricted	#N/A	#N/A									#N/A	#N/A
Above Moderate		#N/A	#N/A									#N/A	#N/A
Total RHNA		#N/A										#N/A	#N/A
Total Units			#N/A									#N/A	#N/A

Note: units serving extremely low-income households are included in the very low-income permitted units totals
Cells in grey contain auto-calculation formulas

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction	City of Upland, California	
Reporting Year	2018	(Jan. 1 - Dec. 31)

Table D			
Program Implementation Status pursuant to GC Section 65583			
Housing Programs Progress Report			
Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element.			
1	2	3	4
Name of Program	Objective	Timeframe in H.E	Status of Program Implementation
1. Code Enforcement	Ensure compliance with municipal codes and maintain value and safety of property and structures.	Ongoing	Citywide Code Enforcement Program has addressed 3,055 calls. The total of citywide graffiti calls in 2018 was 2,865, and graffiti removal square-footage was 55,267 Sq. Ft.
2. Home Improvement	Provide Home Improvement loans to qualified low and moderate income homeowners earning less than the 80% Area median Income.	Ongoing	In 2018, due to the decrease of the State after rehabilitation value limits to \$285,000, Staff has struggled to provide assistance to any potential qualified applicants.
3. Emergency Repair Program	Provide grants to qualified homeowners to address emergency repairs.	Ongoing	A total of 11 households were assisted in 2018. Of this total, there were 3 grants to extremely low households, 4 for very low income households and 4 to low income families, totalling \$102,127 in program funding.
4. Rental Acquisition and Rehabilitation	Continue to provide grants to address properties with substantial rehabilitation or maintenance needs.	Ongoing	No units were assisted during 2018.
5. Historic Preservation	Continue to support the preservation of historic properties through a variety of planning, zoning, rehabilitation and other incentives	Discontinued	In 2018, the City Continued to support the preservation of historic properties through a variety of planning, zoning, rehabilitation, and other incentives. In 2018, no grants were awarded for this program; Program has been defunded.

6. Five Star Rental Recognition	The objective is to continue this program and disseminate information to landlords to encourage their participation in the Five Star Rental Recognition Program.	Discontinued	To date, 5 properties have qualified for this recognition. These properties include Sunset Ridge, Village Apartments, Magnolia, Portofino on the Park, and Las Brisas. This program has been discontinued since 2016.
7. Specific Plans	Continue to implement remaining specific plans to facilitate the development of high quality infill residential development in Upland.	Ongoing	In 2018, the City continued to implement the remaining specific plans in order to facilitate the development of high quality infill residential development in Upland.
8. Historic Downtown Specific Plan	Continue to implement the Historic Downtown Specific Plan to facilitate the development of high quality infill residential development in Upland.	Ongoing	In 2018, the City continued to implement remaining specific plans to facilitate the development of high quality infill residential development in Upland.
9. Secondary Units	The City will continue to support the production of second units and guest quarters that meet the requirements in the municipal code.	Ongoing	In 2018, the City continued to support the production of secondary units and guest quarters that meet the requirements in the municipal code.
10. Green Valley Initiative	Participate in the Green Valley Initiative's regional meetings and outreach efforts to promote a healthy economic and environmental future. Continue implementation of the City's other green initiatives, including waste management, water conservation and use, and CalGreen programs.	Ongoing	In 2018, the City continued to participate in this collaborative effort. Currently, the City participates in 4 open PACE Programs.
11. Water Priority System	Encourage water and sewer providers to have a water and sewer priority system in place in compliance with state housing law.	Ongoing	In 2018, the City actively participated in the establishment of a water and sewer priority system.
12. Neighborhood Improvements	Continue monitoring, planning, and programming for public improvements that serve the community.	Ongoing	In 2018, the City of Upland continued to make such infrastructure and service improvements to further the vision of the City Council.

13. Homeownership Assitance	Continue to provide up to 2 FTHB loans annually to qualified low income homeowners and advertise program availability. Annually evaluate the City's funding capacity and as needed pursue additional HOME / CAL HOME funds.	Ongoing	In 2018, there was no FTHB loans granted due to the risen home prices in Upland and the limited inventory of properties for sale that meet the County of San Bernardino Maximum Home Purchase Price of \$285,000. Due to these obstacles, staff has struggled to provide any assistance to any potential qualified applicants.
14. Rental Housing Assitance	Continue to participate in the federal housing choice voucher program and family self-sufficiency program allocating.	Ongoing	According to the Housing Authority of the County of San Bernardino the Upland Housing Authority served vouchers to 454 families.
15. Housing incentives	Continue to permit and encourage density bonuses, lot consolidations, and other means to build market rate and affordable housing. Amend the Zoning Code to allow half covered/ uncovered spaces for studio and 1- bedroom units in projects outside the downtown and mixed use corridors provided the project qualifies for a density bonus or is deed restricted as affordable. Advertise the availability of incentives at the planning public counter and through the development review process.	Ongoing	The Development Code Update was adopted on September 28, 2015. The update provided modifications to the Development Code that were recommended in the Housing Element. These included providing for residential care facilities (7 or fewer) by right in all residential zones. New provisions were also provided for Supportive and Transitional Housing , Emergency Shelters. Child Care/Day Care, SRO's, and efficiency units.
16. Mobile Home Rent Stabilization	Continue to enforce the Mobile Home Rent Ordinance; complete review and revisions to the Rent Ordinance after the courts complete proceedings on the legality of rent stabilization.	Ongoing	The City has placed the proposed revisions to the existing ordinance on hold until the court proceedings have been completed.

17. Housing at Risk of Conversion	Monitor publicly assisted multiple units at risk of conversion; support efforts to preserve the units through grants, tax credits, bonds, and transfer of ownership to entities willing to keep the units affordable. Inform tenants and property owners of their rights and responsibilities to provide adequate notice and other procedures if an affordable project is proposed for conversion to market rate housing.	Ongoing	The City continues to monitor affordable housing projects to determine properties at risk for conversion.
18. Low Income Housing Assistance	Offer expedited permit processing, contact developers annually about potential sites, and support applications of developers to build affordable housing that targets extremely low income households in Upland. Assist in the development of housing for lower-income households by outreaching to affordable housing developers, exploring available funding options, and supporting grant applications for housing.	Ongoing	In 2018 households were assisted through the Emergency Repair Program.
19. Homeless Services	Define shelters, transitional housing, and permanent supportive housing consistent with state law, permit shelters with a ministerial permit in the Industrial zone; and establish objective standards as allowed by state law. In all zones allowing residential uses, permit transitional and supportive housing as a residential use and only subject to those restrictions that apply to other residential uses of the same type in the same zone.	Ongoing	Continue to provide funding support to agencies that serve the homeless and at-risk homeless through the CDBG Program process and the City's Housing Fund. During 2018, these programs assisted 785 individuals through various homeless services. During 2013, a Homeless Shelter Stakeholders Group was formed to assist in the implementation of this goal. The Development Code Update was adopted in the summer of 2015.

20. Administrative Capacity	<p>Utilize the Service Council to coordinate the City, faith-based organizations, other non-profits, Upland Housing Authority, County, and other stakeholders and create a network of community and mainstream resources. The Service Council will develop and implement a Homeless Services Plan that addresses:</p> <ul style="list-style-type: none"> - Community Outreach, Engagement, and Education Initiatives -Treatment and Permanent Supportive Housing Initiatives -Housing First/Rapid Re-housing Initiatives -Chronic Homelessness -Enforcement 	Ongoing	<p>The City is continuing to work with the various organizations in San Bernardino County to create a Homeless Service Plan. The stakeholders team is comprised of individuals and organizations that have a desire to help the community and seek a positive change in the city, specifically, as it relates to those affected by homelessness. The team meets monthly in order to maintain an active effort to address the homeless issues</p>
21. Housing for People with Disabilities	<ul style="list-style-type: none"> <input type="checkbox"/> Amend the Zoning Code to define and allow residential care facilities serving six or fewer residents as a by-right use in all residential zones; remove or amend the definition of a family in the Zoning Code. Permit larger facilities with a CUP in two additional mixed-use zones. <input type="checkbox"/> Support agencies in seeking funding, as available, for the provision of housing and services for people with disabilities, including developmental disabilities. Reach out to potential developers or service agencies as part of the annual Action Plan solicitation for CDBG. <input type="checkbox"/> Create reasonable accommodation process and procedure as part of the Zoning Code Update to allow flexibility in land use, building, and development standards to accommodate people with disabilities. 	2014	<p>The Development Code Update was adopted on September 28, 2015. The update provided modifications to the Development Code that were recommended in the Housing Element. These included providing for residential care facilities by right in all residential zones. (for those serving 6 or fewer residents), Supportive and Transitional Housing, Second Dwelling Units, Emergency Housing and Single Room Occupancy (SRO) in Mixed Use Zones and Efficiency Units.</p>

ANNUAL ELEMENT PROGRESS REPORT
Housing Element Implementation
 (CCR Title 25 §6202)

Jurisdiction	California
Reporting Period	2018 (Jan. 1 - Dec. 31)

Note: + Optional field
 Cells in grey contain auto-calculation formulas

Table F

Units Rehabilitated, Preserved and Acquired for Alternative Adequate Sites pursuant to Government Code section 65583.1(c)(2)

This table is optional. Jurisdictions may list (for informational purposes only) units that do not count toward RHNA, but were substantially rehabilitated, acquired or preserved. To enter units in this table as progress toward RHNA, please contact HCD at APR@hcd.ca.gov. HCD will provide a password to unlock the grey fields. Units may only be credited to the table below when a jurisdiction has included a program in its housing element to rehabilitate, preserve or acquire units to accommodate a portion of its RHNA which meet the specific criteria as outlined in Government Code section 65583.1(c)(2).

Activity Type	Units that Do Not Count Towards RHNA ⁺ Listed for Informational Purposes Only				Units that Count Towards RHNA ⁺ Note - Because the statutory requirements severely limit what can be counted, please contact HCD to receive the password that will enable you to populate these fields.				The description should adequately document how each unit complies with subsection (c)(7) of Government Code Section 65583.1 ⁺
	Extremely Low-Income ⁺	Very Low-Income ⁺	Low-Income ⁺	TOTAL UNITS ⁺	Extremely Low-Income ⁺	Very Low-Income ⁺	Low-Income ⁺	TOTAL UNITS ⁺	
Rehabilitation Activity	3	4	4	11	/	/	/	/	Emergency Repair Program goal is to preserve and improve owner-occupied units for extremely to low-income
Preservation of Units At-Risk					/	/	/	/	
Acquisition of Units					/	/	/	/	
Total Units by Income	3	4	4	11	/	/	/	/	

Jurisdiction	City of Upland, California	
Reporting Year	2018	(Jan. 1 - Dec. 31)

Permitted Units Issued by Affordability Summary		
Income Level		Current Year
Very Low	Deed Restricted	0
	Non-Deed Restricted	0
Low	Deed Restricted	0
	Non-Deed Restricted	0
Moderate	Deed Restricted	0
	Non-Deed Restricted	0
Above Moderate		74
Total Units 44		74

Note: units serving extremely low-income households are included in the very low-income permitted units totals

Entitlement Summary	
Total Housing Applications Submitted:	74
Number of Proposed Units in All Applications Received:	74
Total Housing Units Approved:	74
Total Housing Units Disapproved:	0

Use of SB 35 Streamlining Provisions	
Number of Applications for Streamlining	0
Number of Streamlining Applications Approved	0
Total Developments Approved with Streamlining	0
Total Units Constructed with Streamlining	0

Units Constructed - SB 35 Streamlining Permits			
Income	Rental	Ownership	Total
Very Low	0	0	0
Low	0	0	0
Moderate	0	0	0
Above Moderate	0	0	0
Total	0	0	0



STAFF REPORT

ITEM NO. 14.D.

DATE: March 11, 2019
TO: MAYOR AND CITY COUNCIL
FROM: JEANNETTE VAGNOZZI, CITY MANAGER
PREPARED BY: JEANNETTE VAGNOZZI, CITY MANAGER
HAL G. FREDERICKSEN, ADMINISTRATIVE CONSULTANT
DOUG STORY, RECREATION SERVICES MANAGER
SUBJECT: CONSIDER APPROVAL OF AN AGREEMENT FOR HOMELESS SERVICES COORDINATOR

RECOMMENDED ACTION

It is recommended that the City Council approve an Agreement in substantially the form as attached with SBC Pathways to Housing Network for Homeless Services Coordination and authorize the City Manager to execute the Agreement.

GOAL STATEMENT

The proposed action supports the City's goals of providing safe and adequate housing for Upland residents and the elimination of homelessness in Upland.

BACKGROUND

The City Council is asked to consider approving a Professional Services Agreement for a new Homeless Services Coordinator.

The City's contract with its previous Homeless Services Coordinator expired in November 2018. Unfortunately, however, homelessness remains a critical issue in the City; a problem that needs daily attention. In addition, the City has been awarded a Homeless Emergency Aid Program Grant (HEAP) in the amount of \$127,000 (to be received and divided over the next two years). This is in addition to the approximately \$36,000 which the City dedicates to the elimination of homelessness in its annual budget.

The City Manager's Office issued a Request for Proposals (RFP) in January of this year. Requests were made to a total of sixteen (16) local non-profit organizations that work with or

provide homeless services within the local community. Additionally, the RFP was published on the City's website and distributed through the Interfaith Council. Two (2) proposals were received, by the RFP deadline of February 7, 2019, as follows:

1. SBC Pathways to Housing Network for Homeless Services (Don Smith)
2. Inland Empire United Way (Gary Madden)

ISSUES/ANALYSIS

A. Proposal Review

The review panel was impressed by SBC's approach to addressing and working to eliminate homelessness in Upland. Factors that stood out included:

- A commitment to move away from an "enabling" pattern to solutions that help get people off the street.
- An emphasis on prevention and diversion.
- A commitment and history of working with the Upland Police Department to get people off the streets and into housing, recognizing that both enforcement and housing are needed to address the problem.
- A commitment to work closely within the Upland system, providing services only to Upland residents and persons with roots in Upland.
- An acknowledgement of past successes that Upland has fostered, but leaving behind earlier "enabling" approaches.

B. Summary Scope of Services

The SBC Pathways to Housing Network is proposing to provide Homeless Services Coordination on behalf of the City of Upland through a collaborative partnership involving Pacific Lifeline, Inc, Impact Southern California, and including existing service providers; Team Heart and Ladies of the IE. Through this collaborative partnership, the Pathways Network will take over responsibilities that were previously administered by the City's Homeless Outreach Team "Community Restoration Team," and serve as coordinator and first response for Homeless services in Upland, and administer implementation of the City's approved Homeless Emergency Aid Program (HEAP) Grant and the City sponsored U-Hope Program.

Don Smith, Project Director, will serve as the Project Supervisor and chief liaison with the City under this collaborative project. Mr. Smith's role, in facilitating Homeless Services Coordination for Upland shall include, but not be limited to providing: project leadership; management and administrative oversight; administer the HEAP Grant funding; supervise client service delivery; facilitate city government and community stakeholder relations; manage contract compliance, data collection and outcome tracking; coordinate linkage with the County Navigation Team and; provide technical assistance with strategic planning and capacity building. Mr. Smith will work with City staff to identify how the one-time HEAP Grant can best be utilized to provide services and reduce homelessness in the City of Upland.

First responder services will be provided by a range of local service providers, with coordination of these providers by Mr Smith.

C. Proposed Budget

Homeless Services Coordination	\$23,500
Upland CRT/Street Outreach	\$49,000
Rapid Re-housing Interventions	\$20,000
Homeless Diversion and Prevention Interventions	\$20,000
TOTAL BUDGET	\$112,500
Sources of Funds:	
City of Upland Administration - \$36,000/yr.	
U-Hope Housing Outreach Prevention & Education Program- \$13,000/yr.	
CA Homeless Emergency Aid Program (HEAP) Grant - \$127,000/2 yrs.	

D. Length of Contract

A two (2) year contract, with provision for a one year extension, subject to mutual agreement, is recommended. This length of time aligns with the time frame for the HEAP grant.

HEAP Grant Funds

On February 20, 2019, a letter from the County of San Bernardino Office of Homeless Services stated that the City of Upland has been tentatively approved for \$127,875 contingent upon final approval by the County Board of Supervisors. It is anticipated that final approval will take place in April or May. The proposal submitted by SBC Pathways to Housing Network for Homeless Services utilizes the HEAP grant funds over the course of the next two years as required by the HEAP grant. To clarify any concerns, the following is a brief summary of the use of HEAP funds:

- HEAP funds **may** be used, but are not limited to, providing services (such as street outreach, diversion programs, operating support for short-term or comprehensive homeless services), rental assistance or subsidies (rapid re-housing, eviction prevention), or capital improvements (transitional housing, drop-in centers, shelters).
- HEAP funds can be used for capital projects; however, the HEAP funds are intended to provide immediate emergency assistance to people experiencing homelessness or at imminent risk of homelessness
- Building a temporary or permanent shelter is not required to receive HEAP funds.
- The grant awarded to the City of Upland is for services. No capital improvements, structures, or facilities have been requested.
- In order to receive HEAP funds, the City must continue its current level of financial support. The HEAP funds can not replace the resources currently allocated for homeless services.

FISCAL IMPACTS

The City currently budgets approximately \$36,000 per year for homeless services. In addition, a CDBG grant in the amount of \$13,000 was awarded in the current fiscal year for homeless services. It is also anticipated that \$127,875 will be available from the HEAP grant. These are the funds that will be used to fund the proposed services. No appropriation is required at this time. Council will be asked to approve a budget amendment when the grant award is finalized by the San Bernardino County Board of Supervisors.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

Agreement
HEAP Award Letter

**AGREEMENT
FOR PROFESSIONAL CONSULTANT SERVICES
SBC PATHWAYS TO HOUSING NETWORK**

THIS AGREEMENT is made and effective as of March ____, 2019, between the City of Upland, a municipal corporation ("City") and SBC Pathways to Housing Network d.b.a The Chance Project ("Consultant"). In consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

1. **TERM.** This Agreement shall commence on March ____, 2019 and shall remain and continue in effect until March ____, 2019, unless sooner terminated pursuant to the provisions of this Agreement. Thereafter, this Agreement may be extended by mutual written agreement of the Parties, for additional terms of one (1) year each.

2. **SERVICES.** Consultant shall perform the services and tasks described and set forth in Exhibit A, attached hereto and incorporated herein as though set forth in full. Consultant shall complete the tasks according to the schedule of performance which is also set forth in Exhibit A.

3. **PERFORMANCE.** Consultant represents that it has that degree of knowledge and experience and holds all necessary licenses to practice and perform the services herein contemplated and shall at all times faithfully, competently and to the complete satisfaction of the City, perform all tasks described herein. Consultant shall employ, at a minimum, generally accepted standards and practices utilized by persons engaged in providing similar services as are required of Consultant hereunder in meeting its obligations under this Agreement.

4. **PREVAILING WAGES.** Pursuant to the provisions of Section 1773 of the Labor Code of the State of California, the City Council has obtained the general prevailing rate of per diem wages and the general rate for holiday and overtime work in this locality for each craft, classification, or type of workman needed to execute this Contract from the Director of the Department of Industrial Relations. Copies may be obtained from the California Department of Industrial Relations' Internet web site at <http://www.dir.ca.gov>. Consultant shall provide a copy of prevailing wage rates to any staff or sub-contractor hired, and shall pay the adopted prevailing wage rates as a minimum. Consultant shall comply with the provisions of Sections 1773.8, 1775, 1776, 1777.5, 1777.6, and 1813 of the Labor Code. Pursuant to the provisions of 1775 of the Labor Code, Consultant shall forfeit to the City, as a penalty, the sum of \$25.00 for each calendar day, or portion thereof, for each laborer, worker, or mechanic employed, paid less than the stipulated prevailing rates for any work done under this contract, by him or by any subcontractor under him, in violation of the provisions of the Contract.

5. **PAYMENT.**

a. The City agrees to pay Consultant monthly, in accordance with the terms and the budget as set forth in Exhibit A. This amount shall not exceed \$72,000 payable by the City and \$140,875 in grant funding for the total term of the Agreement unless additional payment is approved as provided in this Agreement.

b. Monthly invoices shall be remitted with expenses itemized under each category of the budget document. All supporting documentation for payments as required under the provisions of the grant funded included in the budget shall be retained by the consultant and copies submitted with each invoice. Monthly invoices shall also include a monthly update of services provided and a status report with accompanying statistical summary.

c. Consultant shall not be compensated for any services rendered in connection with its performance of this Agreement which are in addition to those set forth herein, unless such additional services are authorized in advance and in writing by the City Manager with approval by the City Council. Consultant shall be compensated for any additional services in the amounts and in the manner as agreed to by City Manager and Consultant at the time City's written authorization is given to Consultant for the performance of said services.

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

6. SUSPENSION OR TERMINATION OF AGREEMENT WITHOUT CAUSE.

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

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

7. DEFAULT OF CONSULTANT.

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

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

8. OWNERSHIP OF DOCUMENTS.

a. Consultant shall maintain complete and accurate records with respect to sales, costs, expenses, receipts and other such information required by City that relate to the performance of services under this Agreement. Consultant shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Consultant shall provide free access to the representatives of City or its designees at reasonable times to such books and records, shall give City the right to examine and audit said books and records, shall permit City to make transcripts there from as necessary, and shall allow inspection of all work, data, documents, proceedings and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three (3) years after receipt of final payment.

b. Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files containing data generated for the work, surveys, notes, and other documents prepared in the course of providing the services to be performed pursuant to this Agreement shall become the sole property of the City and may be used, reused or otherwise disposed of by the City without the permission of the Consultant. With respect to computer files containing data generated for the work, Consultant shall make available to the City, upon reasonable written request by the City, the necessary computer software and hardware for purposes of accessing, compiling, transferring and printing computer files.

c. With respect to the design of public improvements, the Consultant shall not be liable for any injuries or property damage resulting from the reuse of the design at a location other than that specified in Exhibit A without the written consent of the Consultant.

9. INDEMNIFICATION.

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

b. In the event any claim or action is brought against City relating to Consultant's performance or services rendered under this Agreement, Consultant shall render any reasonable assistance and cooperation which City might require.

10. INSURANCE REQUIREMENTS. Consultant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property, which may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives, or employees.

a. Minimum Scope of Insurance. Coverage shall be at least as broad as:

- (1) Insurance Services Office Commercial General Liability form No. CG 00 01 11 85 or 88.

- (2) Insurance Services Office Business Auto Coverage form CA 00 01 06 92 covering Automobile Liability, code 1 (any auto). If the Consultant owns no automobiles, a non-owned auto endorsement to the General Liability policy described above is acceptable.
- (3) Worker's Compensation insurance as required by the State of California and Employer's Liability Insurance. If the Consultant has no employees while performing under this Agreement, worker's compensation insurance is not required, but Consultant shall execute a declaration that it has no employees.

b. Minimum Limits of Insurance. Consultant shall maintain limits no less than:

- (1) General Liability: One million dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
- (2) Automobile Liability: One million dollars (\$1,000,000) per accident for bodily injury and property damage.
- (3) Worker's Compensation as required by the State of California; Employer's Liability: One million dollars (\$1,000,000) per accident for bodily injury or disease.

c. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by the City Manager. At the option of the City Manager, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officers, officials, employees and volunteers; or the Consultant shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

d. Other Insurance Provisions. The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

- (1) The City, its officers, officials, employees and volunteers are to be covered as insured's as respects: liability arising out of activities performed by or on behalf of the Consultant; products and completed operations of the Consultant; premises owned, occupied or used by the Consultant; or automobiles owned, leased, hired or borrowed by the Consultant. The coverage shall contain no special limitations on the scope of protection afforded to the City, its officers, officials, employees or volunteers.
- (2) For any claims related to this project, the Consultant's insurance coverage shall be primary insurance as respects the City, its officers, officials, employees and volunteers. Any insurance or self-insured maintained by the City, its officers, officials, employees or volunteers

shall be excess of the Consultant's insurance and shall not contribute with it.

- (3) Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to the City, its officers, officials, employees or volunteers.
- (4) The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- (5) Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the City.
- (6) Additional Insured – All policies, except for Worker's Compensation and Professional Liability policies, shall contain endorsements naming the City of Upland and their officers, employees, agents, and volunteers as additional insured parties with respect to liabilities arising out to the performance of Work hereunder. The additional insured endorsements shall also be primary and non-contributory.
- (7) Waiver of Subrogation Rights - CONSULTANT shall require the carriers of Commercial General Liability, Automobile Liability and Worker's Compensation to waive all rights of subrogation against the City of Upland, and its officers, employees, agents and volunteers. Such insurance coverage provided shall not prohibit CONSULTANT's employees or agents from waiving the right of subrogation prior to a loss or claim. CONSULTANT hereby waives all rights of subrogation against the City of Upland.

e. Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VIII, and admitted and licensed to do business in the State of California, unless otherwise acceptable to the City. Self insurance shall not be considered to comply with these insurance requirements.

f. Verification of Coverage. Consultant shall furnish the City with original endorsements effecting coverage required by this clause. The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. All endorsements are to be received and approved by the City before work commences. As an alternative to the City's forms, the Consultant's insurer may provide complete, certified copies of all required insurance policies, including endorsements effecting the coverage required by these specifications.

11. INDEPENDENT CONTRACTOR.

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

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

c. PERS Eligibility Indemnification: In the event that Consultant or any employee, agent, or subcontractor of Consultant providing services under this Agreement claims or is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of the City, Consultant shall indemnify, defend, and hold harmless City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of City.

Notwithstanding any other agency, state or federal policy, rule, regulation, law or ordinance to the contrary, Consultant and any of its employees, agents, and subcontractors providing service under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any claims to, any compensation, benefit, or any incident of employment by City, including but not limited to eligibility to enroll in PERS as an employee of City and entitlement to any contribution to be paid by City for employer contribution and/or employee contributions for PERS benefits.

12. LEGAL RESPONSIBILITIES. The Consultant shall keep itself informed of all local, State and Federal ordinances, laws and regulations which in any manner affect those employed by it or in any way affect the performance of its service pursuant to this Agreement. Consultant is responsible for compliance with the Patient Protection and Affordable Care Act (2010), and City shall not be obligated to provide any health care coverage to Consultant. The Consultant shall at all times observe and comply with all such ordinances, laws and regulations. The City, and its officers and employees, shall not be liable at law or in equity occasioned by failure of the Consultant to comply with this section.

13. RELEASE OF INFORMATION.

a. All information gained by Consultant in performance of this Agreement shall be considered confidential and shall not be released by Consultant without City's prior written authorization. Consultant, its officers, employees, agents or subcontractors, shall not without written authorization from the City Manager or unless requested by the City Attorney, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this Agreement or relating to any project or

18. **PROHIBITED INTEREST.** No officer, or employee of the City of Upland shall have any financial interest, direct or indirect, in this Agreement, the proceeds thereof, the Consultant, or Consultant's sub-contractors for this project, during his/her tenure or for one year thereafter. The Consultant hereby warrants and represents to the City that no officer or employee of the City of Upland has any interest, whether contractual, non-contractual, financial or otherwise, in this transaction, or in the business of the Consultant or Consultant's sub-contractors on this project. Consultant further agrees to notify the City in the event any such interest is discovered whether or not such interest is prohibited by law or this Agreement.

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

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

21. **SEVERABILITY.** If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable in any circumstance, such determination shall not affect the validity or enforceability of the remaining terms and provisions hereof or of the offending provision in any other circumstance. Notwithstanding the foregoing, if the value of this Agreement, based upon the substantial benefit of the bargain for any party, is materially impaired, which determination made by the presiding court or arbitrator of competent jurisdiction shall be binding, then both parties agree to substitute such provision(s) through good faith negotiations.

22. **WAIVER.** The delay or failure of either party at any time to require performance or compliance by the other of any of its obligations or agreements shall in no way be deemed a waiver of those rights to require such performance or compliance. No waiver of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the party against whom enforcement of a waiver is sought. The waiver of any right or remedy in respect to any occurrence or event shall not be deemed a waiver of any right or remedy in respect to any other occurrence or event, nor shall any waiver constitute a continuing waiver.

23. **CONSTRUCTION.** The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises with respect to this Agreement, this Agreement shall be construed as if drafted jointly by the parties and in accordance with its fair meaning. There shall be no presumption or burden of proof favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

24. **COSTS.** Each party shall bear its own costs and fees incurred in the preparation and negotiation of this Agreement and in the performance of its obligations hereunder except as expressly provided herein.

25. **RESPONSIBILITY FOR ERRORS.** Consultant shall be responsible for its work and results under this Agreement. Consultant, when requested, shall furnish clarification and/or explanation as may be required by the City's representative, regarding any services rendered under this Agreement at no additional cost to City. In the event that an error or omission attributable to Consultant occurs, then Consultant shall, at no cost to City, provide all necessary design drawings, estimates and other Consultant professional services necessary to rectify and correct the

matter to the sole satisfaction of City and to participate in any meeting required with regard to the correction.

26. **ATTORNEYS' FEES.** In the event that litigation is brought by any party in connection with this Agreement, the prevailing party shall be entitled to recover from the opposing party all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in the exercise of any of its rights or remedies hereunder or the enforcement of any of the terms, conditions, or provisions hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

CITY OF UPLAND

Jeannette Vagnozzi, City Manager

Attest:

Keri Johnson, City Clerk

Approved As to Form:

James Markman, City Attorney

CONSULTANT

Don Smith, SWBC Pathways to Housing
Network d.b.a. The Chance Project

Response from
The SBC PATHWAYS TO HOUSING NETWORK
to the REQUEST FOR PROPOSALS for
HOMELESS SERVICES COORDINATOR
for the CITY OF UPLAND - RFP #CM19-1

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Section 1.0 EXECUTIVE SUMMARY

Organization Name: The SBC Pathways to Housing Network
Organization Legal Name: dba The Chance Project, a 501(c)(3) nonprofit corporation
Organization Address: 1500 S. Haven Avenue, Suite 100, Ontario, CA 91761
Primary Contact Person: Don Smith, Project Director, SBC Pathways to Housing Network
Contact Email / Phone: DonSmithSolutions@outlook.com; 909/210-0639
Secondary Contact Person: Za Zette Scott, Executive Director, Team Heart Ministries
Contact Email / Phone: TeamHeartministries@gmail.com 909-908-8053

The SBC Pathways to Housing Network (Pathways Network), on behalf of our collaborative project applicants and over four dozen countywide Network partners, is pleased to submit this proposal for your consideration in response to the Request for Proposals for Homeless Services Coordinator for the City of Upland.

The Pathways Network, doing business as **The Chance Project**, is proposing to provide Homeless Services Coordination on behalf of the City of Upland through a collaborative partnership involving **Team Heart Ministries, Ladies of the IE, Pacific Lifeline, and Impact Southern California.**

Through this collaborative partnership, the **Pathways Network** will take over responsibilities that were recently administered by the City’s Homeless Outreach Team (currently named the “Community Restoration Team”) and serve as coordinator and first response for homeless services in Upland, and administer implementation of the City’s approved Homeless Emergency Aid Program (HEAP) Grant and the City sponsored U-HOPE Program.

The SBC Pathways to Housing Network is an independent, service provider-driven, *collective impact initiative* launched in 2015 by members of the leadership of the SBCHP Homeless Provider Network (HPN) to strengthen collaboration and coordination among community-based housing and homeless service providers in order to facilitate more efficient response and effective connections to available resources and *real-time solutions* for consumers seeking assistance with a housing crisis in San Bernardino County.

The Pathways Network enlist a broad range of over four dozen community-based service providers, government service agencies, faith-based organizations, rental housing owners/operators, and other community stakeholders working in collaboration with each other and the County’s Coordinated Entry System (CES) utilizing national best practice models and

innovative locally designed approaches to leverage a wide variety of community resources and help identify housing solutions for *all* households experiencing or at-risk of homelessness in San Bernardino County.

In December 2018, the ***SBC Pathways to Housing Network*** was approved for **\$1.4 million in Homeless Emergency Aid Program (HEAP) Funding** by the SBC Interagency Council on Homelessness. ***The Pathways Network - Housing Crisis Rapid Resolutions Initiative*** will serve to further countywide efforts to address homelessness and meet the priorities identified in the county's HEAP RFA to help facilitate *system improvement*; implement *immediate efforts that support the long-term goal of housing permanency*; promote a *holistic system approach* to addressing homelessness; help *provide client stability*; and *promotes cross jurisdictional collaboration*.

We would be very pleased to incorporate the City of Upland as a partner in this initiative.

Under the ***Housing Crisis Rapid Resolutions Initiative***, the project collaborating partners will work in coordination with the CES, other Pathway Network partners and local government officials throughout the county to implement ***innovative, holistic strategies*** to help **prevent** individuals and families at-imminent risk from becoming homeless and help **divert** literally homeless households from entering the homeless service system and into stable housing as quickly as possible utilizing "light touch" **rapid re-housing** interventions.

Don Smith, Project Director for *The Pathways Network*, will serve as the Project Supervisor and chief liaison with the City under this collaborative project proposal. Don has worked for over 20 years with local governments, nonprofit agencies, community-based organizations, faith-based institutions, and other community stakeholders in local communities throughout Southern California to respond to the needs of homeless and at-risk individuals and families, and the people that serve them. Don's involvement with homeless issues in the City of Upland has included serving as Project Director on the 2012 City of Upland Homeless Count and Survey, organizing the "Faith in Action: Solving Homelessness Together Summit" in Upland in 2013, and consultation on the development of the Upland Homeless Stakeholders Group, and Community Restoration Team.

The Pathways Network will engage the services of **Team Heart Ministries** and **Ladies of the IE** to continue in their role as "first responders" for homeless services in Upland and perform the much valued street outreach and service navigation activities that they have provided on behalf of the City of Upland for the last two years under the banner of the **Upland Community Restoration Team (CRT)**.

Under the direction of the Project Supervisor, **Team Heart Ministries** and **Ladies of the IE** will continue to perform the day-to-day community engagement activities of the Upland Community Restoration Team, under a cooperative, transparent, accountable and "shared commitment with the City and community to help get homeless people off of Upland streets" and connected to stable housing solutions.

Pacific Lifeline will partner with the Pathways Network to implement light-touch rapid re-housing services for families with children that are experiencing or at imminent risk of becoming homeless in Upland, specifically targeting the Upland Public Schools. **Impact Southern California** will partner with the Pathways Network to deliver homeless prevention, diversion and re-housing rental assistance services for targeted households experiencing or at imminent risk of becoming homeless in the City of Upland.

Section 2.0

ORGANIZATION BACKGROUND

* How long the organization has been in existence.

* A brief description of the organization’s size and organization.

* A summary of the organization’s prior experience in working with homeless and related other service providers.

* A summary of the organization’s knowledge of applicable homeless program legislation and rules, including but not limited to the HEAP and U-Hope programs.

The SBC Pathways to Housing Network (Pathways Network) is an independent, service provider-driven, *collective impact initiative* launched in 2015 by members of the leadership of the SBCHP Homeless Provider Network (HPN) to strengthen collaboration and coordination among community-based housing and homeless service providers in order to facilitate more efficient response and effective connections to available resources and *real-time solutions* for consumers seeking assistance with a housing crisis in San Bernardino County.

The objectives of the Pathways Network include:

- Establish a coordinated countywide network led by regional service partners to implement a systematic means to connect consumers dealing with a housing crisis to available housing and shelter resources that best fit their needs from among a broad range of community options.
- Collect and share information on the *real-time housing challenges, needs and outcomes* for *all* households experiencing or at-risk of homelessness to help inform our systemic response, guide strategic resource allocation and facilitate our collective impact on *real-time solutions*.
- Expand the range of service options and flexible funding resources available to facilitate housing solutions for *all* community residents experiencing a housing crisis in San Bernardino County.
- Form a collaborative learning network to promote collective capacity building and system-wide development of common goals, best practice models, innovative service initiatives, flexible funding strategies and strategic resource allocation.

The Pathways Network enlist a broad range of over four dozen community-based service providers, government service agencies, faith-based organizations, rental housing owners/operators, and other community stakeholders working in collaboration with each other and the County’s Coordinated Entry System (CES) utilizing national best practice models and innovative locally designed approaches to leverage a wide variety of community resources and help identify housing solutions for *all* households experiencing or at-risk of homelessness in San Bernardino County. (Included with this application as an attachment is a list of agencies and organization that regularly participate in the Pathways Network referral system.)

Currently, the *SBC Pathways to Housing Network* features -

- A web-based platform established to receive and distribute Consumer & Provider Requests for Referral Assistance with a housing crisis in order to facilitate more efficient response and effective collaboration among housing and homeless resource providers in San Bernardino County.
- New pilot initiatives to implement evidence-based, cost-effective, best practice strategies to help prevent people at imminent risk from becoming homeless in the first place and help divert literally homeless households into stable housing solutions utilizing *light touch rapid re-housing* strategies.
- Capacity building education and training activities conducted on behalf of the San Bernardino County Homeless Partnership and other stakeholders to promote collective capacity building and system-wide development of common goals, best practice models, innovative service initiatives, flexible funding strategies and strategic resource allocation.

In December 2018, the **SBC Pathways to Housing Network** was approved for **\$1.4 million in Homeless Emergency Aid Program (HEAP) Funding** by the SBC Interagency Council on Homelessness. **The Pathways Network - Housing Crisis Rapid Resolutions Initiative** will serve to further countywide efforts to address homelessness and meet the priorities identified in the

county's HEAP RFA to help facilitate *system improvement*; implement *immediate efforts that support the long-term goal of housing permanency*; promote a *holistic system approach* to addressing homelessness; help *provide client stability*; and *promotes cross jurisdictional collaboration*. (A summary brief of our HEAP funded application is included as an attachment for your information. A complete copy of our HEAP application is available upon request.)

The Pathways Network will utilize *HEAP funds* to support the development of regional, community-based pilot projects delivering light-touch housing solutions for local residents experiencing or at imminent risk of homelessness through a collaborative partnership involving seven community-based organizations that includes The Chance Project, Inland Housing Solutions, Impact Southern California, Operation Grace, Victor Valley Family Resource Center, Mountain Homeless Coalition, and Morongo Basin Haven.

The Pathways Network would be very pleased to have an opportunity to incorporate the City of Upland as a partner in this initiative. We are currently engaged in conversation with several city's that were awarded HEAP Grant funding by the ICH in hopes of engaging in a working partnership with them on their planning and service delivery strategies for the use of this funding.

Under the **Housing Crisis Rapid Resolutions Initiative**, the project collaborating partners will work in coordination with the CES, other Pathway Network partners and local government officials throughout the county to implement **innovative, holistic strategies** to help **prevent** individuals and families at-imminent risk from becoming homeless and help **divert** literally homeless households from entering the homeless service system and into stable housing as quickly as possible utilizing "light touch" **rapid re-housing** interventions.

The SBC Pathways Network Housing Crisis Rapid Resolutions Initiative will build upon our current partnership with the SBC CoC Coordinated Entry System through the countywide integration of light-touch, low-cost homeless diversion and rapid re-housing practices to help expand the SBC CoC homeless response system capacity to serve a greater number of individuals and families seeking solutions with a housing crisis, including those that are not prioritized for permanent housing interventions through the CES.

The SBC Pathways to Housing Network is operated and administered under the umbrella of **The Chance Project**, a 501(c)(3) non-profit corporation, formed in 2011 to support community-based initiatives and activities with a mission "to ensure that every individual has the opportunity to reach their full potential." **The Chance Project** utilizes social entrepreneurship principles, community engagement strategies and collective impact initiatives to bring together community organizations, government agencies, entrepreneurs, and like-minded individuals to create, finance and implement sustainable solutions and collaborative projects for the common good.

The Pathways Network Project Management Team is led by Don Smith (Independent Consultant, Creating Community Solution) and Ron Griffin (CEO, The Chance Project).

Don Smith, Project Director for the SBC Pathway to Housing Network, has worked for over 20 years with local governments, nonprofit agencies, community-based organizations, faith-based institutions, and other community stakeholders in local communities throughout Southern California to respond to the needs of homeless and at-risk individuals and families, and the people that serve them. Don has provided his knowledge and technical assistance expertise in the areas of homeless service delivery, strategic planning and system capacity building, community-based research and community engagement activities in support of efforts to prevent and end homelessness through the development of innovative, solution-oriented, collective impact initiatives.

Along with managing the SBC Pathways to Housing Network, Don's current projects include coordinating the SBC Coordinated Entry System - Housing Search and Stabilization component, managing the Impact SoCal Homeless Prevention and Rapid Rehousing Project and facilitating the Bridges to Home-Welcome Home initiative. In addition, Don plays an active leadership role within the San Bernardino County Homeless Partnership (SBCHP) serving as a member of the County Interagency Council on Homelessness, Vice Chair of the Countywide Homeless Provider Network, and Chair of the HPN West Valley Region. As Chair of the ICH Ad Hoc Committee on Rapid Rehousing, he drafted the SBCHP Rapid Re-Housing Program Standards, Practices & Model Guidelines recently adopted by the ICH to serve as a guide for service providers, system leaders, local funders and other stakeholders. Don also serves as a Board member for Inland Fair Housing and Mediation Board.

Don first became involved with homeless issues in the **City of Upland** while serving as Project Director on the **2012 City of Upland Homeless Count and Survey** which served as a "pilot run" for the Point-in-Time count methodology now used throughout San Bernardino County. He worked closely with a group of over a dozen Upland city officials and community stakeholders to organize and implement this project which eventually led to the City establishing the Upland Homeless Stakeholders Group as a follow-up to the effort. Don continued his work with Upland officials and stakeholders while organizing/facilitating the **"Faith in Action: Solving Homelessness Together Summit"** held in Upland in 2013 which led to the creation of the faith community-led Bridges to Home-Welcome Home and Impact SoCal HPRP initiatives. Don has continued to stay engaged with Upland homeless issues over the last 6 years, participating in stakeholder activities and providing on-going advice and consultation on service delivery strategies to Upland officials, stakeholders and service provider partners.

Don also served as Project Director on the SBC 2013 Point-in-Time Homeless Count and Subpopulation Survey, and the City of Colton Homeless Action Plan (2014). In addition, Don worked for five-years (2006-2011) as Project Manager for the City of Riverside Housing and Neighborhoods Division where he led a successful effort to secure millions of dollars in federal funding along with unanimous City Council support and community stakeholder buy-in to implement the Riverside Homeless Action Plan including instituting innovative housing first initiatives, developing the Riverside Homeless Services Campus, forming the Riverside Homeless Care Network stakeholder group and establishing the Riverside Ending Homelessness Fund under The Community Foundation.

Don's body of work in the homeless and housing service field over the last 20 year has included developing and implementing direct client service programs at all levels of the homeless continuum of care including street outreach, multi-service access centers, emergency shelter, transitional housing, rapid rehousing and permanent supportive housing. Don's strategic planning and public policy work over the years has included engaging community stakeholders to develop community-based Homeless Strategic Action Plans, implement Point-in-Time Homeless Count and Survey projects, develop HUD Continuum of Care planning bodies and NOFA applications, conduct Analysis of Impediment to Fair Housing Choice studies, draft HUD 5-Year and Annual Action Plans and build community stakeholder coalitions around collective impact initiatives. Through this work he has become exceptionally well-versed in HUD Entitlement and Continuum of Care programs and regulations, as well as other federal, state and local public policy and strategic priorities, initiatives, and best practice models established through the national movement to prevent and end homelessness over the last 20 years.

Ron Griffin, Chief Executive Officer for The Chance Project and Co-Director of the Pathways Network, has over 24 years of experience directing human services, housing and community

	<p>development projects in the local government and non-profit arenas. Since 2015, Ron has served as a project consultant on the development and implementation of <u>San Bernardino County's Coordinated Entry System</u> and is currently serving as <u>Housing Development Team Leader</u> for the <u>Countywide Housing Search Team</u> for the <u>CES Housing Search and Stabilization component</u>.</p> <p>As <u>Director of Community Engagement</u> for <u>National Community Renaissance</u> (Natl. CORE), a national affordable housing developer, Ron assisted in the development of multifamily, senior and special needs housing throughout the United States, was responsible for the operation and maintenance of over 1,000 affordable housing units and the national operations of family self-sufficiency and senior programs affecting over 30,000 residents in affordable housing communities throughout California, Florida, Texas and Arkansas.</p> <p>Ron also served for over 15 years as an executive and senior manager for the County of San Bernardino where he directed the delivery of child development, family empowerment and workforce development programs serving over 6,000 families annually. Ron holds a Master's degree in Behavioral Science, with a specialization in Conflict Resolution and Negotiation and is a licensed Real Estate Broker.</p>
<p>Section 3.0</p> <p>DETAILED DESCRIPTION OF PROPOSED HOMELESS SERVICES</p> <p>* Persons proposed to accomplish homeless services; both paid and volunteer.</p> <p>* Description of anticipated homeless services including currently provided services, and any anticipated new programs and services.</p> <p>* Preliminary annual budget (summary) detailing anticipated relationships with other Upland service providers.</p>	<p>The SBC Pathways to Housing Network, doing business as The Chance Project, is proposing to provide Homeless Services Coordination on behalf of the City of Upland through a collaborative partnership involving Team Heart Ministries, Ladies of the IE, Pacific Lifeline, Inc., and Impact Southern California. Through this collaborative partnership, the Pathways Network will take over responsibilities that were recently administered by the City's Homeless Outreach Team (currently named the "Community Restoration Team") and serve as coordinator and first response for homeless services in Upland, and administer implementation of the City's approved Homeless Emergency Aid Program (HEAP) Grant and the City sponsored U-HOPE Program.</p> <p>Don Smith, Project Director for <i>The Pathways Network</i>, will serve as the Project Supervisor and chief liaison with the City under this collaborative project proposal. Don's role in facilitating Homeless Services Coordination for the City of Upland shall include, but not be limited to: provide project leadership, management and administrative oversight; administer the HEAP Grant funding; supervise client service delivery; facilitate city government and community stakeholder relations; manage contract compliance, data collection and outcome tracking; coordinate linkage with the CES, County Housing Navigation Team and Pathways Network partners; and provide technical assistance with strategic planning and capacity building. Don will work with city officials to identify how the one-time HEAP grant funds can best be utilized to provide services and reduce homelessness in the City of Upland.</p> <p>The Pathways Network will engage the services of Team Heart Ministries and Ladies of the IE to continue in their role as "first responders" for homeless services in Upland and perform the much valued street outreach and service navigation activities that they have provided on behalf of the City of Upland for the last two years under the banner of the Upland Community Restoration Team (CRT). Since January of 2017, the Upland CRT has engage over 200 individuals and families experiencing or at-risk of homelessness in Upland and have assisted over 70 households with exiting life on the streets of Upland and return to stable housing including permanent supportive housing, affordable market housing, transitional housing and family re-unification. The CRT has worked collaboratively with the Upland Police Department for the purposes of assisting Upland's homeless population to find housing options and responded to requests, issues and concerns from city officials, business owners and residents pertaining to homelessness in the city.</p>

*** Any and all other services and programs that are anticipated or proposed.**

Under the direction of the Project Supervisor, **Team Heart Ministries** and **Ladies of the IE** will continue to perform the day-to-day community engagement activities of the Upland Community Restoration Team, under cooperative, transparent, accountable and “shared commitment with the City and community to help get homeless people off of Upland streets” and connected to stable housing solutions.

The CRT service advocates will continue to function as “first responders” for homeless services in Upland with responsibilities to include: performing street outreach, housing navigation and social service linkage for people living homeless in Upland; working collaboratively with the Upland Police Department for the purpose of assisting Upland’s homeless population to find housing options and end their experience with homelessness; serving as Upland’s Local Advocacy Organization (LAO); working cooperatively with local non-profits, service organizations, government agencies, the SBC CES and other individuals/volunteers who are seeking to resolve homelessness; work in Upland with Upland residents; maintain the local website, uplandhomeless.com; maintain and respond to contacts on the City Homeless phone messages; respond to resident and business owner complaints/input/requests pertaining to homelessness; help administer and participate in the Upland “Point-in-Time” homeless count; organize and participate in community stakeholder meetings; implement Upland’s U-HOPE program; and other duties as assigned.

The key persons under this proposal who will continue to perform and accomplish the homeless services assigned to the “Community Restoration Team” include Alan Cash and Za Zette Scott with Team Heart Ministries and Christy McKinzie with Ladies of the IE for Strong Communities.

Alan Cash, Co-Director/Outreach Coordinator, Team Heart Ministries. Alan began his work as a homeless advocate in 2010 and established Team Heart Ministries as a volunteer-based ministry “dedicated and committed to serving the working poor and homeless community in the City of Upland.” In 2013, Alan and Team Heart Ministries began working in collaboration with Upland PD to shift activities away from simply “feeding people in the park” to instead focus on helping to identify real solutions for people experiencing long-term episodes of homelessness within the Upland community.

Since joining the CRT in 2017, Alan has served as a first responder for homeless services in Upland, engaging people living on the streets and helping them make connections to housing and other resources provided through the CES and other services available from Upland-based and other community service provider partners. Alan was recently recognized by the City as an “Upland Hero” during Upland Day at the LA County Fair in 2017 and received a Certificate of Recognition from County Supervisor Curt Hagman for his time and dedication as a Homeless Advocate in the City of Upland and his “tremendous service to our homeless residents in helping them find their way home.”

Christy McKinzie, Director/President, Ladies of the IE. Christy established Ladies of the IE as a 501(c)(3) nonprofit organization in 2015 with a mission “To build stronger communities through various projects, events, programs, information and community outreach. *If it matters to the community then it matters to us.*” Ladies of the IE began their community outreach efforts with a focus on improving relations, communications and collaboration between law enforcement and the community. In 2016, Ladies of the IE partnered with Upland Police Department Community Resource Officers to conduct anti-bullying events in Upland elementary schools and to perform street outreach to assist Upland’s homeless population to find housing options and end their experience with homelessness.

Christy joined the CRT upon its formation in 2017 and has since helped to move over 70 households off the streets of Upland and into stable housing situations. Christy and the Ladies of the IE volunteers provide wrap-around support following housing placement, as needed by participants, to help them adjust and become stabilized in their new housing situation. Christy and the Ladies of the IE volunteers were recently honored by State Assembly member Chris Holden with a "2017 Women of Distinction Award" and have also received recognition for their advocacy and community service over the last couple of years from a number of local governments and elected officials including the San Bernardino County Board of Supervisors and the City of Upland.

Za Zette Scott, Executive Director, Team Heart Ministries. Za Zette has lived and/or worked in the City of Upland for over 25 years. She joined in service with Team Heart Ministries in 2011 and established the program as a 501(c)(3) nonprofit organization in 2016. Professionally, Za Zette works as an Executive Assistant to a local State Senator and also serves as an Executive Board member for Community Action Partnership of San Bernardino County, and volunteers for the Susan G. Komen Foundation IE.

Za Zette will provide administrative leadership, program management and implementation of the U-HOPE program for the Community Restoration Team. Za Zette has been an active participant with the Upland Homeless Stakeholders Group since 2013 and has been volunteering her time working with the CRT and the people they serve since its inception in 2017. She is also a trained and Certified SSI/SSDI Outreach, Access, and Recovery (SOAR) benefits advocate, providing assistance with navigating the social security application process for people who are experiencing or at risk of homelessness and have a serious mental illness, medical impairment, and/or a co-occurring substance use disorder.

Other key collaborative partners in this project will include:

Pacific Lifeline will partner with the Pathways Network to implement light-touch rapid re-housing services for families with children that are experiencing or at imminent risk of becoming homeless in Upland, specifically targeting the Upland Public Schools. Pacific Lifeline will collaborate with Upland Healthy Start, Foothill Family Shelter, Inland Valley Hope Partners and Inland Housing Solution in coordination with the CES to identify and engage families with children in the City of Upland for rapid re-housing services.

Pacific Lifeline is a community-based 501(c)(3) nonprofit organization that has provided transitional shelter for homeless women and their children in the City of Upland since November of 1995. Pacific Lifeline's mission is to empower women and their children facing chronic homelessness to achieve personal and social stability. Their purpose is to provide shelter, life skills training, and therapy so that, ultimately, we transition families out of a cycle of homelessness and into permanent housing therefore reducing the number of families in need of welfare and shelter assistance.

Carmen Hall has served as Executive Director of Pacific Lifeline managing the day-to-day operations since December 2003. Her personal mission statement is "to glean understanding of human and social development for the purpose of creating and implementing effective processes to meet the needs of people spiritually, mentally, intellectually, and physically." Along with her program management and administrative duties, Carmen plays an active role in direct services with clients and participates in a wide range of community coalitions and collaborative networks in Upland and throughout San Bernardino County.

Impact Southern California will partner with the Pathways Network to deliver homeless prevention, diversion and re-housing rental assistance services for targeted households experiencing or at imminent risk of becoming homeless in the City of Upland.

Impact Southern California is a community-based 501(c)(3) nonprofit organization, based in Rancho Cucamonga/Upland, that is committed to contributing to the solutions to end homelessness in San Bernardino County by implementing best practice, “Housing First” strategies to assist individual and families experiencing or at-risk of becoming homeless.

Since 2015, Impact SoCal has raised over \$200,000 in *private funding contributions* to assist over 166 households (over 464 people) in the West Valley Region with homeless prevention and rapid rehousing rental assistance with priority given to Rancho Cucamonga (76) and **Upland (62) households**. Most of the households assisted have been families with children (75%), the bulk of financial assistance has been used to support homeless prevention (75%), and the majority of households received assistance for only one month (56%). The average amount of financial assistance received per household to date is \$1,065 and the total average project cost per household assisted to date is \$1,545. Impact SoCal is also an active participant in the Bridge to Home-Welcome Home initiative which provides furnishings and essential household items to help families and individuals with making the transition from homelessness to permanent housing.

In addition, the Pathways Network will engage its ongoing partnership with **Inland Housing Solutions** to enlist the resources of the **Countywide Housing Navigation Team** to conduct landlord outreach and engagement and housing placement leads to assist homeless households in Upland with achieving permanent housing solutions. Inland Housing Solutions (IHS), formerly known as Inland Temporary Homes, is a community-based 501(c)(3) nonprofit organization with over 27 years of experience serving homeless individuals and families with a mission “to break the cycle of homelessness in the Inland Empire, by providing housing, case management, and other supportive services to households with no place to live.” IHS currently operates a HUD CoC-funded Rapid Re-Housing program and provides system-wide housing identification and placement services for service engaged households under the SBC Coordinated Entry System.

The SBC Pathways to Housing Network will work in partnership and collaboration with the above organizations, other Upland service organizations and community stakeholders, our Network of over four dozen collaborative partners, and the City of Upland to deliver an array of homeless service activities to include –

- **Street Outreach Services** – to engage individuals and families living homeless on the streets of Upland and in need of assistance with identifying and securing housing options to help end their experience with homelessness.
- **Homeless Diversion Services** – to assist individuals and families experiencing or at imminent risk of becoming homeless with homeless diversion/housing problem solving strategies by asking households seeking assistance to identify possible housing solutions based on **their own available resources** rather than those of the homeless response system. Diversion specialists deliver expertise, encouragement, and a flexible combination of **short-term services** and **one-time financial assistance**, if necessary, to help participants pursue **their plan** for obtaining or remaining in safe, stable housing, and ease the household’s transition from homelessness or other unstable housing situations without further assistance provided through the system.
- **Prevention Services** – to assist individuals and families at imminent risk of becoming homeless with creative problem solving to help them identify potential options to resolve their current housing crisis and help them avoid becoming “literally homeless.”

- **Housing Navigation** – to assist individuals and families experiencing or at imminent risk of becoming homeless with housing navigation services to pursue both traditional and alternative housing options available to them that they can afford on their own.
- **Service Navigation** - to assist individuals and families experiencing or at imminent risk of becoming homeless to connect with the CES, as appropriate, and to develop *their own plan* to address issues that impede their ability to achieve long-term housing stability such as limited income, unemployment, child care support, health concerns, transportation issues, etc.
- **Case Management** - to assist individuals and families experiencing or at imminent risk of becoming homeless to develop *their own plan* to help address issues that impede their ability to achieve and/or sustain long-term housing stability such as limited income, unemployment, child care support, health concerns, transportation issues, etc. Participants will be offered light touch services and warm handoff connections to mainstream resources and other community-based services to assist them with housing stabilization including job search and referral, education and child care services, legal services, financial counseling, credit repair, medical and behavioral health care services, family re-unification, etc.
- **Bridge Housing Vouchers** – to assist “literally homeless” individuals and families with pursuing their plan to secure safe and stable long-term housing options available to them, only once all other potential short-term options have been exhausted *and* a longer-term housing option has been identified but is not available at that time.
- **Eviction Prevention Strategies** - to assist individuals and families at imminent risk of becoming homeless with eviction prevention strategies which may include tenant rights counseling, conflict resolution and mediation, negotiating voluntary exits without court ordered eviction and/or assistance with one-time costs associated with rental arrears, utility payments, and other expenses directly associated with maintaining their current housing or relocating to alternative housing and avoid becoming “literally homeless.”
- **Rapid Re-Housing Services** – to assist individuals and families experiencing or at imminent risk of becoming homeless and are ineligible or otherwise not prioritized for longer-term rapid re-housing programs to secure rental housing that they can afford on their own. Participants may be assisted with one-time costs associated with security deposits and other move-in costs, and/or short-term partial rent payments, as necessary, to help them achieve stable permanent housing.
- **Shared Housing Capacity Building:** The Pathway Network will expand upon our partnership with the San Bernardino County Peer Driven Room and Board Advisory Coalition to promote best practice shared housing/cooperative living models, following all state and local land use and zoning standards, and recruit new providers to help create more affordable housing options for people living on fixed incomes and other limited income households.
- **Operating Support for Short-Term or Comprehensive Homeless Services** – to support the work of the Upland “Community Restoration Team” and the services activities identified above to be delivered by the collaborative partner organizations identified within this proposal.

Preliminary Annual Budget Summary	City of Upland Homeless Services Coordination Community Restoration Team Preliminary Annual Project Budget Summary	
		Annual Budget
	Projected Project Funding <ul style="list-style-type: none"> • City of Upland Administration Compensation - \$36,000/yr. • U-Hope Housing Outreach Prevention & Education Program- \$13,000/yr. • CA Homeless Emergency Aid Program (HEAP) Grant - \$127,000/2 yrs. 	\$112,500
	SBC Pathways to Housing Network dba The Chance Project	
	Homeless Services Coordination <ul style="list-style-type: none"> • SBC Pathways to Housing Network Leadership Team • Project Management, Administration, city government relations • Direction & Supervision of Community Restoration Team activities • HEAP Project implementation, coordinate client service delivery 	\$23,500
	Upland Community Restoration Team <ul style="list-style-type: none"> • Team Heart Ministries/Ladies of the IE • Local Advocacy Organization, day-to-day project implementation, street outreach, housing navigation and service advocacy and connections • U-HOPE program implementation 	\$49,000
	Rapid Re-Housing Interventions <ul style="list-style-type: none"> • Pacific Lifeline • Rapid Re-housing activities targeting Upland families with children • Collaborate with Upland Unified School District/Healthy Start Program 	\$20,000
	Homeless Prevention and Diversion Interventions <ul style="list-style-type: none"> • Impact Southern California • Homeless prevention/diversion/re-housing flexible solutions fund to support light-touch housing crisis resolutions including eviction prevention and family re-unification. 	\$20,000

Section 4.0
REFERENCES

- **Carmen Hall, Executive Director**
Pacific Lifeline, Inc.
P.O. Box 1424, Upland CA 91786
909/931-2624
pacificlifeline@earthlink.net

Carmen has been an active participant with the Upland Homeless Stakeholders Group from its inception in 2013 and has been active partner in the work of the Community Restoration Team including providing therapy interns to work with CRT clients and transitional housing, when available, for families with children found living on the Upland streets. Pacific Lifeline is an active participant in the Pathways Network and played a leadership role in the development of the Bridges to Home-Welcome Home initiative. Don Smith has worked as a program/fund development consultant and collaborative partner with Pacific Lifeline for the last six years.

References for the SBC Pathway to Housing Network include:

- **Kent Paxton, Homeless Policy Advisor**
Office of County Supervisor Josie Gonzales
San Bernardino County Government Center
385 N. Arrowhead Ave., Fifth Floor, San Bernardino, CA 92415-0110
909/387-4565
Kent.Paxton@bos.sbcounty.gov

Kent serves as a principle advisor to The Pathways Network and has worked closely with the leadership team on homeless policy, strategic planning and client service delivery for over 7 years.

- **Tom Hernandez, Chief of Homeless Services**
Office of Homeless Services, Community Development & Housing Agency
County of San Bernardino
303 E. Vanderbilt Way, San Bernardino, CA 92415
909/386-8208
thernandez@dbh.sbcounty.gov

The Pathways Network leadership team has worked closely with Tom on a variety of issues for over 7 years including homeless policy development, HUD CoC funding, Point-in-Time Count, system-wide client service delivery, and SBCHP strategic planning, capacity building and technical assistance.

- **Gary Madden, Director, 211 San Bernardino County**
Inland Empire United Way
9644 Hermosa Avenue, Rancho Cucamonga, CA 91730
909/980-2857 x202
GMadden@IEUW.org

The Pathways Network leadership team has worked in collaboration with Gary for the last 4 year on the development of the SBC Coordinated Entry System and the integration of the Pathways Network web-based system with the CES.

- **Mike Jones, Deputy Sheriff**
H.O.P.E. Team - Homeless Outreach and Proactive Enforcement
San Bernardino County Sheriff's Department
655 Third St, San Bernardino, Ca, 92415
909/693-7058

mjones@sbcscd.org

Deputy Jones is one of the original proponents behind the creation of the Pathways Network and has played a key role in engaging Network partners and the on-going development of countywide collaboration and coordination through the Network.

References for Team Heart Ministries/Ladies of the IE/Community Restoration Team include:

- **Captain Marcelo Blanco**
Upland Police Department
1499 W 13th St. Upland 91786
909-917-8557
Mblanco@uplandpd.org

Team Heart Ministries/Ladies of the IE began working hand in hand with Captain Blanco in 2016 in his role as Team Supervisor of the UPD H.O.T.C.R.O team (Homeless Outreach Team Community Resource Officers) in an effort to connect homeless individuals with resources to get them off the streets and continued this partnership under the Community Restoration Team.

- **Doug Story, Development Services Specialist**
City of Upland
460 N. Euclid Ave., Upland CA 91786
909-931-4267
dstory@ci.upland.ca.us

Team Heart Ministries/Ladies of the IE began working with Doug in 2013 as he spearheading the Upland Homeless Stakeholders Group to help develop and implement strategies to help get homeless people off the streets of Upland and into permanent housing solutions.

- **David Bush, Pastor**
Calvary Chapel of Upland
2060 W. 11th St. Upland CA 91786
909-345-3264
david@ccugleanings.com

Team Heart Ministries/Ladies of the IE have worked hand in hand with Pastor Bush for a number of years in a collaborative effort to engage and provide assistance to Upland's homeless population including regular community dinners at Calvary Chapel and ongoing assistance from his congregation with housing stabilization support needs including security deposits, motel vouchers, laundry ministry, food & grocery resources, etc.



**Community Development
& Housing Agency
Office of Homeless Services**

Dena Fuentes
Deputy Executive Officer

Tom Hernandez
Chief of Homeless Services

February 20, 2019

CITY OF UPLAND
ATTN: ERIC R. GAVIN
460 N. EUCLID AVE.
UPLAND, CA 91786

Notification of Tentative Funding: Request for Application (RFA) No. OHS-08-01 for the Homeless Emergency Aid Program

Dear ERIC R. GAVIN:

The County of San Bernardino, Office of Homeless Services (OHS) would like to thank you for submitting your application in response to RFA OHS 18-01 Homeless Emergency Aid Program (HEAP). The Interagency Council on Homelessness selected the CITY OF UPLAND project, UPLAND COMMUNITY RESTORATION TEAM, to be included in the HEAP grant application submitted to the State of California Homeless Coordinating and Financing Council on December 19, 2018.

On January 9, 2019, OHS received a HEAP grant award notification from the State of California Business, Consumer Services and Housing Agency (CSHA). OHS is pleased to inform you the CITY OF UPLAND has been tentatively awarded \$127,875 for the UPLAND COMMUNITY RESTORATION TEAM project. **All recommendations for HEAP contract awards are contingent upon final approval by the County Board of Supervisors (Board).** It is anticipated the Board will consider the contracts in April/May 2019.

The next step is a mandatory Contract Orientation meeting, which will be held on **March 28, 2019, from 9:00 a.m. to 4:00 p.m.**, at **DBH Administration, 303 E. Vanderbilt Way, San Bernardino, CA 92415, in Conference Room 109 A/B**. The meeting will cover contract expectations, performance and reporting requirements, payments and invoicing, California Housing First requirements, Homeless Management Information System utilization, and the Coordinated Entry System. Please ensure no more than two of your agency's staff attend, preferably your executive director and project coordinator. Also, by March 7, 2019, please contact this office at 909-386-8297 to advise who will be attending. Lunch will not be provided.

We look forward to working with you. If you have any questions regarding this letter, please contact Karol Hamman at 909-386-8241.

BOARD OF SUPERVISORS

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Chief Executive Officer

Notification of Tentative Funding: Request for Application (RFA) No. OHS-08-01 for the Homeless Emergency Aid Program

PAGE 2 of 2

Sincerely,

A handwritten signature in black ink that reads "Thomas Hernandez". The signature is written in a cursive style with a large, sweeping initial "T".

Tom Hernandez, Chief of Homeless Services
Office of Homeless Services

cc: Dena Fuentes, Deputy Executive Officer
Dawn Jones, CDHA-OHS Administrative Supervisor
Michael Bell, CDHA-OHS/HMIS Automated Systems Analyst
Karol Hamman, CDHA-OHS Staff Analyst II



STAFF REPORT

ITEM NO. 14.E.

DATE: March 11, 2019
TO: MAYOR AND CITY COUNCIL
FROM: JEANNETTE VAGNOZZI, CITY MANAGER
PREPARED BY: JEANNETTE VAGNOZZI, CITY MANAGER
SUBJECT: CONSIDER RENEWAL OF ANIMAL SHELTER AGREEMENT

RECOMMENDED ACTION

It is recommended that the City Council provide direction to staff regarding the extension of the lease with Friends of the Upland Animal Shelter for Animal Care & Adoption Services.

GOAL STATEMENT

The proposed action will support the City's goal to provide quality City services in a fiscally responsible manner.

BACKGROUND

In January of 2016, the City Council approved a reorganization of Animal Services that included leasing a portion of the shelter to Friends of the Upland Animal Shelter to provide animal care and adoption services. The term of the original agreement was for three years with three extensions of one year each. The initial term expires on June 30, 2019. Staff is seeking direction as to whether the Council wishes to exercise the option to extend the agreement for one year, negotiate a new three-year agreement, or pursue other options.

ISSUES/ANALYSIS

In the spring of 2015, the City Council directed staff to solicit proposals for outsourcing services historically provided by the Animal Services Division. The City received proposals; however, the proposals were rejected at that time either due to an incomplete proposal, late submission, or inadequate resources. At the time of the budget adoption in July 2015, City Council approved a budget reduction of \$350,000. In order to implement this budget reduction, an Animal Services ad hoc committee was appointed and a new request for proposals was circulated.

The second proposal was not awarded due to the court decision in *Costa Mesa City Employees Association v. the City of Costa Mesa*. In that decision, the judge ruled that only specialized services could be contracted out and that other services, including animal control as specified under State law, could not be contracted out.

In January, the City Council approved a reorganization of the Animal Services Division that would retain the Animal Control function under the direction of the Police Department and lease a portion of the animal shelter to Friends of the Upland Animal Shelter to provide animal care and adoption services.

The initial flow of work and delineation of duties has been an adjustment for both parties; however, the animals have been cared for and adoptions have increased. The shelter has also been approved for the designation as a "no-kill shelter." A no-kill shelter is a shelter that saves healthy, treatable and rehabilitatable animals. As a benchmark, at least 90% of the dogs and cats entering the shelter are expected to be released alive to the owner (if lost), a new home, or a rescue partner. Overall, all activities that take place at the Upland Animal Shelter meet or exceed all minimum requirements for animal care and animal control services. Areas for improvement exist, but together the City and Friends of the Upland Animal Shelter identify the issues and attempt to resolve them together.

At the time the Council approved the current reorganization, there were two qualified entities interested in providing the animal care and adoption services. Since that time there have been additional inquiries from other organizations. It is not certain whether any of them would submit a proposal and be able to function under the terms of the current agreement. Currently, Friends of the Upland Animal Shelter relies on revenue from other operational sources to fund approximately 40% of the shelter operations budget.

FISCAL IMPACTS

There is no fiscal impact associated with this action.

ALTERNATIVES

Provide alternative direction to staff

ATTACHMENTS:

No Attachments Available