



UPLAND CITY COUNCIL

AGENDA

**November 12, 2018
City Council Chamber**

**DEBBIE STONE, MAYOR
CAROL TIMM, MAYOR PRO TEM
GINO L. FILIPPI, COUNCILMEMBER
JANICE ELLIOTT, COUNCILMEMBER
SID ROBINSON, COUNCILMEMBER**

**JEANNETTE VAGNOZZI, ACTING 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. GOVERNMENT CODE SECTION 54956.8 - CONFERENCE WITH REAL PROPERTY NEGOTIATOR

Property: APN 0201-201-36

Agency Negotiator: Acting City Manager Vagnozzi and Development Services Consultant Dukett

Negotiating Parties: City of Upland and Ford of Upland

Under Negotiation: Price and terms

7:00 PM

5. INVOCATION

Faheem Ahmed, Ahmadiyya Muslim Community

6. PLEDGE OF ALLEGIANCE

7. PRESENTATIONS

Presentation of badges to Officer Paul Song, Detective Randall Layne, Detective Richard Madrid, and Detective Nick Peelman by Chief Goodman

Presentation of Lifesaving Awards to Brenda De La Torre and Gabriel Santana by Chief Goodman

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 MINUTES

Approve the Regular Meeting Minutes of October 22, 2018. (Staff Person: Jeannette Vagnozzi)

B. TREASURER'S REPORT SEPTEMBER 2018

Receive and file the September 2018 Treasurer's Report. (Staff Person: Londa Bock-Helms)

C. LIEN SALES SERVICE AGREEMENT

Approve a contract with Good Faith Lien Services for services related to the sale of vehicles impounded/stored at the Police Department impound lot, and authorize the Acting City Manager to execute the agreement. (Staff Person: Darren L. Goodman)

D. TOW SERVICES AGREEMENT

Approve a contract with Steve's Towing and Mr. T's Towing for police towing services, and authorize the Acting City Manager to execute the agreements. (Staff Person: Darren L. Goodman)

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

Receive and file the status update. (Staff Person: Rosemary Hoerning)

F. APPOINTMENT OF PLANNING COMMISSIONER

Ratify the Mayor's appointment of Linden Brouse to the Planning Commission, term expiring June 2019. (Staff Person: Jeannette Vagnozzi)

G. APPROVAL OF BOND REDUCTION FOR SPANISH TRAILS DEVELOPMENT, TRACT 20017

Approve the reduction of the private Faithful Performance Bond to twenty-five percent (25%) for Tract 20017. (Staff Person: Rosemary Hoerning)

H. ADOPT A RESOLUTION TO DISSOLVE THE CORRIDOR DESIGN AUTHORITY (210 FOOTHILL FREEWAY) JOINT POWERS AUTHORITY

Adopt a Resolution dissolving the Corridor Design Authority (210 Foothill Freeway) Joint Powers Authority and terminating the Authority's Joint Exercise of Powers Agreement. (Staff Person: Jeannette Vagnozzi)

12. PUBLIC HEARINGS

13. COUNCIL COMMITTEE REPORTS

A. SPECIAL INVESTMENTS COMMITTEE MEETING, OCTOBER 24, 2018

14. BUSINESS ITEMS

A. LEASE AMENDMENT WITH SCHEU FAMILY YMCA OF UPLAND, AQUATIC CENTER

Authorize the Acting City Manager to execute an amendment to the lease Agreement, executed August 08, 2016, with the West End YMCA pertaining to property located at 1150 East Foothill Boulevard. (Staff Person: Doug Story)

B. APPROVE THE TRANSITION OF THE CURRENT 457(b) AND 401(a) PLANS FROM RECORDKEEPER AND APPROVE AN AGREEMENT WITH SFG RETIREMENT PLAN CONSULTING, LLC FOR INVESTMENT ADVISOR AND FIDUCIARY SERVICES

It is recommended that the City Council take the following actions.

1. Authorize the transition of the current ICMA-RC 457(b) and 401(a) plans to Mass Mutual effective January 11, 2019;
2. Authorize the Acting City Manager to execute the necessary agreements in regards to the transition; and
3. Authorize the Acting City Manager to enter into an Agreement between the City of Upland and SFG Retirement Plan Consulting, LLC as the plan consultant, investment advisor, and fiduciary of the City's 457(b) and 401(a) plans. (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, November 26, 2018.

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 November 8, 2018 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
OCTOBER 22, 2018**

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, Councilmembers Gino Filippi, Janice Elliott, and Sid Robinson

Absent: Councilmember Carol Timm

Staff: City Manager Bill R. Manis, City Attorney James L. Markman, and Assistant City Manager/City Clerk Jeannette Vagnozzi

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. GOVERNMENT CODE SECTION 54957.6 - CONFERENCE WITH LABOR NEGOTIATORS

Agency designated representatives: Legal Counsel Edward Zappia, Assistant City Manager Jeannette Vagnozzi, Human Resources Manager Kelly Gonzales

Employee organizations: Upland Mid-Management Association, Upland City Employees Association, Upland Police Officers Association, and Upland Police Management Association

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

5. INVOCATION Reverend Cathleen "Catie" Coots, First United Methodist Church of Upland

6. PLEDGE OF ALLEGIANCE Councilmember Robinson

7. PRESENTATIONS

Senator Anthony Portantino presented a legislative update.

Mark Eckel, Mayor of Mildura, Australia, Upland Sister City and Denis Jewel, President of Mildura Sister City Association introduced themselves.

8. CITY ATTORNEY

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

9. ORAL COMMUNICATIONS

Brinda Sarathy, Upland, asked questions regarding the San Antonio Water Company stock purchase and how it would impact funding emergency water system repairs and maintenance.

10. COUNCIL COMMUNICATIONS

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

11. CONSENT CALENDAR

City Attorney Markman announced that Consent Calendar Item 11E would be taken separately since Councilmember Filippi serves on the San Antonio Company Water Board, he would be abstaining from that item. Motion by Councilmember Robinson to approve the remainder of the Consent Calendar, seconded by Councilmember Filippi and carried with Councilmember Timm absent.

A. APPROVAL OF MINUTES

Approved the Regular Meeting Minutes of October 8, 2018.

B. STOPPEL CERTIFICATE - AGREEMENT FOR SEWERAGE AND STORM WATER DISPOSAL SERVICE

Authorized the City Manager to approve the Estoppel Agreement and accepted public sewer and storm water improvements constructed by the developer.

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

Received and filed the status update.

D. ANNUAL MEETING OF THE POMONA VALLEY PROTECTIVE ASSOCIATION (PVPA)

Appointed Rosemary Hoerning as proxy to vote all shares at the annual shareholder's meeting of the Pomona Valley Protective Association.

ITEMS REMOVED FOR SEPARATE ACTION

At 7:49 p.m. Councilmember Filippi abstained from Consent Calendar Item 11E and left the Council Chamber.

E. SAN ANTONIO WATER COMPANY STOCK AUCTION

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

Motion by Councilmember Robinson to receive and file the report, seconded by Councilmember Elliott, and carried with Councilmember Filippi abstaining and Councilmember Timm absent.

Councilmember Filippi returned to the Council Chamber at 7:51 p.m. and took his seat on the dais.

12. PUBLIC HEARINGS None

13. COUNCIL COMMITTEE REPORTS None

14. BUSINESS ITEMS

A. APPROVAL OF AGREEMENT WITH INFOSEND FOR UTILITY BILL PRINT MAIL AND ONLINE PAYMENT SERVICES

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

There was discussion on implementation timeline for Munis utility billing software and the term of the Infosend contract.

Motion by Councilmember Elliott to approve an agreement with Infosend, Inc., retroactively to July 1, 2018, to provide utility bill print, mail, and online payment services for the next three years with an option of an additional 24 month extension, and authorize the City Manager to execute the agreement, seconded by Councilmember Robinson, and carried with Councilmember Timm absent.

Staff requested that item 14C be heard at this time.

C. AMENDMENT TO THE CITY'S LAND SECURED FINANCING POLICY FOR SPECIAL ASSESSMENT AND MELLO-ROOS COMMUNITY FACILITY DISTRICT FINANCING

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

Special Counsel Diana Chuang provided information on the bond disclosure process to property owners and repayment of the bonds.

Motion by Councilmember Filippi to adopt Resolution No. 6472 amending the City's Land Secured Financing Policy for special assessment and Mello-Roos community facility district financing, seconded by Councilmember Robinson, and carried with Councilmember Timm absent.

B. ISSUANCE OF SPECIAL TAX BONDS FOR COMMUNITY FACILITIES DISTRICT NO. 2016-1 (HARVEST AT UPLAND), IMPROVEMENT AREA NO. 1

Development Services Consultant Dukett presented the staff report, which is on file in the City Clerk's Office, and Consultant Doug Anderson provided background information.

There was discussion on the timeline for bond closing and disclosure of bond debt to property owners.

Motion by Councilmember Elliott, acting as legislative body of Community Facilities District No. 2016-1 (Harvest at Upland), to adopt Resolution No. 6471 to authorize the issuance of its Special Tax Bonds, Series 2018 (Improvement Area No. 1), and approving certain documents and taking certain other actions in connection therewith, seconded by Councilmember Robinson, and carried with Councilmember Timm absent.

15. ORAL COMMUNICATION (items not on the agenda)

Daniel Luevanos, spoke regarding the importance of organ donation.

Barbara McJoynt, spoke regarding concerns over funds spent to preserve and replace stone curbs instead of using the funding for infrastructure repairs.

Gil Caughman, Upland, stated that due to the City ordinance restricting hours of construction he could not complete his home improvement projects on weekends.

Marjorie Mikels, Upland, commented on district elections and the candidates running for election.

Eric Gavin, Upland, stated that residents should be more involved in working towards solutions to issues.

Allen Nicely, Upland, commented on the need for change in the City.

Julie Garcia, Upland, thanked the City Manager and staff for working to get the Omnitrans bus route through the Colonies rerouted.

Dave Stevens, Upland, spoke regarding problems with crime and homeless in the downtown near the Cooper Museum.

Ralph Cavallo, Upland, announced upcoming events in the City and spoke regarding the proposed changes to Memorial Park.

Larry Abramson, Upland, stated aspects of the City that he felt would be positive to prospective residents.

Terri D. stated displeasure with an article published in the Daily Bulletin.

April McCormick, Upland, stated concerns about the residence of a candidate.

Brinda Sarathy, Upland, stated that the City needs to find a way to move forward after the November election and work together to solve problems.

Clete Driver, Upland, urged residents to vote wisely and do what is right for Upland.

Irmalinda Osuna, Upland, encouraged the Council to have more outreach with the Community.

Rudy Zuniga, Upland, spoke regarding his past experiences.

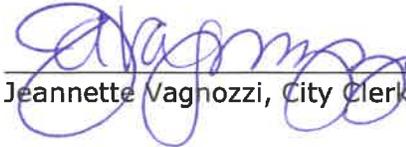
16. CITY MANAGER

City Manager Manis stated this would be his last Council meeting as City Manager and thanked staff for their support.

17. ADJOURNMENT

Mayor Stone adjourned the meeting at 9:09 p.m. The next regularly scheduled City Council meeting is Monday, November 12, 2018.

SUBMITTED BY



Jeannette Vagnozzi, City Clerk

APPROVED

November 12, 2018



STAFF REPORT

ITEM NO. 11.B.

DATE: November 12, 2018
TO: MAYOR AND CITY COUNCIL
FROM: JEANNETTE VAGNOZZI, ACTING CITY MANAGER
PREPARED BY: LONDA BOCK-HELMS, FINANCE OFFICER
SUBJECT: TREASURER'S REPORT SEPTEMBER 2018

RECOMMENDED ACTION

It is recommended that the City Council receive and file the September 2018 Treasurer's Report.

GOAL STATEMENT

The proposed action supports the City's goal to manage the City's resources in a fiscally responsible manner.

BACKGROUND

Per California Government Code Section 53646(b), the City's treasurer or fiscal officer shall render a treasurer's report to the City Council (at a minimum) on a quarterly basis. This report shall include the type of investment, issuer, date of maturity, par and dollar amount invested on all securities, current market value as of the date of the report, investments and moneys held by the local agency and shall additionally include a description of any of the local agency's funds, investments, or programs, that are under the management of contracted parties, including lending programs. The report shall state compliance to the City's investment policy and shall include a statement noting the City's ability to meet its expenditure requirements for the next six months.

ISSUES/ANALYSIS

The submission of the monthly Treasurer's Report is a compliance measure.

FISCAL IMPACTS

There is no fiscal impact associated with this action.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

Treasurer's Report September 2018

TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

**For Period Ended
September 30, 2018**

Investment Portfolio	Cost	Par Value	Market Value	% of Portfolio
State Local Agency Investment Fund	\$ 11,015,365	N/A	\$ 11,042,421	16.8%
Bank Accounts and Change Funds	5,969,820	N/A	5,969,820	9.1%
ABS-Corporate Paydown Securities	-	N/A	-	0.0%
Money Market Fund	3,177,011	N/A	3,177,011	4.8%
Government Agency Securities	37,719,370	37,765,000	37,127,582	56.0%
Corporate Bonds	7,251,801	7,241,000	7,194,711	10.9%
US Treasury	1,778,677	1,780,000	1,757,284	2.7%
Total Cash and Investments	\$ 66,912,044	\$ 46,786,000	\$ 66,268,829	100.0%

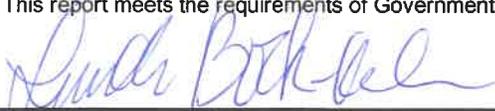
PARS Investment Portfolio	Cost	Market Value	% of Portfolio
115 Trust-OPEB Investment as of 9/30/18	1,077,898	1,077,898	14.5%
Pension Trust Investment as of 9/30/18	6,398,075	6,398,075	85.7%
Total Cash and Investments	\$ 7,475,974	\$ 7,475,974	100.0%

Weighted Average Days to Maturity	577.98
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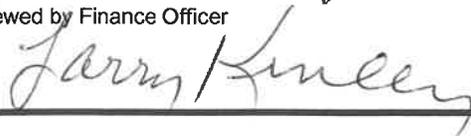
Blended Yield:	1.990%
Benchmarks:	
LAIF	2.063%
2yr U.S. Treasury	2.810%
5yr U.S. Treasury	2.940%

Restricted Funds with Fiscal Agent	Book Value	Market Value
Water System Lease Revenue Refunding Bonds 2011	541,326	541,326
Colonies CFD Area #2 2015	1,838,155	1,838,155
Colonies CFD Area #1 2012	2,442,680	2,442,680
Upland 54 CFD 2004	216,796	216,796
Successor Agency TAN 2013 / TAN 2016- Merged Project	2,451,178	2,451,178
Total Restricted Funds	\$ 7,490,134	\$ 7,490,134

- I hereby certify that the investments are in compliance with the investment policy adopted by the City Council in March 2017.
- The City has the ability to meet its budgeted expenditures for the next six months.
- The market values for funds held in banking institutions do not change. The amounts listed as market values for these items are the same as their book values.
- The book value for the State Pool is the withdrawal value provided by the State Treasurer. The market value of funds held by the State Treasurer equates to the City's pro-rata share of the market value of the entire State Pool.
- Sources for current market valuation are Account Statements and the Wall Street Journal GNMA Mortgage rates on the last trading day of the month.
- This report meets the requirements of Government Code Section 53646.



Reviewed by Finance Officer



City Treasurer

10/17/18

Date

10/22/18

Date

TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

State Local Agency Investment Fund

**For Period Ended
September 30, 2018**

<u>Fund or Account</u>		<u>Account Balance</u>	
City	98-36-942	11,015,365	
Successor Agency	65-36-007	-	
Upland Public Financing Authority	40-36-004	-	
	Totals	\$ 11,015,365	Market Value (See Note 4) \$ 11,042,421
Yield for Period Ended	9/30/2018	2.063%	

TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

Bank Accounts and Change Funds

For Period Ended
September 30, 2018

Account Name	Institution	Insured Deposits	Collateralized Deposits	Total Deposits
Petty Cash City of Upland	City of Upland	\$ -	\$ 11,780	\$ 11,780
City of Upland Payroll Zero Balance Account	Chase	-	-	-
City of Upland Checking Account	Chase	250,000	4,958,794	5,208,794
City of Upland Successor Agency	Chase	-	749,247	749,247
	Totals	\$ 250,000	\$ 5,719,820	\$ 5,969,820

TREASURY REPORT
City of Upland - Successor Agency - Public Financing Authority
For Period Ended
September 30, 2018

Investment	Purchased From	Cusip #	Cost	Market Value	Stated Rate	Maturity Date
<u>Government Securities</u>						
FHLMC	Bnp Paribas Securities	3137EAED7	1,493,025	1,499,415	0.875%	10/12/2018
FNMA	Barclays Cptl & Morgan Stan	3135G0E58	200,019	199,894	1.125%	10/19/2018
FNMA	Deutsche Bank Sec Intl	3135G0YT4	1,508,490	1,498,590	1.625%	11/27/2018
FNMA	Deutsche Bank Sec Intl	3135G0G72	209,687	209,525	1.125%	12/14/2018
FFCB	Keybanc Capital Mkt Inc	3133EFSJ7	100,337	99,806	1.300%	12/14/2018
FHLMC	Morgan Stanley & Co	3137EADZ9	199,934	198,586	1.125%	4/15/2019
FHLB	Wells Fargo Sec LLC	313379EE5	202,912	198,740	1.625%	6/14/2019
FHCB	Keybanc Capital Mkt Inc	3133EFW52	200,854	197,850	1.150%	7/1/2019
FHLMC	Bnp Paribas Securities	3137EADK2	198,576	197,814	1.250%	8/1/2019
FHLB	Wells Fargo Sec LLC	313380FB8	101,020	98,835	1.375%	9/13/2019
FFCB	Keybanc Capital Mkt Inc	313EHKA0	1,500,000	1,482,660	1.400%	9/23/2019
FHLMC	Morgan Stanley & Co	3137EADM8	198,617	197,244	1.250%	10/2/2019
FNMA	Deutsche Bank Sec Intl	3135G0R39	1,485,675	1,473,735	1.000%	10/24/2019
FHLB	Wells Fargo Sec LLC	3130AA3R7	1,498,710	1,478,475	1.375%	11/15/2019
FHLB	Wells Fargo Sec LLC	3130A0JR2	205,698	199,200	2.375%	12/13/2019
FHLB	Federal Home Loan Bks	3130ADPX4	1,496,250	1,495,890	2.000%	3/5/2020
FHLB	Wells Fargo Sec LLC	3130A7PU3	199,088	195,292	1.200%	4/6/2020
FFCB	Wells Fargo Sec LLC	3133ECPD0	204,100	200,539	1.420%	5/13/2020
FHLB	Wells Fargo Sec LLC	313382J53	1,508,501	1,468,380	1.750%	9/2/2020
FHLB	Federal Home Loan Bks	3130ADPR7	2,500,000	2,484,400	2.500%	9/15/2020
FNMA	Deutsche Bank Sec Intl	3135G0RM7	1,499,295	1,462,365	1.630%	10/30/2020
FFCB	Federal Farm Credit Bks	3133EJMX4	1,000,000	995,250	2.680%	11/2/2020
FNMA	Deutsche Bank Sec Intl	3135G0F73	1,492,515	1,457,850	1.500%	11/30/2020
FHLB	Federal Home Loan Bks	3130ADV58	1,300,000	1,299,519	2.500%	4/12/2021
FHLMC	Morgan Stanley & Co	3134GSNS0	998,750	991,660	2.800%	6/28/2021
FFCB	Federal Farm Credit Bks	3133EHYU1	1,236,313	1,211,863	1.840%	9/13/2021
FNMA	Deutsche Bank Sec Intl	3135G0Q89	1,481,400	1,433,025	1.375%	10/7/2021
FFCB	Federal Farm Credit Bks	3133EFPT8	2,020,180	1,941,740	1.960%	11/19/2021
FFCB	Federal Farm Credit Bks	3133EJPE3	1,000,000	994,350	2.950%	2/15/2022
FHLMC	Morgan Stanley & Co	3134GSFS9	2,500,000	2,486,225	2.375%	9/6/2022
FFCB	Federal Farm Credit Bks	3133EHYB3	1,232,838	1,197,638	1.940%	9/12/2022
FHLB	Federal Home Loan Bks	3130ACH72	1,247,738	1,217,788	2.260%	10/4/2022
FFCB	Federal Farm Credit Bks	3133EHF73	1,248,850	1,210,888	2.280%	10/17/2022
FHLMC	Federal Home LN Corp	3134GB3A8	1,500,000	1,449,780	2.250%	11/28/2022
FHLB	Wells Fargo Sec LLC	3130ACX82	1,250,000	1,210,513	2.375%	12/5/2022
FHLMC	Morgan Stanley & Co	3134GSLT0	1,500,000	1,492,260	1.125%	5/30/2023
Government Securities Subtotal			37,719,370	37,127,582		
<u>Money Market Fund</u>						
City of Upland						
	US Bank	31846V203	3,177,011	3,177,011	0.93%	N/A
Money Market Fund Subtotal			3,177,011	3,177,011		
<u>Corporate Bonds</u>						
	Envision Bank	29415LAB7	250,000	249,985	1.800%	10/16/2018
	Microsoft Corp	594918BF0	59,940	59,933	1.300%	11/3/2018
	Dedham Instn for Svgs Mass	24367JAW5	250,000	249,963	1.800%	11/13/2018
	Citizens Bk Pa Philadelphia	17417QFE8	250,000	249,993	1.950%	11/16/2018
	Texas Capital Bank Na	88224PKJ7	250,000	249,993	1.950%	11/16/2018

TREASURY REPORT
City of Upland - Successor Agency - Public Financing Authority
For Period Ended
September 30, 2018

Investment	Purchased From	Cusip #	Cost	Market Value	Stated Rate	Maturity Date
First National Bank CD		332135HJ4	250,000	249,968	2.000%	12/13/2018
John Deere Capital Corp Note		24422ETE9	126,958	124,809	1.950%	1/8/2019
Bank of New York Note		06406HCP2	126,059	124,853	2.500%	1/15/2019
Illini St Bank II		45177RAR3	250,000	249,763	2.000%	3/25/2019
Bank of China New York City		06426WY63	250,000	249,890	2.200%	5/15/2019
Maple Bank Champlin CD		565109AZ8	250,000	249,913	2.200%	5/15/2019
Bank of India New York Branch		06279KML7	250,000	250,090	2.350%	6/5/2019
Toyota Motor Credit Corp		89236TDE2	124,825	124,034	1.400%	8/8/2019
Microsoft Note		594918BN3	119,876	118,462	1.100%	8/8/2019
Paccar Financial Corp Note		69371RN36	90,000	88,694	1.200%	8/12/2019
First Fid Bank Oklahoma City CD		32024FAB7	250,000	248,388	2.850%	9/14/2019
Safra National Bank CD		78658Q3T8	250,000	250,023	2.500%	9/16/2019
Lakeside Bank CD		51210SPT8	250,000	249,595	2.400%	10/31/2019
Wex Bank Midvale CD		92937CHF8	250,000	249,853	2.550%	12/13/2019
Ally Bank Midvale Utah		02007GDM2	250,875	249,743	2.750%	6/29/2020
State Street Bank Note		857477AS2	103,593	99,229	2.550%	8/18/2020
Bank of Hope CD		062683BX4	250,000	249,565	2.800%	9/14/2020
Comenity CAP BK CD		20033AXY7	250,000	245,395	2.000%	10/23/2020
Eagle Bank CD		27002YDY9	250,000	249,205	2.800%	3/8/2021
CitiBank NA CD		17312QH93	250,000	248,468	2.750%	4/12/2021
B Bay LLC Promissory Notebal		05580ANK6	250,000	249,678	3.000%	7/13/2021
Abacus Federal CD		00257TBA3	250,000	248,805	2.900%	8/31/2021
Wells Fargo Bank CD		949763LT1	250,000	243,115	2.250%	12/8/2021
American Express CD		02587CFU9	250,000	240,518	2.400%	8/29/2022
American CD		02587DN38	249,675	238,704	2.400%	4/5/2022
Goldman Sachs CD		38148PYQ4	250,000	245,238	2.800%	2/28/2023
Sallie Mae Bank Salt Lke		795450P66	250,000	249,025	3.200%	5/9/2023
Discover Bank Greenwood Del CD		254673RF5	250,000	249,830	3.200%	5/9/2023
Corporate Bonds Subtotal			7,251,801	7,194,711		
US Treasury						
US T-note	Citigroup Global Mkt Inc	912828P53	199,657	198,804	0.750%	2/15/2019
US T-note	Bmo Capital Mkt Corp	912828SN1	176,798	174,193	1.500%	3/31/2019
US T-note	Jefferies LLC	912828ST8	200,157	198,618	1.250%	4/30/2019
US T-note	Citigroup Global Mkt Inc	912828SX9	203,952	203,135	1.125%	5/31/2019
US T-note	Morgan Stanley	912828TH3	197,673	197,188	0.875%	7/31/2019
US T-note	Bmo Capital Mkt Corp	912828TR1	198,118	196,750	1.000%	9/30/2019
US T-note	Barclays Capital Inc	912828G61	199,188	197,258	1.500%	11/30/2019
US T-note	Citigroup Global Mkt Inc	912828H52	202,258	196,126	1.250%	1/31/2020
US T-note	Morgan Stanley	912828UV0	200,876	195,212	1.125%	3/31/2020
US Treasury Subtotal			1,778,677	1,757,284		
Total Portfolio			\$ 49,926,858	\$ 49,256,588		

TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

For Period Ended	Market Value	Availability 09/30/18 10/01/18	No. of days until maturity	weight	days to maturity weighted average	Total by maturity
September 30, 2018						
Petty Cash	11,780	10/01/18	1	0.0%	0.00	
Checking Account	5,208,794	10/01/18	1	7.9%	0.08	
Successor Agency	749,247	10/01/18	1	1.1%	0.01	5,969,820
Total Bank Accounts	5,969,820					
State Local Agency Investment Fund	11,042,421	10/01/18	1	16.7%	0.17	11,042,421
US Bank	3,177,011	10/01/18	1	4.8%	0.05	3,177,011
Total Money Market Accounts	3,177,011					
Bnp Paribas Securities	1,499,415	10/12/18	12	2.3%	0.27	
Barclays Cptl & Morgan Stan	199,894	10/19/18	19	0.3%	0.06	1,699,309
Government Securities	1,699,309					
Envision Bank	249,985	10/16/18	16	0.4%	0.06	249,985
Corporate Bonds	249,985					
						22,138,546
						1 - 30 days
Deutsche Bank Sec Intl	1,498,590	11/27/18	58	2.3%	1.31	1,498,590
Government Securities	1,498,590					
Microsoft Corp	59,933	11/03/18	34	0.1%	0.03	
Dedham Instrn for Svgs Mass	249,963	11/13/18	44	0.4%	0.17	
Citizens Bk Pa Philadelphia	249,993	11/16/18	47	0.4%	0.18	
Texas Capital Bank Na	249,993	11/16/18	47	0.4%	0.18	809,880
Corporate Bonds	809,880					
						2,308,470
						31 - 60 days
Deutsche Bank Sec Intl	209,525	12/14/18	75	0.3%	0.24	
Keybanc Capital Mkt Inc	99,806	12/14/18	75	0.2%	0.11	309,331
Government Securities	309,331					
First National Bank CD	249,968	12/13/18	74	0.4%	0.28	
John Deere Capital Corp Note	124,809	01/08/19	100	0.2%	0.19	
Bank of New York Note	124,853	01/15/19	107	0.2%	0.20	499,629
Corporate Bonds	499,629					
						808,960
						61 - 120 days
Illini St Bank II	249,763	03/25/19	176	0.4%	0.66	249,763
Corporate Bonds	249,763					
Citigroup Global Mkt Inc	198,804	02/15/19	138	0.3%	0.41	198,804
US Treasury	198,804					
						448,567
						121 - 180 days
Morgan Stanley & Co	198,586	04/15/19	197	0.3%	0.59	
Wells Fargo Sec LLC	198,740	06/14/19	257	0.3%	0.77	
Keybanc Capital Mkt Inc	197,850	07/01/19	274	0.3%	0.82	
Bnp Paribas Securities	197,814	08/01/19	305	0.3%	0.91	
Wells Fargo Sec LLC	98,835	09/13/19	348	0.1%	0.52	
Keybanc Capital Mkt Inc	1,482,660	09/23/19	358	2.2%	8.01	2,374,485
Government Securities	2,374,485					
Bank of China New York City	249,890	05/15/19	227	0.4%	0.86	
Maple Bank Champlin CD	249,913	05/15/19	227	0.4%	0.86	
Bank of India New York Branch	250,090	06/05/19	248	0.4%	0.94	
Toyota Motor Credit Corp	124,034	08/08/19	312	0.2%	0.58	
Microsoft Note	118,462	08/08/19	312	0.2%	0.56	
Paccar Financial Corp Note	88,694	08/12/19	316	0.1%	0.42	
First Fid Bank Oklahoma City CD	248,388	09/14/19	349	0.4%	1.31	
Safra National Bank CD	250,023	09/16/19	351	0.4%	1.32	1,579,492
Corporate Bonds	1,579,492					
Bmo Capital Mkt Corp	174,193	03/31/19	182	0.3%	0.48	
Jefferies LLC	198,618	04/30/19	212	0.3%	0.64	
Citigroup Global Mkt Inc	203,135	05/31/19	243	0.3%	0.74	
Morgan Stanley	197,188	07/31/19	304	0.3%	0.90	
Bmo Capital Mkt Corp	196,750	09/30/19	365	0.3%	1.08	969,884
US Treasury	969,884					
						4,923,861
						181 - 1 year
Morgan Stanley & Co	197,244	10/02/19	367	0.3%	1.09	
Deutsche Bank Sec Intl	1,473,735	10/24/19	389	2.2%	8.65	
Wells Fargo Sec LLC	1,478,475	11/15/19	411	2.2%	9.17	

TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

For Period Ended	Market Value	Availability 09/30/18 10/01/18	No. of days until maturity	weight	days to maturity weighted average	Total by maturity
September 30, 2018						
Wells Fargo Sec LLC	199,200	12/13/19	439	0.3%	1.32	
Federal Home Loan Bks	1,495,890	03/05/20	522	2.3%	11.78	
Wells Fargo Sec LLC	195,292	04/06/20	554	0.3%	1.63	
Wells Fargo Sec LLC	200,539	05/13/20	591	0.3%	1.79	
Wells Fargo Sec LLC	1,468,380	09/02/20	703	2.2%	15.58	
Federal Home Loan Bks	2,484,400	09/15/20	716	3.7%	26.84	9,193,155
Government Securities	9,193,155					
Lakeside Bank CD	249,595	10/31/19	396	0.4%	1.49	
Wex Bank Midvale CD	249,853	12/13/19	439	0.4%	1.66	
Ally Bank Midvale Utah	249,743	06/29/20	638	0.4%	2.40	
State Street Bank Note	99,229	08/18/20	688	0.1%	1.03	
Bank of Hope CD	249,565	09/14/20	715	0.4%	2.69	1,097,984
Corporate Bonds	1,097,984					
Barclays Capital Inc	197,258	11/30/19	426	0.3%	1.27	
Citigroup Global Mkt Inc	196,126	01/31/20	488	0.3%	1.44	
Morgan Stanley	195,212	03/31/20	548	0.3%	1.61	588,596
US Treasury	588,596					
						10,879,735 1- 2 years
Deutsche Bank Sec Intl	1,462,365	10/30/20	761	2.2%	16.79	
Federal Farm Credit Bks	995,250	11/02/20	764	1.5%	11.47	
Deutsche Bank Sec Intl	1,457,850	11/30/20	792	2.2%	17.42	
Federal Home Loan Bks	1,299,519	04/12/21	925	2.0%	18.14	
Morgan Stanley & Co	991,660	06/28/21	1,002	1.5%	14.99	
Federal Farm Credit Bks	1,211,863	09/13/21	1,079	1.8%	19.73	7,418,507
Government Securities	7,418,507					
Comenity CAP BK CD	245,395	10/23/20	754	0.4%	2.79	
CitiBank NA CD	248,468	04/12/21	925	0.4%	3.47	
B Bay LLC Promissory Notebal	249,678	07/13/21	1,017	0.4%	3.83	
Eagle Bank CD	249,205	03/08/21	890	0.4%	3.35	992,745
Corporate Bonds	992,745					
						8,411,252 2- 3 years
Deutsche Bank Sec Intl	1,433,025	10/07/21	1,103	2.2%	23.85	
Federal Farm Credit Bks	1,941,740	11/19/21	1,146	2.9%	33.58	
Federal Farm Credit Bks	994,350	02/15/22	1,234	1.5%	18.52	
Morgan Stanley & Co	2,486,225	09/06/22	1,437	3.8%	53.91	
Federal Farm Credit Bks	1,197,638	09/12/22	1,443	1.8%	26.08	8,052,978
Government Securities	8,052,978					
Abacus Federal CD	248,805	10/04/22	1,465	0.4%	5.50	
Wells Fargo Bank CD	243,115	12/08/21	1,165	0.4%	4.27	
American Express CD	240,518	08/29/22	1,429	0.4%	5.19	
American CD	238,704	04/05/22	1,283	0.4%	4.62	971,141
Corporate Bonds	971,141					
						9,024,119 3- 4 years
Federal Home Loan Bks	1,217,788	10/04/22	1,465	1.8%	26.92	
Federal Farm Credit Bks	1,210,888	10/17/22	1,478	1.8%	27.01	
Federal Home LN Corp	1,449,780	11/28/22	1,520	2.2%	33.25	
Wells Fargo Sec LLC	1,210,513	12/05/22	1,527	1.8%	27.89	
Morgan Stanley & Co	1,492,260	05/30/23	1,703	2.3%	38.35	6,581,228
Government Securities	6,581,228					
Goldman Sachs CD	245,238	02/28/23	1,612	0.4%	5.97	
Sallie Mae Bank Salt Lke	249,025	05/09/23	1,682	0.4%	6.32	
Discover Bank Greenwood Del CD	249,830	05/09/23	1,682	0.4%	6.34	744,093
Corporate Bonds	744,093					
						7,325,320 4- 5 years
Total Investments	\$ 66,268,829			100.00%	577.98	\$ 66,268,829

Average Maturity in Days 577.98
 Average Maturity in Years: 1.584

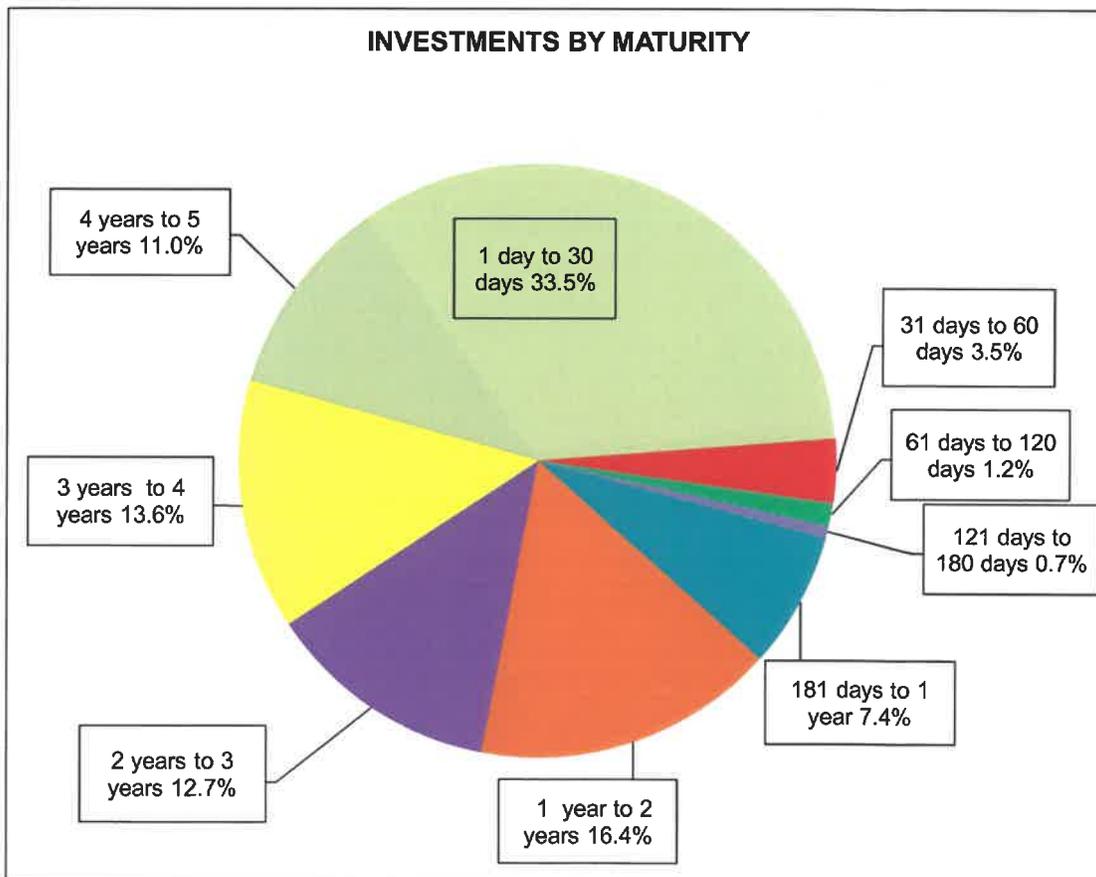
LAIF Amortized Cost \$ 87,809,390,708
 LAIF Fair Value \$ 88,025,067,288
 Check: 1.002456190

TREASURY REPORT
 City of Upland - Successor Agency - Public Financing Authority

For Period Ended
September 30, 2018

Par Values Maturing by Date and Type
Maturities in Thousands of Dollars

Investment Portfolio	1 day to 30 days	31 days to 60 days	61 days to 120 days	121 days to 180 days	181 days to 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years
State Local Agency Investment Fund	11,042	-	-	-	-	-	-	-	-
Bank Accounts and Change Funds	5,970	-	-	-	-	-	-	-	-
ABS	-	-	-	-	-	-	-	-	-
Government Securities	1,699	1,499	309	-	2,374	9,193	7,419	8,053	6,581
Money Market Fund	3,177	-	-	-	-	-	-	-	-
Corporate Bonds	250	810	500	250	1,579	1,098	993	971	744
US Treasury	-	-	-	199	970	589	-	-	-
Total Cash and Investments	22,138	2,309	809	449	4,923	10,880	8,412	9,024	7,325
Percentage	33.5%	3.5%	1.2%	0.7%	7.4%	16.4%	12.7%	13.6%	11.0%





STAFF REPORT

ITEM NO. 11.C.

DATE: November 12, 2018
TO: MAYOR AND CITY COUNCIL
FROM: JEANNETTE VAGNOZZI, ACTING CITY MANAGER
PREPARED BY: DARREN L. GOODMAN, POLICE CHIEF
MAURICE DURAN, POLICE SERGEANT
SUBJECT: LIEN SALES SERVICE AGREEMENT

RECOMMENDED ACTION

It is recommended that the City Council approve a contract with Good Faith Lien Services for services related to the sale of vehicles impounded/stored at the Police Department impound lot, and authorize the Acting City Manager to execute the agreement.

GOAL STATEMENT

The proposed action supports the goal of the Police Department to recover costs associated with the impound/storage of vehicles not picked up by their owners after the impoundment period has ended.

BACKGROUND

The City of Upland Police Department maintains a vehicle impound lot at the rear of the police facility. The lot is for the storage of vehicles impounded when motorists drive without being properly licensed. The Police Department pays for the towing and recovers those costs when the vehicle owner picks up the vehicle. Vehicles not picked up at the end of the impoundment period are sent to lien and sold to recover the towing/storage costs.

ISSUES/ANALYSIS

In August, Staff contacted several Lien Sale businesses and notified them of the Request for Proposal (RFP) and posted the RFP on the City's website. The RFP included a requirement that proposals be returned to the Police Department by September 13, 2018. When the deadline came, one Lien Sales Service provider, Good Faith Lien Services, submitted a

proposal. Good Faith Lien Services is the provider the City has been using for the previous five years.

Staff reviewed the proposal and found it to meet the requirements of the RFP. Police Department personnel responsible for the disposition of impounded vehicles were contacted and have experienced no problems with the service provided by Good Faith Lien Services during the previous contract.

FISCAL IMPACTS

No additional appropriations are required at this time as this is an ongoing service that was already budgeted for in the Fiscal Year 2018/19 budget and the rates under the new contract have not changed.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

Lien Sales Service Agreement

LIEN SALES SERVICE AGREEMENT

THIS AGREEMENT is made and entered on this 1st day of November 2018, by and between the City of Upland, a municipal corporation, hereinafter referred to as "CITY", and GOOD FAITH LIEN SERVICES, hereinafter referred to as "CONTRACTOR".

WITNESSETH:

WHEREAS, it is the desire of the CITY and CONTRACTOR to enter into an exclusive agreement for lien sale services that will be requested by the Upland Police Department, pursuant to the terms and conditions set forth herein.

DESCRIPTION OF SERVICES

<u>Service Provided:</u>	<u>Fees</u>
SHORT LIEN:	\$11
LONG LIEN:	\$59
LONG LIEN CANCELLATION:	\$39

Lien Services are described as providing the following services every week on an ongoing basis;

Completed lien sales processing:

- Providing lien sale paperwork on eligible items that are registered with the DMV.
- Lien processing for all values of liens.
- California DMV vehicle/vessel registration forms.
- All required postage.
- All Reg. 656 applications for vehicles valued over \$4,000.00.
- All legal ads for vehicles valued over \$4,000.00.
- Retention of all returned notices and green cards.
- Provide police department with invoice paperwork, including cancellations.

The City of Upland is responsible for the following in connection with Lien Sales Services:

- Documentation of all towed vehicles.
- Providing CHP 180 paperwork to the Lien Sale Service.
- Providing keys and viewing opportunity of stored vehicles to Lien Sale Service.

NOW, THEREFORE, the parties hereto agree as follows:

1. Performance of Service: Contractor agrees to perform lien sale services on an exclusive basis as an Official Lien Sales Provider and to furnish all labor and equipment necessary to implement lien sales in the City of Upland as directed, and subject to the satisfaction of, the Upland Police

Department. All lien sales services shall be performed in accordance with all applicable provisions of law, and the provisions of this agreement.

2. Terms and Conditions: The terms and conditions of this agreement shall be effective as of November 1, 2018, and continue through October 31, 2021, unless sooner terminated as provided herein. The CITY may, upon mutual agreement, extend the contract for two (2) one-year additional terms.

3. Insurance: The CONTRACTOR shall not commence work under this contract until it has obtained all insurance required hereunder a company or companies acceptable to the CITY nor shall the CONTRACTOR allow any subcontractor to commence work on its subcontract until all insurance required of the subcontractor has been obtained. The CONTRACTOR shall take out and maintain at all times during the life of this contract the following policies of insurance:
 - a. Compensation insurance: Before beginning work, the CONTRACTOR shall furnish to the CITY a certificate of insurance as proof that it has taken out full compensation insurance for all persons whom the CONTRACTOR may employ directly or through subcontractors in carrying out the work specified herein, in accordance with the laws of the State of California. Such insurance shall be maintained in full force and effect during the period covered by this contract. Further, such policy of insurance shall provide that the insurer waives all rights of subrogation against the CITY and its elected officials, officers, employees and agents.

In accordance with the provisions of Section 3700 of the California Labor Code, every contractor shall secure the payment of compensation to his employees. CONTRACTOR, prior to commencing work, shall sign and file with the CITY a certification as follows: "I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for worker's compensation or to undertake self-insurance in accordance with the provisions of that Code, and I will comply with such provisions before commencing with the performance of work under this contract."

- b. For all operations of the CONTRACTOR or any subcontractor authorized to perform the work herein, insurance with the following minimum limits and coverage:
 - i. Commercial General Liability (occurrence) - for bodily injury, death and property damage for products/completed operations and any and all other activities undertaken by the contractor in the performance of this Agreement, OR
 - ii. (Alternative to Commercial General Liability) – Comprehensive, broad form General Public Liability (occurrence) – for bodily injury, death and property damage arising out of any activities undertaken by CONTRACTOR in the performance of this Agreement.
 - iii. Comprehensive Automobile Liability (occurrence) – for bodily injury, death and property damage insuring against all liability arising out of the use of any vehicle.
 - iv. Other required insurance, endorsements or exclusions as required by the CITY.
 - v. The policies of insurance required in the above sections shall have no less than the following limits of coverage:

1. \$1,000,000 (One Million Dollars) for bodily injury or death;
 2. \$1,000,000 (One Million Dollars) for property damage;
 3. \$1,000,000 (One Million Dollars) combined Single Limit for Injuries, including Accidental Death and Property Damage Insurance.
- c. Each such policy of insurance required in Section (b) shall:
- i. Be subject to no deductible amount unless otherwise approved in writing by CITY.
 - ii. Be issued by an insurance company approved in writing by CITY, which is admitted and licensed to do business in the State of California and which is rated AVII or better according to the most recent A.M. Best Co. Rating Guide.
 - iii. Name as additional insured the CITY, its elected officials, officers, agents and employees.
 - iv. Specify that it acts as primary insurance and that no insurance held or owned by the designated additional insured shall be called upon to cover a loss under said policy.
 - v. Specify that it 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.
 - vi. Contain a clause in the following words: "It is hereby understood and agreed that this policy may not be canceled nor the amount of coverage thereof reduced until thirty (30) days after receipt by CITY of written notice of such cancellation or reduction of coverage as evidenced by receipt of a registered letter."
 - vii. Specify that any failure to comply with reporting or other provisions of the required policy, including breaches of warranty, shall not affect the coverage required to be provided.
 - viii. Specify that the insurer waives all rights of subrogation against any of the named additional insured.
 - ix. Specify that any and all costs of adjusting and/or defending any claim against any insured, including court costs and attorney's fees, shall be paid in addition to and shall not deplete any policy limits.
 - x. Otherwise be in form satisfactory to CITY.
 1. Prior to commencing performance under this Agreement, the CONTRACTOR shall furnish to the CITY with original endorsements, or copies of each required policy, effecting and evidencing the insurance coverage required by this Agreement. The endorsements shall be signed by a person authorized by the insurer(s) to bind coverage on its behalf. All endorsements or policies shall be received and approved by the CITY before CONTRACTOR commences performance. If performance of this Agreement shall extend beyond one year, CONTRACTOR shall provide City with the required policies or endorsements evidencing renewal of the required policies or endorsements evidencing renewal of the required policies of insurance prior to the expiration of any required policies of insurance.

4. Indemnification: The CONTRACTOR shall indemnify, defend and hold the CITY, its elected officials, officers, agents, and/or employees free and harmless from all claims, liabilities, costs, and demands of any description arising out of performance of this Agreement or any supplemental agreement, to the extent such claims or demands are alleged to be the result of an act or omission of CONTRACTOR or anyone acting on behalf of CONTRACTOR when performing services pursuant to this Agreement. CONTRACTOR'S duty to indemnify shall include payment of all attorneys' fees, court costs and all other costs of litigation incurred by CITY.

5. Labor and Equipment: It is expressly understood and agreed that in the furnishing of all labor and equipment and in the performance of all work under this Agreement, the CONTRACTOR is acting as an independent contractor and not as an agent, servant, or employee of the City of Upland.

6. CONTRACTOR'S Responsiveness: CONTRACTOR shall respond to Upland Police Department once a week on a regular business day to be determined by the Upland Police Department.

7. Vehicle Values: The vehicle values will be determined by consulting the most current Kelley Blue Book.

8. Costs: The costs for service provided by each party under this Agreement shall be in the amounts, due and payable all as set forth on Attachment 1 hereto, which amounts may be revised from time to time pursuant to this Agreement.

9. Dispute of Agreement: A representative of the Upland Police Department who is the Administrative Services Division Commander shall mediate any dispute between the CONTRACTOR and the CITY regarding the administration of this Agreement and the decision shall be governed by the provisions of Section 13 of this Agreement.

10. Interpretation of Contract: This Agreement constitutes the entire contract between the CITY and CONTRACTOR. No representation, agreement, or promise, whether express or implied, shall be binding upon either party hereto unless expressly set forth herein. Any changes or modifications of any of the terms and conditions herein shall be in writing and executed by the parties hereto, provided, however, that CONTRACTOR understands and agrees that it will, if required by the CITY, execute such further agreements as the CITY requires to provide additional insurance protection for the CITY against third party claims arising from CONTRACTOR'S operations pursuant to this Agreement.

11. Termination Agreement: Either the CITY and/or the CONTRACTOR may terminate this Agreement upon giving to the other thirty (30) days prior written notice of said termination. Termination may be with or without cause and, upon termination, neither party shall have any further liability hereunder provided, however, that CONTRACTOR'S obligations pursuant to Section 4 shall continue for the maximum period permitted by law.

12. Assignment of Work: This Agreement may not be assigned nor shall CONTRACTOR subcontract any portion of the work required to be performed herein or utilize equipment or storage yard not owned or leased by CONTRACTOR, without prior written consent of the CITY, and any attempted assignment thereof without such consent shall be null and void.

13. Attorney's Fees: Should it be necessary for any party to commence any legal action or proceeding to enforce the terms or conditions hereof, the prevailing party in such action shall be entitled to recover

from the unsuccessful party all reasonable attorney's fees, costs and expenses incurred by it in the prosecution or defense of such action.

14. Severability: Should any provision, section, word or sentence of this Agreement be declared invalid or preempted by a court of competent jurisdiction, such invalidity or preemption shall not affect any remaining provision, section, word or sentence in this agreement.

Executed the day and the year first above written.

CONTRACTOR: Good Faith Lien Services

BY: _____
(Signature of Owner)

(Printed Name)

Title: _____

CITY OF UPLAND, A Municipal Corporation

By: _____
Jeannette Vagnozzi, Acting City Manager

Attest:

Keri Johnson, Deputy City Clerk

Approved As to Form:

James L. Markman, City Attorney



STAFF REPORT

ITEM NO. 11.D.

DATE: November 12, 2018
TO: MAYOR AND CITY COUNCIL
FROM: JEANNETTE VAGNOZZI, ACTING CITY MANAGER
PREPARED BY: DARREN L. GOODMAN, POLICE CHIEF
MAURICE DURAN, POLICE SERGEANT
SUBJECT: TOW SERVICES AGREEMENT

RECOMMENDED ACTION

It is recommended that the City Council approve a contract with Steve's Towing and Mr. T's Towing for police towing services and authorize the Acting City Manager to execute the agreements.

GOAL STATEMENT

The proposed action supports the Police Department's goal of providing efficient and effective traffic control for the City.

BACKGROUND

The City of Upland has utilized local towing companies for the removal of vehicles from the roadways. Vehicles are impounded as a result of traffic collisions, expired or suspended licenses, expired registration, evidence or for being stored on the roadway. Vehicles are either towed to the Police Department impound lot or to the authorized tow company's lot.

ISSUES/ANALYSIS

In August, Staff called ten (10) tow companies doing business within the immediate area to notify them of the Request for Proposal (RFP) and posted the RFP on the City's website. The RFP included requirement that the tow service provider be located within a 5-mile radius of the Police Department. Nine (9) proposals were received by the published September 13, 2018 deadline.

A committee was formed and reviewed the proposals received. The committee conducted site visits to the nine tow companies and recommend Steve's Towing out of Rancho Cucamonga and Mr. T's Towing in Upland. Both companies have met the requirements of the RFP and have provided towing services previously. The RFP requested a bid amount for the towing of vehicles to the Police Department impound lot. Both companies provided a bid of \$150.00 for this service, which is the amount the City has been charged for vehicle tows for the last five years.

The cost of the tow service will be recovered at the time the vehicle owner retrieves the vehicle from impound. If the vehicle owner elects not to retrieve their vehicle, the vehicle will be sold at auction and the fee recovered from the sale price.

The use of two tow companies will provide for quick removal of vehicles from the roadways. The companies will be placed on an alternating weekly schedule with the understanding both companies may be called upon at any time if the need arises.

Additionally, both tow companies have agreed to tow any City vehicles (up to 3 tons) and within 50 miles of the City of Upland at no charge.

FISCAL IMPACTS

No additional appropriations are required at this time as these services are ongoing and were already included in the Fiscal Year 2018/19 budget and there was no change in the tow rates in these new contracts.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

Tow Services Agreement - Steve's Towing
Tow Services Agreement - Mr. T's Towing

TOW SERVICES AGREEMENT

THIS AGREEMENT is made and entered into this 1st day of November 2018 by and between the CITY OF UPLAND, a municipal corporation, hereinafter referred to as "CITY," and STEVE's Towing, hereinafter referred to as "CONTRACTOR."

WITNESSETH:

WHEREAS, it is the desire of the CITY and the CONTRACTOR to enter into a non-exclusive Agreement for towing services that will, from time-to-time, be requested by the Upland Police Department, pursuant to the terms and conditions set forth herein and in the Towing Policy and Procedures, attached as Exhibit A hereto;

AGREEMENT:

NOW, THEREFORE, the parties hereto agree as follows:

1. CONTRACTOR shall perform tow services on a non exclusive basis as an Official Tow Provider and furnish all labor and equipment necessary to implement towing, storing and impounding of motor vehicles in the City of Upland as directed by, and subject to the satisfaction of, the Upland Police Department. All towing services shall be performed in accordance with all applicable provisions of law, and the provisions of this agreement and Exhibit A attached as hereto and incorporated by reference herein.
2. Term. The provisions of this agreement shall be effective as of, November 1, 2018 and continue through October 31, 2021, unless sooner terminated as provided herein. There shall be two (2) one year renewal options extending the term of this agreement, subject to the written consent of both parties.
3. Insurance. The CONTRACTOR shall not commence work under this agreement until it has obtained all insurance required hereunder in a company or companies acceptable to CITY nor shall the CONTRACTOR allow any subcontractor to commence work on its subcontract until all insurance required of the subcontractor has been obtained. The CONTRACTOR shall take out and maintain at all times during the life of this agreement the following policies of insurance:
 - (a) Compensation insurance: Before beginning work, the CONTRACTOR shall furnish to the CITY a certificate of insurance as proof that it has taken out full compensation insurance for all persons whom the CONTRACTOR may employ directly or through subcontractors in carrying out the work specified herein, in accordance with the laws of the State of California. Such insurance shall be maintained in full force and effect during the period covered by this contract. Further, such policy of insurance shall provide that the insurer waives all rights of subrogation against CITY and its elected officials, officers, employees and agents.

In accordance with the provisions of Section 3700 of the California Labor Code, every contractor shall secure the payment of compensation to his employees. CONTRACTOR, prior to commencing work, shall sign and file with the CITY a certificate as follows:

"I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for worker's compensation or to undertake self insurance in accordance with the provisions of the Code, and I will comply with such provisions before commencing the performance of work of this contract."

(b) For all operations of the CONTRACTOR or any subcontractor authorized to perform the work herein, insurance with the following minimum limits and coverage:

- (1) Commercial General Liability (occurrence) – for bodily injury, death and property damage for products/completed operations and any and all others activities undertaken by the CONTRACTOR in the performance of this agreement;
- (2) Comprehensive Automobile Liability (occurrence) – for bodily injury, death and property damage insuring against all liability arising out of the use of any vehicle;
- (3) Garage-keepers Legal Liability (occurrence)- insuring against all liability for claims alleging damage of any nature to any vehicle towed, impounded or otherwise stored by CONTRACTOR, while in possession of CONTRACTOR, or otherwise under CONTRACTOR'S custody and/or control, in an amount not less than Seventy –Five Thousand Dollars (\$75,000.00);
- (4) On-hook Liability (occurrence) based upon the unladen weight of each tow truck-insuring against all liability for damage to any vehicle towed by CONTRACTOR, or otherwise physically connected to CONTRACTOR'S tow truck. For a tow truck of less than 20,000 pounds unladen, such insurance limits shall be no less than Fifty Thousand Dollars (\$50,000.00), and Seventy-Five Thousand Dollars (\$75,000.00), for tow trucks having and unladen weight of 20,000 pounds or more;
- (5) Other required insurance, endorsements or exclusions as required by the CITY;
- (6) The policies of insurance required in subsections 1 and 2 of this Section (b) shall have no less than the following limits of coverage:
 - (i) \$1,000,000 (One Million Dollars) for bodily injury or death;
 - (ii) \$1,000,000 (One Million Dollars) for property damage;
 - (iii) Not less than Two Million Dollars (\$2,000,000) combined Single Limit for Injuries, including Accidental Death and Property Damage Insurance.

(c) Each such policy of insurance required in Section (b) shall:

- (1) Be subject to no deductible amount unless otherwise approved in writing by CITY;
- (2) Be issued by an insurance company approved in writing by CITY, which is admitted and licensed to do business in the State of California and which is rated AVIII or better according to the most recent A.M. Best Co. Rating Guide;

- (3) Name as additional insured the CITY, its elected officials, officers, agents, and employees;
 - (4) Specify that it acts as primary insurance and that no insurance held or owned by the designated additional insured shall be called upon to cover a loss under said policy;
 - (5) Specify that it applies separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability;
 - (6) All insurance coverage shall contain a clause substantially in the following words; "It is hereby understood and agreed that this policy shall not be canceled nor coverage reduced except upon thirty (30) days' prior to written notice to the City of Upland of such cancellation or reduction in coverage as evidenced by a return receipt for a registered letter." CONTRACTOR agrees to require its insurer to modify the certificates of insurance to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, and to delete the word "endeavor" with regard to any notice provisions;
 - (7) Specify that any failure to comply with reporting or other provisions of the required policy, including breaches of warranty, shall not affect the coverage required to be provided;
 - (8) Specify that the insurer waives all rights of subrogation against any of the named additional insured's; and
 - (9) Specify that any and all costs of adjusting and/or defending any claim against any insured, including court costs and attorney's fees, shall be paid in addition to and shall not deplete any policy limits.
 - (10) Otherwise be in form satisfactory to CITY.
- (d) Prior to commencing performance under this agreement, the CONTRACTOR shall furnish the CITY with certificates and original endorsements, or copies of each required policy, effecting and evidencing the insurance coverage required by this agreement. The endorsements shall be signed by a person authorized by the insurer(s) to bind coverage on its behalf. All certificates with endorsements or policies shall be received and approved by the CITY before CONTRACTOR commences performance. If performance of this agreement shall extend beyond one (1) year, CONTRACTOR shall provide CITY with the required policies or endorsements evidencing renewal of the required policies of insurance prior to the expiration of any required policies of insurance.
- (1) Indemnity. The CONTRACTOR shall indemnify, defend and hold the CITY, its elected officials, officers, agents, and/or employees free and harmless from all claims, liabilities, costs, and demands of any description arising out of CONTRACTOR'S performance of this agreement or any supplemental agreement, to the extent such claims or demands are alleged to be the result of an act or omission of CONTRACTOR, or any of CONTRACTOR'S employees, officers, agents or anyone acting on behalf of CONTRACTOR.

CONTRACTOR'S duty to indemnify shall include payment of all actual attorney's fees, experts' costs, court costs and all other costs of litigation incurred by CITY.

Claims hereby covered shall include, but are not limited to, any loss, theft, damage, or break-ins as to automobiles under CONTRACTOR'S custody or control. Claims hereby covered shall also include claims alleging that the procedures utilized in the care, custody, control, and/or selling of vehicles do not comply with statutory or constitutional requirements.

CONTRACTOR shall provide proof to the CITY of having obtained insurance coverage guaranteeing CONTRACTOR'S obligations under this Section. This insurance shall guarantee that CONTRACTOR shall defend and hold free and harmless the CITY, and shall pay any judgments, claims or settlements arising from any of the aforementioned described acts or omissions, including claims alleging that the procedures utilized in towing, storing, and/or selling vehicles failed to comply with statutory requirements.

- (2) It is expressly understood and agreed that in the furnishing of all labor and equipment and in the performance of all work under this agreement, the CONTRACTOR is acting as an independent contractor and not as an agent, servant, or employee of the City of Upland.
- (3) Except as otherwise provided by law, all towing and storage charges shall be paid by the owner or lawful possessor of the towed, stored or impounded vehicle.
- (4) Except as otherwise provided by law, CONTRACTOR shall provide tow services in accordance with the following Fee Schedule for those services requested by the City of Upland Police Department:

TOW, STORAGE AND DEFINITION OF SERVICE

TOWS

City-owned Vehicles:

City owned vehicles that weigh less than 3 tons and are within 50 miles of the City Yards located at 1370 N. Benson Avenue, Upland will not be charged for towing. Those over the weight limit or outside the mileage will be billed at the tow company's normal rate. This is inclusive of 30 day storage lien sale vehicles into and out of the CITY's storage facility.

FEES

No Charge

30-Day Impounded Vehicles:

Vehicles that are impounded for 30-days and will be stored at the Upland Police impound lot located at 1370 N. Benson Avenue, Upland (Tow company will bill every thirty days for above described vehicles and the City of Upland will pay 30 days net upon receipt and verification of invoice.)

\$ 150.00

SERVICES

No Charge

Change of flat tire of City of Upland Police owned vehicles. (When the City Yard is closed and a police vehicle within the above described mileage limits needs a tire changed. Outside of the mileage limits would incur the tow company’s normal charge for a flat tire change.)

Storage fees are to be in compliance with California Vehicle Code section 22658.

Automobile (Storage) \$ 49.00
Per Day

Motorcycles (Storage) \$ 49.00
Per Day

Trucks, Trailers, Boats or Others (Storage):
20’ to 40’ in Length \$ 49.00
Per Day

50’ and Over \$ 49.00
Per Day

(5)The Upland Police Department shall, insofar as possible, attempt to limit impound calls for 72 hour violation vehicles to the period between the hours of 7:00 a.m. and 9:00 p.m., Sunday through Saturday. However, towing services shall be available 24 hours per day for emergencies, and the maximum permitted response time shall not exceed 25 minutes. "Response time" shall mean that period of time commencing upon receipt of request for service from the Upland Police Department, and ending upon the actual time of arrival of CONTRACTOR’S tow vehicle at the scene. At no time prior to receiving written notice shall any of CONTRACTOR’S employees, officers, agents or anyone else acting on CONTRACTOR’S behalf, have any physical contact with any impounded vehicle or any of the contents therein, except as specifically required in order to perform services required by this agreement, or where otherwise directed by a representative of the Upland Police Department.

(6)CITY shall not be responsible for the CONTRACTOR’S fees that are the result of calls made to CONTRACTOR by the Upland Police Department on behalf of third parties where such third parties have already removed their vehicles at the time the CONTRACTOR’S arrival at the towing scene or when third parties otherwise decline to use the CONTRACTOR’S services. In such situations, the CONTRACTOR will look to the third parties for payment of its fees. CITY shall not be responsible for fees when calls for service are cancelled by the Upland Police Department when the call was initiated for service by the CITY employee during a work related function. No billing to the CITY shall occur for any other tows except 30 day impounds without prior approval from an Upland Police Department supervisor. The tow company will allow two non-billable tows a month (non-cumulative) to the CITY; this is only to be utilized due to CITY employee towing errors, occurring from work related activity. These non-billing requests will be at the direction of the Patrol Division Commander or his/her designee.

- (7) If a CONTRACTOR'S response is greater than the allotted time stipulated within this contract, the original tow may be cancelled and the tow for the following week called to respond. The City shall not be billed for the cancelled tow. This shall only occur at the discretion of a supervisor.
- (8) CONTRACTOR'S fees shall be subject to adjustment once each year to reflect changes in labor, equipment, repair, and fuel costs. Proposed adjustments may be approved by the Chief of Police based upon documented increases in the cost-of-living index as established by the United States Department of Labor.
- (9) No vehicle stored or impounded at the direction of the Upland Police Department shall be released without written approval of the Upland Police Department.
- (10) A representative of the Upland Police Department who is not assigned to patrol or traffic duties shall mediate any dispute between the CONTRACTOR and the CITY regarding the administration of this Agreement and the decision shall be binding on the CONTRACTOR. Notwithstanding the foregoing, disputes concerning a suspension of CONTRACTOR as an Official Tow Provider shall be governed by the provisions of Section 13 of this agreement.
- (11) This agreement and Exhibit A constitute the entire contract between the CITY and CONTRACTOR. No representation, agreement or promise, whether express or implied, shall be binding upon either party hereto unless expressly set forth herein. Any changes or modifications of any of the terms and conditions herein shall be in writing and executed by the parties hereto, provided, however, that CONTRACTOR understands and agrees that it will, if required by the CITY, execute such further agreements as the CITY requires to provide additional insurance protection for the CITY against third party claims arising from CONTRACTOR'S operations pursuant to this agreement.
- (12) Either the CITY and/or the CONTRACTOR may terminate this agreement upon giving to the other thirty (30) days' prior written notice of said termination. Termination may be with or without cause and, upon termination, neither party shall have any further liability hereunder provided, however, that CONTRACTOR'S obligations pursuant to Section 4 shall continue for the maximum period permitted by law.

As an alternative to termination, and at CITY'S option, whenever CONTRACTOR is determined to have materially violated any provision of this Agreement, including any of the provisions set forth in Exhibit A hereto, CITY may temporarily suspend CONTRACTOR'S status as an Official Tow Provider. In such event, CONTRACTOR shall be provided written notice of the suspension and the grounds therefore. Such suspension may continue until CONTRACTOR provides evidence satisfactory to the Chief of Police that it has corrected the violation and, where applicable, has taken appropriate steps to insure that a similar violation will not again occur. The period of suspension shall not exceed ninety (90) days, unless otherwise agreed upon in writing by the parties.

CONTRACTOR may appeal such suspension, including the grounds or duration thereof, by filing a written appeal and request for hearing with the Chief of Police within five (5) business days of the date of the notice of suspension. The Chief of Police shall schedule and conduct a hearing within ten (10) business days, and shall affirm, reverse or reverse with conditions that the appealed decision. The decision of the Chief of Police shall be final unless, within five (5) business days of the date of such decision, CONTRACTOR files a written appeal and request for hearing with the City Manager. In such event, the City Manager shall schedule and conduct a hearing within ten (10) business days and the City Manager's decision shall be final.

- (13) Assignment. This agreement may not be assigned in whole or in part, nor shall CONTRACTOR subcontract any portion of the work required to be performed herein or utilize equipment or storage yard not owned or leased by CONTRACTOR, without the prior written consent of the CITY, and any attempted assignment thereof without such consent shall be null and void.
- (14) Attorney's Fees. Should it be necessary for any party to commence any legal action or proceeding for breach or to enforce the terms or conditions hereof, the prevailing party in such action shall be entitled to recover from the unsuccessful party all reasonable attorney's fees, experts' costs, and all other costs of suit.
- (15) Severability. Should any provision, section, word or sentence of this agreement or Exhibit A hereto be declared invalid or preempted by a court of competent jurisdiction, such invalidity or preemption shall not affect any remaining provision, section, word or sentence of this agreement.

Executed the day and the year first above written.

[Signatures on following page]

CONTRACTOR: STEVE's Towing

By: _____
MIGUEL LEYVA, President

CITY OF UPLAND

By: _____
Jeannette Vagnozzi, Acting City Manager

Attest:

Keri Johnson, Deputy City Clerk

Approved As to Form:

James L. Markman, City Attorney

EXHIBIT A

CITY OF UPLAND POLICE DEPARTMENT

1. UNDER NO CIRCUMSTANCES SHALL AN OFFICIAL TOW PROVIDER RESPOND TO ANY ACCIDENT SCENE OR SCENE OF POLICE ACTIVITY UNLESS SPECIFICALLY REQUESTED TO DO SO BY THE UPLAND POLICE DEPARTMENT.
2. All tow vehicles shall be equipped and each towing business shall be licensed as required by law. All tow vehicles shall be inspected to insure compliance with all provisions of Sections 24605, 25253, 27700 and 27907 of the California Vehicle Code, and any and all other applicable statutes, rules and regulations. Inspections may be conducted by a captain of the Upland Police Department or his designee as deemed necessary, or by any other entity designated by the Upland Police Department. The name of the business shall be conspicuously displayed on each side of each tow vehicle.
3. Each Official Tow Provider shall at all times maintain in force and full effect one of the forms of financial responsibility as specified in Section 16021 and 16055 of the California Vehicle Code. Each Official Tow Provider is required to file with the Police Department proof that such financial responsibility is in fact in effect and in full force (insurance binder from company or agent shall be sufficient proof).
4. All required tow, storage and impound services shall be available on a 24-hour, 7 day-a-week basis during the company's weekly rotation turn. Tow companies will be rotated on a weekly basis defined as Sunday 12:00 am to the following Saturday 11:59 pm.
5. All Official Tow Provider storage and office facilities (capable of completing vehicle releases) must be within a five mile radius from the Upland Police Department, 1499 W. 13th Street. Upland.
6. Adequate security for vehicles and property at the required storage facility must be provided. Minimum standards shall consist of:
 - a. A wall or fence at least six feet in height surrounding the police storage and impound lot. The minimum capacity of such shall be fifty (50) vehicles, and the lot shall conform to land use regulations of the City or County jurisdiction in which it is located.
 - b. At least one gate or door that will allow adequate vehicular access to the lot and an adequate locking device on such gate or door.
 - c. Such additional security devices and lighting as deemed necessary by the Police Department.
7. Tow truck drivers shall possess sufficient skills and ability to ensure a safe and proper execution of their service responsibilities. All drivers shall possess a proper class and valid driver's license according to Section 12804 of the California Vehicle Code. No tow truck owner, operator, or driver shall be allowed to provide tow services if he or she has been convicted of driving under the influence within the past seven (7) years, or convicted for any felony or theft related crime within the last ten (10) years. Further, no tow company employee, agent, owner may operate a tow vehicle in the performance of official police tow services if he or she has been convicted of three (3) or more moving violations in the previous three (3) years. Prior to commencing service as an Official Tow Provider or driver thereof, and each two (2) years thereafter, each tow truck operator and driver thereof shall be fingerprinted by the Upland Police Department, at the tow truck operator's expense, for purposes of verifying compliance with this section. Each Official Tow Provider shall immediately advise the Chief of Police of the Upland Police Department of any facts which would cause such Provider, or any tow truck owner, operator, or driver thereof, to be disqualified from providing services due to any criminal conviction or conviction of traffic violations. Each Official Tow Provider shall comply with

all California Vehicle Code reporting requirements, including the requirements set forth in Section 10650 and 10652. The Police Department shall be furnished a copy of the report which the tow operator is required to furnish the Department of Justice by receipted mail. The copy of said notice to the Police Department may be forwarded by regular mail to the attention of the Patrol Division Commander.

8. Each Official Tow Provider shall maintain records of tow services furnished pursuant to this agreement which include a description of each vehicle towed, the nature of service, time and location of call, and the response time from receipt of call to arrival of the tow truck at the scene. Such records shall be maintained for no less than one (1) year and shall be subject to inspection by Upland Police Department.
9. Upon request, adequate impound space is to be provided to accommodate vehicles held for the purpose of processing for physical evidence. Such impound space shall be within or contiguous to the required tow yard and shall be protected by an enclosure consisting of a separate fenced yard or area and gate with a locking device for protection from contamination. Protection shall also be provided to preclude evidence contamination by employees and other individuals during normal business hours if requested to hold for prints.
10. Each Official Tow Provider shall clean up and remove all debris from the accident scene as required by Vehicle Code Section 27700 and Police Department personnel.
11. Each Official Tow Provider shall have available for its immediate use, at least four tow trucks, one of which shall be twin-boomed and one of which shall be of flat bed design. All tow trucks shall be at least one ton and dual-wheeled. During checkpoints assigned companies are required to have a minimum of three tows and drivers at the scene. Only the on-scene supervisor may make exceptions to this.
12. Checkpoint tow rotations will be rotated after each individual checkpoint. Night time (starting after 6:00 pm) checkpoints and daytime (starting before 6:00 pm) will be rotated in the same manner however tracked separately as there are typically more night time checkpoints than day time.
13. All tow trucks shall be equipped with a vehicle dolly and a fully functioning commercial VHF or UHF two-way radio, cellular or other wireless telephone and a GPS or similar device.
14. Tow and storage rates shall be conspicuously posted in the office of the towing service, and shall, at all times, be available for review by any member of the public. Each Official Tow Provider shall accept major credit cards for the payment of towing, storage and/or impound fees.
15. Each Official Tow Provider shall maintain a business office for release of vehicles and the required storage and impound lot available for use twenty-four (24) hours per day, seven (7) days per week.
16. All employees shall be provided with a distinctive highly reflective uniform shirt. A highly reflective vest may be worn in lieu of the reflective type uniform, these must be ANSI class II or class III in order to meet Federal Highway Administration rules. Each uniform shall state the tow company name, as well as the employee's name, in a conspicuous place. Each employee shall have sufficient uniforms so as to maintain a neat and clean appearance at all times. The reflective uniform and/or vest must be worn when the driver is within the roadway or performing a tow service for department personnel.
17. Each owner and employee shall, at all times, treat members of the public courteously and fairly and shall take all reasonable steps to avoid disputes. In furtherance thereof, each Official Tow Provider shall establish a written procedure for accepting written complaints from members of the public. Written complaints received shall be maintained for no less than one (1) year and shall be available for inspection upon request by a member of the Upland Police Department. These customer service standards shall be in addition to any and all customer service standards as may be adopted by the Upland

Police Department and provided to the Official Tow Provider. Each employee shall be provided a copy of this Tow Policy and Procedures.

18. Complaint files containing officer complaints regarding individual tow companies will be maintained by the Traffic Division. By appointment, these files are subject to viewing by the tow company's owners or his/her designee, only the respective files may be viewed.
19. In addition to towing and storage rates required to be posted, each Official Tow Provider shall also conspicuously post in its business office area open to the public, a copy of this Tow Policy and Procedures and written notice of the procedure to file a written complaint.
20. Response time is defined as "less than twenty five minutes".

TOW SERVICES AGREEMENT

THIS AGREEMENT is made and entered into this 1st day of November 2018 by and between the CITY OF UPLAND, a municipal corporation, hereinafter referred to as "CITY," and MR T's Towing, hereinafter referred to as "CONTRACTOR."

WITNESSETH:

WHEREAS, it is the desire of the CITY and the CONTRACTOR to enter into a non-exclusive Agreement for towing services that will, from time-to-time, be requested by the Upland Police Department, pursuant to the terms and conditions set forth herein and in the Towing Policy and Procedures, attached as Exhibit A hereto;

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2. Term. The provisions of this agreement shall be effective as of, November 1, 2018 and continue through October 31, 2021, unless sooner terminated as provided herein. There shall be two (2) one year renewal options extending the term of this agreement, subject to the written consent of both parties.
3. Insurance. The CONTRACTOR shall not commence work under this agreement until it has obtained all insurance required hereunder in a company or companies acceptable to CITY nor shall the CONTRACTOR allow any subcontractor to commence work on its subcontract until all insurance required of the subcontractor has been obtained. The CONTRACTOR shall take out and maintain at all times during the life of this agreement the following policies of insurance:
 - (a) Compensation insurance: Before beginning work, the CONTRACTOR shall furnish to the CITY a certificate of insurance as proof that it has taken out full compensation insurance for all persons whom the CONTRACTOR may employ directly or through subcontractors in carrying out the work specified herein, in accordance with the laws of the State of California. Such insurance shall be maintained in full force and effect during the period covered by this contract. Further, such policy of insurance shall provide that the insurer waives all rights of subrogation against CITY and its elected officials, officers, employees and agents.

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"I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for worker's compensation or to undertake self insurance in accordance with the provisions of the Code, and I will comply with such provisions before commencing the performance of work of this contract."

(b) For all operations of the CONTRACTOR or any subcontractor authorized to perform the work herein, insurance with the following minimum limits and coverage:

- (1) Commercial General Liability (occurrence) – for bodily injury, death and property damage for products/completed operations and any and all others activities undertaken by the CONTRACTOR in the performance of this agreement;
- (2) Comprehensive Automobile Liability (occurrence) – for bodily injury, death and property damage insuring against all liability arising out of the use of any vehicle;
- (3) Garage-keepers Legal Liability (occurrence)- insuring against all liability for claims alleging damage of any nature to any vehicle towed, impounded or otherwise stored by CONTRACTOR, while in possession of CONTRACTOR, or otherwise under CONTRACTOR'S custody and/or control, in an amount not less than Seventy –Five Thousand Dollars (\$75,000.00);
- (4) On-hook Liability (occurrence) based upon the unladen weight of each tow truck-insuring against all liability for damage to any vehicle towed by CONTRACTOR, or otherwise physically connected to CONTRACTOR'S tow truck. For a tow truck of less than 20,000 pounds unladen, such insurance limits shall be no less than Fifty Thousand Dollars (\$50,000.00), and Seventy-Five Thousand Dollars (\$75,000.00), for tow trucks having and unladen weight of 20,000 pounds or more;
- (5) Other required insurance, endorsements or exclusions as required by the CITY;
- (6) The policies of insurance required in subsections 1 and 2 of this Section (b) shall have no less than the following limits of coverage:
 - (i) \$1,000,000 (One Million Dollars) for bodily injury or death;
 - (ii) \$1,000,000 (One Million Dollars) for property damage;
 - (iii) Not less than Two Million Dollars (\$2,000,000) combined Single Limit for Injuries, including Accidental Death and Property Damage Insurance.

(c) Each such policy of insurance required in Section (b) shall:

- (1) Be subject to no deductible amount unless otherwise approved in writing by CITY;
- (2) Be issued by an insurance company approved in writing by CITY, which is admitted and licensed to do business in the State of California and which is rated AVIII or better according to the most recent A.M. Best Co. Rating Guide;

- (3) Name as additional insured the CITY, its elected officials, officers, agents, and employees;
 - (4) Specify that it acts as primary insurance and that no insurance held or owned by the designated additional insured shall be called upon to cover a loss under said policy;
 - (5) Specify that it applies separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability;
 - (6) All insurance coverage shall contain a clause substantially in the following words; "It is hereby understood and agreed that this policy shall not be canceled nor coverage reduced except upon thirty (30) days' prior to written notice to the City of Upland of such cancellation or reduction in coverage as evidenced by a return receipt for a registered letter." CONTRACTOR agrees to require its insurer to modify the certificates of insurance to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, and to delete the word "endeavor" with regard to any notice provisions;
 - (7) Specify that any failure to comply with reporting or other provisions of the required policy, including breaches of warranty, shall not affect the coverage required to be provided;
 - (8) Specify that the insurer waives all rights of subrogation against any of the named additional insured's; and
 - (9) Specify that any and all costs of adjusting and/or defending any claim against any insured, including court costs and attorney's fees, shall be paid in addition to and shall not deplete any policy limits.
 - (10) Otherwise be in form satisfactory to CITY.
- (d) Prior to commencing performance under this agreement, the CONTRACTOR shall furnish the CITY with certificates and original endorsements, or copies of each required policy, effecting and evidencing the insurance coverage required by this agreement. The endorsements shall be signed by a person authorized by the insurer(s) to bind coverage on its behalf. All certificates with endorsements or policies shall be received and approved by the CITY before CONTRACTOR commences performance. If performance of this agreement shall extend beyond one (1) year, CONTRACTOR shall provide CITY with the required policies or endorsements evidencing renewal of the required policies of insurance prior to the expiration of any required policies of insurance.
- (1) Indemnity. The CONTRACTOR shall indemnify, defend and hold the CITY, its elected officials, officers, agents, and/or employees free and harmless from all claims, liabilities, costs, and demands of any description arising out of CONTRACTOR'S performance of this agreement or any supplemental agreement, to the extent such claims or demands are alleged to be the result of an act or omission of CONTRACTOR, or any of CONTRACTOR'S employees, officers, agents or anyone acting on behalf of CONTRACTOR.

CONTRACTOR'S duty to indemnity shall include payment of all actual attorney's fees, experts' costs, court costs and all other costs of litigation incurred by CITY.

Claims hereby covered shall include, but are not limited to, any loss, theft, damage, or break-ins as to automobiles under CONTRACTOR'S custody or control. Claims hereby covered shall also include claims alleging that the procedures utilized in the care, custody, control, and/or selling of vehicles do not comply with statutory or constitutional requirements.

CONTRACTOR shall provide proof to the CITY of having obtained insurance coverage guaranteeing CONTRACTOR'S obligations under this Section. This insurance shall guarantee that CONTRACTOR shall defend and hold free and harmless the CITY, and shall pay any judgments, claims or settlements arising from any of the aforementioned described acts or omissions, including claims alleging that the procedures utilized in towing, storing, and/or selling vehicles failed to comply with statutory requirements.

- (2) It is expressly understood and agreed that in the furnishing of all labor and equipment and in the performance of all work under this agreement, the CONTRACTOR is acting as an independent contractor and not as an agent, servant, or employee of the City of Upland.
- (3) Except as otherwise provided by law, all towing and storage charges shall be paid by the owner or lawful possessor of the towed, stored or impounded vehicle.
- (4) Except as otherwise provided by law, CONTRACTOR shall provide tow services in accordance with the following Fee Schedule for those services requested by the City of Upland Police Department:

TOW, STORAGE AND DEFINITION OF SERVICE

TOWS

City-owned Vehicles:

City owned vehicles that weigh less than 3 tons and are within 50 miles of the City Yards located at 1370 N. Benson Avenue, Upland will not be charged for towing. Those over the weight limit or outside the mileage will be billed at the tow company's normal rate. This is inclusive of 30 day storage lien sale vehicles into and out of the CITY's storage facility.

FEES

No Charge

30-Day Impounded Vehicles:

Vehicles that are impounded for 30-days and will be stored at the Upland Police impound lot located at 1370 N. Benson Avenue, Upland (Tow company will bill every thirty days for above described vehicles and the City of Upland will pay 30 days net upon receipt and verification of invoice.)

\$ 150.00

SERVICES

No Charge

Change of flat tire of City of Upland Police owned vehicles. (When the City Yard is closed and a police vehicle within the above described mileage limits needs a tire changed. Outside of the mileage limits would incur the tow company’s normal charge for a flat tire change.)

Storage fees are to be in compliance with California Vehicle Code section 22658.

Automobile (Storage) \$ 55.00
Per Day

Motorcycles (Storage) \$ 55.00
Per Day

Trucks, Trailers, Boats or Others (Storage):
20’ to 40’ in Length \$ 65.00
Per Day

50’ and Over \$ 65.00
Per Day

(5)The Upland Police Department shall, insofar as possible, attempt to limit impound calls for 72 hour violation vehicles to the period between the hours of 7:00 a.m. and 9:00 p.m., Sunday through Saturday. However, towing services shall be available 24 hours per day for emergencies, and the maximum permitted response time shall not exceed 25 minutes. "Response time" shall mean that period of time commencing upon receipt of request for service from the Upland Police Department, and ending upon the actual time of arrival of CONTRACTOR’S tow vehicle at the scene. At no time prior to receiving written notice shall any of CONTRACTOR’S employees, officers, agents or anyone else acting on CONTRACTOR’S behalf, have any physical contact with any impounded vehicle or any of the contents therein, except as specifically required in order to perform services required by this agreement, or where otherwise directed by a representative of the Upland Police Department.

(6)CITY shall not be responsible for the CONTRACTOR’S fees that are the result of calls made to CONTRACTOR by the Upland Police Department on behalf of third parties where such third parties have already removed their vehicles at the time the CONTRACTOR’S arrival at the towing scene or when third parties otherwise decline to use the CONTRACTOR’S services. In such situations, the CONTRACTOR will look to the third parties for payment of its fees. CITY shall not be responsible for fees when calls for service are cancelled by the Upland Police Department when the call was initiated for service by the CITY employee during a work related function. No billing to the CITY shall occur for any other tows except 30 day impounds without prior approval from an Upland Police Department supervisor. The tow company will allow two non-billable tows a month (non-cumulative) to the CITY; this is only to be utilized due to CITY employee towing errors, occurring from work related activity. These non-billing requests will be at the direction of the Patrol Division Commander or his/her designee.

- (7) If a CONTRACTOR'S response is greater than the allotted time stipulated within this contract, the original tow may be cancelled and the tow for the following week called to respond. The City shall not be billed for the cancelled tow. This shall only occur at the discretion of a supervisor.
- (8) CONTRACTOR'S fees shall be subject to adjustment once each year to reflect changes in labor, equipment, repair, and fuel costs. Proposed adjustments may be approved by the Chief of Police based upon documented increases in the cost-of-living index as established by the United States Department of Labor.
- (9) No vehicle stored or impounded at the direction of the Upland Police Department shall be released without written approval of the Upland Police Department.
- (10) A representative of the Upland Police Department who is not assigned to patrol or traffic duties shall mediate any dispute between the CONTRACTOR and the CITY regarding the administration of this Agreement and the decision shall be binding on the CONTRACTOR. Notwithstanding the foregoing, disputes concerning a suspension of CONTRACTOR as an Official Tow Provider shall be governed by the provisions of Section 13 of this agreement.
- (11) This agreement and Exhibit A constitute the entire contract between the CITY and CONTRACTOR. No representation, agreement or promise, whether express or implied, shall be binding upon either party hereto unless expressly set forth herein. Any changes or modifications of any of the terms and conditions herein shall be in writing and executed by the parties hereto, provided, however, that CONTRACTOR understands and agrees that it will, if required by the CITY, execute such further agreements as the CITY requires to provide additional insurance protection for the CITY against third party claims arising from CONTRACTOR'S operations pursuant to this agreement.
- (12) Either the CITY and/or the CONTRACTOR may terminate this agreement upon giving to the other thirty (30) days' prior written notice of said termination. Termination may be with or without cause and, upon termination, neither party shall have any further liability hereunder provided, however, that CONTRACTOR'S obligations pursuant to Section 4 shall continue for the maximum period permitted by law.

As an alternative to termination, and at CITY'S option, whenever CONTRACTOR is determined to have materially violated any provision of this Agreement, including any of the provisions set forth in Exhibit A hereto, CITY may temporarily suspend CONTRACTOR'S status as an Official Tow Provider. In such event, CONTRACTOR shall be provided written notice of the suspension and the grounds therefore. Such suspension may continue until CONTRACTOR provides evidence satisfactory to the Chief of Police that it has corrected the violation and, where applicable, has taken appropriate steps to insure that a similar violation will not again occur. The period of

suspension shall not exceed ninety (90) days, unless otherwise agreed upon in writing by the parties.

CONTRACTOR may appeal such suspension, including the grounds or duration thereof, by filing a written appeal and request for hearing with the Chief of Police within five (5) business days of the date of the notice of suspension. The Chief of Police shall schedule and conduct a hearing within ten (10) business days, and shall affirm, reverse or reverse with conditions that the appealed decision. The decision of the Chief of Police shall be final unless, within five (5) business days of the date of such decision, CONTRACTOR files a written appeal and request for hearing with the City Manager. In such event, the City Manager shall schedule and conduct a hearing within ten (10) business days and the City Manager's decision shall be final.

- (13) Assignment. This agreement may not be assigned in whole or in part, nor shall CONTRACTOR subcontract any portion of the work required to be performed herein or utilize equipment or storage yard not owned or leased by CONTRACTOR, without the prior written consent of the CITY, and any attempted assignment thereof without such consent shall be null and void.
- (14) Attorney's Fees. Should it be necessary for any party to commence any legal action or proceeding for breach or to enforce the terms or conditions hereof, the prevailing party in such action shall be entitled to recover from the unsuccessful party all reasonable attorney's fees, experts' costs, and all other costs of suit.
- (15) Severability. Should any provision, section, word or sentence of this agreement or Exhibit A hereto be declared invalid or preempted by a court of competent jurisdiction, such invalidity or preemption shall not affect any remaining provision, section, word or sentence of this agreement.

Executed the day and the year first above written.

[Signatures on following page]

CONTRACTOR: MR. T's Towing

By: _____
MOHAMMED B. GHANEIAN, President

CITY OF UPLAND

By: _____
Jeannette Vagnozzi, Acting City Manager

Attest:

Keri Johnson, Deputy City Clerk

Approved As to Form:

James L. Markman, City Attorney

EXHIBIT A

CITY OF UPLAND POLICE DEPARTMENT

1. UNDER NO CIRCUMSTANCES SHALL AN OFFICIAL TOW PROVIDER RESPOND TO ANY ACCIDENT SCENE OR SCENE OF POLICE ACTIVITY UNLESS SPECIFICALLY REQUESTED TO DO SO BY THE UPLAND POLICE DEPARTMENT.
2. All tow vehicles shall be equipped and each towing business shall be licensed as required by law. All tow vehicles shall be inspected to insure compliance with all provisions of Sections 24605, 25253, 27700 and 27907 of the California Vehicle Code, and any and all other applicable statutes, rules and regulations. Inspections may be conducted by a captain of the Upland Police Department or his designee as deemed necessary, or by any other entity designated by the Upland Police Department. The name of the business shall be conspicuously displayed on each side of each tow vehicle.
3. Each Official Tow Provider shall at all times maintain in force and full effect one of the forms of financial responsibility as specified in Section 16021 and 16055 of the California Vehicle Code. Each Official Tow Provider is required to file with the Police Department proof that such financial responsibility is in fact in effect and in full force (insurance binder from company or agent shall be sufficient proof).
4. All required tow, storage and impound services shall be available on a 24-hour, 7 day-a-week basis during the company's weekly rotation turn. Tow companies will be rotated on a weekly basis defined as Sunday 12:00 am to the following Saturday 11:59 pm.
5. All Official Tow Provider storage and office facilities (capable of completing vehicle releases) must be within a five mile radius from the Upland Police Department, 1499 W. 13th Street. Upland.
6. Adequate security for vehicles and property at the required storage facility must be provided. Minimum standards shall consist of:
 - a. A wall or fence at least six feet in height surrounding the police storage and impound lot. The minimum capacity of such shall be fifty (50) vehicles, and the lot shall conform to land use regulations of the City or County jurisdiction in which it is located.
 - b. At least one gate or door that will allow adequate vehicular access to the lot and an adequate locking device on such gate or door.
 - c. Such additional security devices and lighting as deemed necessary by the Police Department.
7. Tow truck drivers shall possess sufficient skills and ability to ensure a safe and proper execution of their service responsibilities. All drivers shall possess a proper class and valid driver's license according to Section 12804 of the California Vehicle Code. No tow truck owner, operator, or driver shall be allowed to provide tow services if he or she has been convicted of driving under the influence within the past seven (7) years, or convicted for any felony or theft related crime within the last ten (10) years. Further, no tow company employee, agent, owner may operate a tow vehicle in the performance of official police tow services if he or she has been convicted of three (3) or more moving violations in the previous three (3) years. Prior to commencing service as an Official Tow Provider or driver thereof, and each two (2) years thereafter, each tow truck operator and driver thereof shall be fingerprinted by the Upland Police Department, at the tow truck operator's expense, for purposes of verifying compliance with this section. Each Official Tow Provider shall immediately advise the Chief of Police of the Upland Police Department of any facts which would cause such Provider, or any tow truck owner, operator, or driver thereof, to be disqualified from providing services due to any criminal conviction or conviction of traffic violations. Each Official Tow Provider shall comply with

all California Vehicle Code reporting requirements, including the requirements set forth in Section 10650 and 10652. The Police Department shall be furnished a copy of the report which the tow operator is required to furnish the Department of Justice by receipted mail. The copy of said notice to the Police Department may be forwarded by regular mail to the attention of the Patrol Division Commander.

8. Each Official Tow Provider shall maintain records of tow services furnished pursuant to this agreement which include a description of each vehicle towed, the nature of service, time and location of call, and the response time from receipt of call to arrival of the tow truck at the scene. Such records shall be maintained for no less than one (1) year and shall be subject to inspection by Upland Police Department.
9. Upon request, adequate impound space is to be provided to accommodate vehicles held for the purpose of processing for physical evidence. Such impound space shall be within or contiguous to the required tow yard and shall be protected by an enclosure consisting of a separate fenced yard or area and gate with a locking device for protection from contamination. Protection shall also be provided to preclude evidence contamination by employees and other individuals during normal business hours if requested to hold for prints.
10. Each Official Tow Provider shall clean up and remove all debris from the accident scene as required by Vehicle Code Section 27700 and Police Department personnel.
11. Each Official Tow Provider shall have available for its immediate use, at least four tow trucks, one of which shall be twin-boomed and one of which shall be of flat bed design. All tow trucks shall be at least one ton and dual-wheeled. During checkpoints assigned companies are required to have a minimum of three tows and drivers at the scene. Only the on-scene supervisor may make exceptions to this.
12. Checkpoint tow rotations will be rotated after each individual checkpoint. Night time (starting after 6:00 pm) checkpoints and daytime (starting before 6:00 pm) will be rotated in the same manner however tracked separately as there are typically more night time checkpoints than day time.
13. All tow trucks shall be equipped with a vehicle dolly and a fully functioning commercial VHF or UHF two-way radio, cellular or other wireless telephone and a GPS or similar device.
14. Tow and storage rates shall be conspicuously posted in the office of the towing service, and shall, at all times, be available for review by any member of the public. Each Official Tow Provider shall accept major credit cards for the payment of towing, storage and/or impound fees.
15. Each Official Tow Provider shall maintain a business office for release of vehicles and the required storage and impound lot available for use twenty-four (24) hours per day, seven (7) days per week.
16. All employees shall be provided with a distinctive highly reflective uniform shirt. A highly reflective vest may be worn in lieu of the reflective type uniform, these must be ANSI class II or class III in order to meet Federal Highway Administration rules. Each uniform shall state the tow company name, as well as the employee's name, in a conspicuous place. Each employee shall have sufficient uniforms so as to maintain a neat and clean appearance at all times. The reflective uniform and/or vest must be worn when the driver is within the roadway or performing a tow service for department personnel.
17. Each owner and employee shall, at all times, treat members of the public courteously and fairly and shall take all reasonable steps to avoid disputes. In furtherance thereof, each Official Tow Provider shall establish a written procedure for accepting written complaints from members of the public. Written complaints received shall be maintained for no less than one (1) year and shall be available for inspection upon request by a member of the Upland Police Department. These customer service standards shall be in addition to any and all customer service standards as may be adopted by the Upland

Police Department and provided to the Official Tow Provider. Each employee shall be provided a copy of this Tow Policy and Procedures.

18. Complaint files containing officer complaints regarding individual tow companies will be maintained by the Traffic Division. By appointment, these files are subject to viewing by the tow company's owners or his/her designee, only the respective files may be viewed.
19. In addition to towing and storage rates required to be posted, each Official Tow Provider shall also conspicuously post in its business office area open to the public, a copy of this Tow Policy and Procedures and written notice of the procedure to file a written complaint.
20. Response time is defined as "less than twenty five minutes".



STAFF REPORT

ITEM NO. 11.E.

DATE: November 12, 2018
TO: MAYOR AND CITY COUNCIL
FROM: JEANNETTE VAGNOZZI, ACTING CITY MANAGER
PREPARED BY: ROSEMARY HOERNING, PUBLIC WORKS DIRECTOR
BOB CRITCHFIELD, ENGINEERING MANAGER
SUBJECT: EMERGENCY PURCHASE AND INSTALLATION OF EQUIPMENT
AND PROFESSIONAL SERVICES FOR WATER SYSTEM
IMPROVEMENTS

RECOMMENDED ACTION

It is recommended that the City Council receive and file the status update.

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 a Resolution declaring an emergency condition and approved the Emergency Work Plan Phase 1. Continuing progress update reports have been provided to the City Council. At this time, the City has completed the Well 7A, Reservoir 4, Well 20, temporary measures at the existing 7.5 million gallon reservoir, and the construction documents and entitlement work needed for the replacement reservoir of the Phase I emergency work program.

The remaining involves the implementation of the Replacement Reservoir at the north west corner of 17th Street and Benson Avenue.

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 on June 1, 2017, began submitting application paperwork necessary for up to a \$16.5 million Drinking Water State Revolving Loan. Staff has submitted all of the required documents to the State for the loan request. The State Project Manager has verbally indicated the application is technically complete. Staff has been working with the State assigned Project Manager to get major elements like the environmental work. The State submitted the environmental to the State Historic Preservation Office (SHPO) in August and is awaiting their clearance.

In general, the State Revolving Fund application must be complete before the formal review begins. Typically, it takes the State approximately 6 months to complete its review effort. However, staff is working closely with the State to expedite the process if possible. Based on a recent conversation with the State staff, we are targeting completion of the loan process by the end of the year.

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

FISCAL IMPACTS

Sufficient funds are available in the FY 2018-19 budget to complete the Phase I emergency work program. Phase II, the construction is dependent upon receiving the State loan. The FY 2018-19 budget includes sufficient funds to provide construction cash flow and will require fund draws under the loan. The actual amount of the loan will be only the amount of funds required to implement the emergency work.

At this time, staff is waiting for additional instruction from the State and will periodically make progress inquiries. The City Attorney's Office will participate in the legal consultation with the State counsel to prepare the loan documents.

Staff is also exploring other possible funding opportunities. However, the State loan appears to be the most cost effective funding mechanism.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

No Attachments Available



STAFF REPORT

ITEM NO. 11.F.

DATE: November 12, 2018
TO: MAYOR AND CITY COUNCIL
FROM: JEANNETTE VAGNOZZI, ACTING CITY MANAGER
PREPARED BY: JEANNETTE VAGNOZZI, ACTING CITY MANAGER
KERI JOHNSON, DEPUTY CITY CLERK
SUBJECT: APPOINTMENT OF PLANNING COMMISSIONER

RECOMMENDED ACTION

It is recommended that the City Council ratify the Mayor's appointment of Linden Brouse to the Planning Commission, term expiring 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

The Planning Commission was established in 1930 pursuant to the Planning Act of 1929. Changes to the Commission were later made in 1950 in accordance with the Conservation and Planning Act. The Planning Commission is comprised of seven members, appointed by the City Council, to review and act on matters related to planning and development. Resolution No. 6270 sets forth the process for appointment and states the Mayor shall appoint the Committee, Commission, Board, and Authority members subject to ratification by the majority of the Council.

ISSUES/ANALYSIS

On August 27, 2018, after the passing of Commissioner Ron King, the City Council declared a vacancy on the Planning Commissioner and directed the City Clerk to post the notice of vacancy. The term of this appointment expires June 2019.

On October 25, 2018, interviews were conducted by a five member panel, including Mayor Stone, Planning Commission Chairman Schwary, and staff. A total of four applicants were interviewed, and at the conclusion of the interviews, it was agreed that Mr. Brouse would be a positive addition to the Planning Commission.

FISCAL IMPACTS

There is no fiscal impact associated with this action.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

Planning Commission application - Brouse



City of Upland

RECEIVED
UPLAND CITY
CLERK'S OFFICE

18 OCT 15 AM 10:48

Public Service Application for Boards, Committees, or Commissions

Name: Linden Brouse

Date: 10/11/2018

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

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

- Mornings
- Afternoons
- Evenings

General Information

INFORMATION REDACTED

Home Address: INFORMATION REDACTED

Home Phone: INFORMATION REDACTED

Email Address: _____

Present Employer: Retired

Business Address: _____

Business Phone: _____

Activities Information

Professional Activities: _____

Community Activities: Member of City Council Advisory Committee

Education Information

Bachelor of Science Business Administration, Cal Poly 1971



STAFF REPORT

ITEM NO. 11.G.

DATE: November 12, 2018
TO: MAYOR AND CITY COUNCIL
FROM: JEANNETTE VAGNOZZI, ACTING CITY MANAGER
PREPARED BY: ROSEMARY HOERNING, PUBLIC WORKS DIRECTOR
PONCE YAMBOT, PRINCIPAL ENGINEER
SUBJECT: APPROVAL OF BOND REDUCTION FOR SPANISH TRAILS
DEVELOPMENT, TRACT 20017

RECOMMENDED ACTION

It is recommended that the City Council approve the reduction of the **private** Faithful Performance Bond to twenty-five percent (25%) for Tract 20017.

GOAL STATEMENT

The proposed action supports the City's goal to adhere to a review schedule for the processing of development matters in an efficient, professionally responsive, and courteous manner.

BACKGROUND

The Spanish Trails development is generally located on the north side of 15th Street between Benson Avenue and Mountain Avenue. The development constructed by Frontier Homes is a thirty-nine (39) detached single-family residential unit subdivision with on-site amenities on approximately 4.75 acres.

On September 10, 2018, the City Council accepted the public improvement constructed by Frontier Homes and approved reduction of **public** faithful performance bond to 25%. The developer is now requesting **private** improvement performance bond reduction to 25%.

ISSUES/ANALYSIS

Frontier Homes has completed construction of both the private and public improvements required for the development. The City has inspected the completed improvements and found them to be in compliance with the approved plans.

The City can now accept the improvements, reduce the Faithful Performance Bond to 25%. The remaining 25% will serve as a guarantee and warranty of the work for one year. The Faithful Performance Bond will be released thereafter, should there be no material defects. Similarly, the Labor and Materials Bond will be released six months after this action is approved, if there are no claims (e.g. by vendors, subcontractors, etc.) filed against the project.

FISCAL IMPACTS

There is no fiscal impact for this action.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

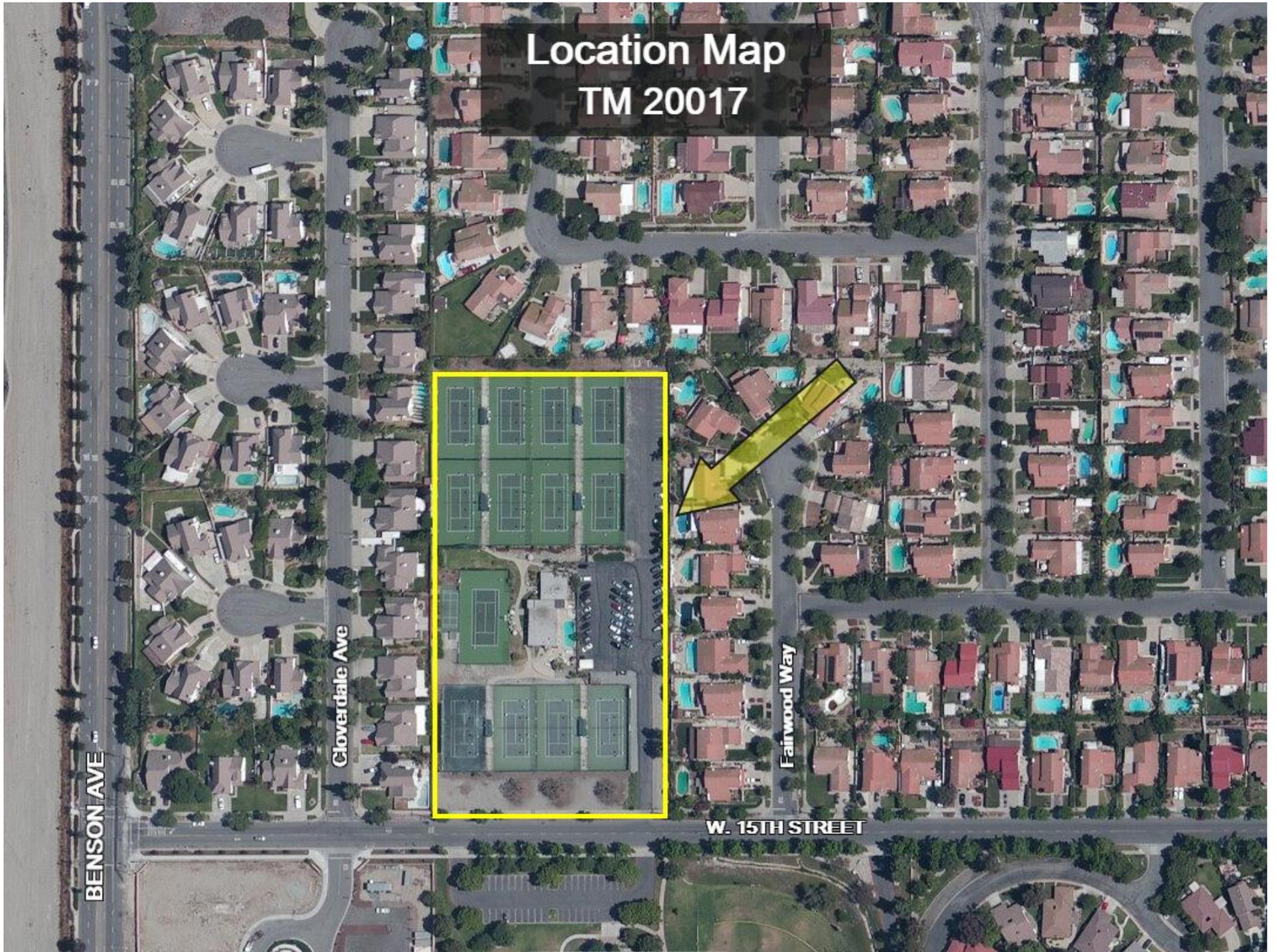
LOCATION MAP

SUBDIVISION AGREEMENT FOR PRIVATE IMPROVEMENT

PERFORMNACE BOND_ PRIVATE

LABOR & MATERIAL BOND_ PRIVATE

Location Map TM 20017



SUBDIVISION AGREEMENT

Tract Map Number 20017

THIS AGREEMENT is entered into as of this _____ day of _____ 2017 by and between FH II, LLC (hereinafter referred to as "Subdivider") and the CITY OF UPLAND, a municipal corporation (hereinafter referred to as the "City").

A. Recitals

- (i) The City approved a Tentative Tract Map pursuant to the California Subdivision Map Act as set forth in California Government Code Section 66410 et. seq. ("Map Act") identified as Tentative Tract Number 20017 in the City of Upland, State of California; and
- (ii) Subdivider seeks approval of a Final Map under the Map Act identified as Final Map Number 20017

B. Agreement

It is agreed by and between the parties hereto as follows:

1. In consideration of the City's approval of and filing Tentative Subdivision Tract Map Number 20017 and Final Tract Number 20017, Subdivider undertakes and agrees that it will, at Subdivider's sole cost and expense, design, construct and install all the improvements in accordance with the plans, specifications on file with the City, incorporated herein and made a part hereof, and including all conditions of approval required by the Planning Commission and City Council of the City of Upland.

2. Subdivider also undertakes and agrees upon the same consideration to design, construct and install all improvements in accordance with the ordinances and regulations of the City, and to do all other and further acts required of it pursuant to this Agreement.

3. Subdivider agrees in connection therewith to pay or cause to be paid all amounts becoming due to contractors, subcontractors, and persons renting equipment or furnishing labor or materials to the foregoing Final Tract with respect to such improvements.

4. Subdivider agrees that all such improvements shall be constructed and completed in accordance with the city standards required by the City Engineer. In case of dispute, the good faith judgment of the City Engineer shall be final and binding upon the parties.

5. Subdivider undertakes and agrees that all of the work of improvement shall be completed within three hundred sixty five (365) days from the date of execution of this Agreement.

6. Should Subdivider fail to comply with any of the terms or provisions of this Agreement, Subdivider shall be liable to the City for the reasonable value of any work or improvements not completed or improperly done or performed. In the event of any such failure, the City shall give to Subdivider written notice thereof. Unless the work or improvements covered by said notice, including defective work and improvements, are commenced by Subdivider within fifteen (15) days of the date of said notice and diligently prosecuted to completion, the City may at its option:

a) Collect from Subdivider the reasonable value of the work and improvements not so done and performed by Subdivider, to be measured by the anticipated costs and expenses of completing the same; or

b) The City may complete said work and improvements not so completed by Subdivider and collect its costs and expenses in completing the same; or

c) The City may, as to some of such work and improvements, proceed under remedy (a) above, and as to the remainder, under remedy (b) above.

The City may change any election prior to trial of any lawsuit, and prior thereto no election of remedies shall be binding upon the City. In either event, there shall be included in said "costs and expenses," the reasonable overhead expenses of the City. In addition to the foregoing, Subdivider shall be liable to the City for reasonable attorneys' fees and court costs incurred by the City in enforcing the obligations of Subdivider under this Agreement.

7. All slope banks over three (3) feet in vertical height within said Tract Map shall be landscaped with landscaping approved by the City Engineer. Sprinklers shall be installed on all slopes over three (3) feet in vertical height along arterial streets and shall be of a type and according to a sprinkler plan approved by the City Engineer, with sprinkler turn-ons at the tops of the slopes, and connected with the remainder of the water systems of the lots of which such slopes are a part.

8. Subdivider shall, at its sole cost and expense, secure and furnish to the City, bonds in a form approved by the City, executed by a corporation authorized to transact surety business within the State of California, for the following amounts and purposes:

(a) A bond in the amount of \$707,000.00 guaranteeing full performance of all the terms of this Agreement, see Performance Bond No. 0705675;

(b) A bond in the amount of \$354,000.00 securing payment to the contractor, his subcontractor and to persons renting equipment or furnishing labor or materials to them with respect to said private improvements, see Labor and Materials Bond No. 0705675;

(c) A cash deposit in the amount of \$7,500.00 securing the setting of monuments.

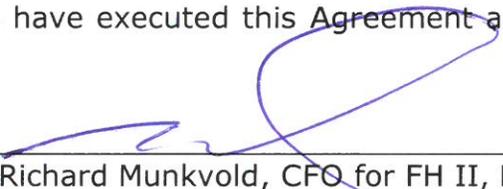
9. Acceptance of any work or improvements by the City shall not constitute an acknowledgment by the City that the same are properly done or performed, except as to any items or matters readily apparent from an inspection thereof. Except as to such matters so readily apparent, Subdivider shall repair any defects which occur in the work of improvements within a one (1) year period thereof following acceptance by the City.

10. As a condition precedent to the acceptance of the improvements hereunder as being complete and prior to the release of any bonds required under paragraph 8, hereof, securing the faithful performance of Subdivider's obligations hereunder, Subdivider shall give a bond with a corporate bonding company or similar instrument, satisfactory to the City in the amount of \$0.00 as guarantee and warranty of the work for a one (1) year period following the completion and acceptance thereof against any defective work or labor done, or defective materials furnished.

11. Except as to the sole and exclusive negligence of City, its elected officials, officers agents and employees, Subdivider hereby agrees to indemnify, defend and hold harmless, the City, its elected officials, officers, agents and employees from and against any and all claims, demands, suits, actions or proceedings of any kind or nature, including, but not by way of limitation, all civil claims, workers' compensation claims, costs, expenses or damages to property or injuries to or death of any person or persons, including attorneys fees and all other claims, whether groundless or not, arising out of or related to the acts, errors or omissions of Subdivider, its officers, agents, employees, consultants, subcontractors or other persons, companies or other entities using roadways/streets of the subdivision, performing labor, transporting and/or supplying material, designing, constructing or installing the improvements contemplated in this Subdivision Agreement. Where the Subdivider divides the project in phases and or allows construction vehicles or construction traffic use the same roadways/streets used by residents of the subdivision causing accidents, the Subdivider shall indemnify the City, its officers, its employees and its agents from any and all liability, claims, damages, or injuries to any person or property arising from the Subdivider's actions or actions of his employees, agents, and contractors.

12. All notices to Subdivider may be sent to 8300 Utica Ave. # 300 Rancho Cucamonga, CA 91730 or at such other address of which the City shall actually receive notice in writing specifically calling attention to this Agreement.

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

BY  _____
Richard Munkvold, CFO for FH II, LLC

CITY OF UPLAND, a municipal Corporation

BY _____
City Manager

BY _____
City Clerk

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 February 1, 2017 before me, Jacklin Golden, Notary Public
(insert name and title of the officer)

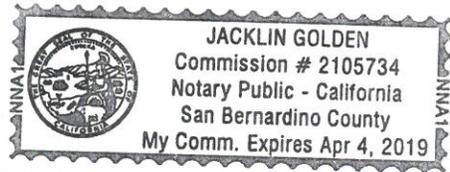
personally appeared Richard Munkvold,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) 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 Jacklin Golden

(Seal)





**SUBDIVISION IMPROVEMENTS
PERFORMANCE BOND
(Private Improvements)**

Bond No. 0705675
Initial Premium \$ 5,041.00
Subject to Renewal

KNOW ALL MEN BY THESE PRESENTS: That we, FH II, LLC as Principal, and International Fidelity Insurance Company, a corporation duly authorized under the laws of the State of New Jersey to become surety on bonds and undertakings, as Surety, are held and firmly bound unto CITY OF UPLAND, as Obligee in the full and just sum of Seven Hundred Seven Thousand & NO/100----- Dollars, (\$ 707,000) lawful money of the United States of America, to be paid to the said Obligee, successors or assigns; for which payment, well and truly to be made, we bind ourselves, our heirs, executors, successors, administrators and assigns, jointly and severally, firmly by these presents.

THE CONDITION OF THE OBLIGATION IS SUCH THAT:

Whereas, the Principal and Obligee have entered into an agreement whereby principal agrees to install and complete certain designated public improvements, which said agreement, dated _____, and identified as project Tract Map No. 20017 - Spanish Trails, is hereby referred to and made a part hereof; and

Whereas, said Principal is required under the terms of said agreement to furnish a bond for the faithful performance of said agreement.

Now, Therefore, the condition of this obligation is such that if the above bounded Principal, his or its heirs, executors, administrators, successors or assigns, shall in all things stand to and abide by, and well and truly keep and perform the covenants, conditions and provisions in the said agreement and any alteration thereof made as therein provided, on his or their part, to be kept and performed at the time and in the manner therein specified, and in all respects according to their true intent and meaning, and shall indemnify and save harmless the Obligee, its officers, agents and employees, as therein stipulated, then this obligation shall become null and void; otherwise it shall be and remain in full force and effect.

As a part of the obligation secured hereby and in addition to the face amount specified therefor, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by Obligee in successfully enforcing such obligation, all to be taxed as costs and included in any judgment rendered.

The surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or to the work to be performed thereunder or the specifications accompanying the same shall in anywise affect its obligations on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the agreement or to the work or to the specifications.

IN WITNESS WHEREOF, the seal and signature of said Principal is hereto affixed and the corporate seal and the name of the Surety is hereto affixed and attested by its duly authorized Attorney-in-Fact this 31th day of January, 20 17.

FH II, LLC
Principal

By: _____

International Fidelity Insurance Company

By: Nathan Varnold
Nathan Varnold / Attorney-in-Fact

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

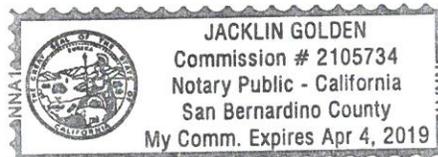
On February 1, 2017 before me, Jacklin Golden, Notary Public
(insert name and title of the officer)

personally appeared Richard Munkvold,
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 Jacklin Golden (Seal)



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 Los Angeles

On JAN 31 2017 before me, D. Casillas, Notary Public, personally appeared Nathan Varnold 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 *D. Casillas*
Signature of Notary Public

POWER OF ATTORNEY

INTERNATIONAL FIDELITY INSURANCE COMPANY ALLEGHENY CASUALTY COMPANY

ONE NEWARK CENTER, 20TH FLOOR NEWARK, NEW JERSEY 07102-5207

KNOW ALL MEN BY THESE PRESENTS: That INTERNATIONAL FIDELITY INSURANCE COMPANY, a corporation organized and existing under the laws of the State of New Jersey, and ALLEGHENY CASUALTY COMPANY a corporation organized and existing under the laws of the State of New Jersey, having their principal office in the City of Newark, New Jersey, do hereby constitute and appoint

JAMES ROSS, TRACY ASTON, EDWARD C. SPECTOR, SIMONE GERHARD, DARAVY MADY, LISA K. CRAIL,
NATHAN VARNOLD, TOM BRANIGAN, PAUL RODRIGUEZ, ASHRAF ELMASRY

Los Angeles, CA.

their true and lawful attorney(s)-in-fact to execute, seal and deliver for and on its behalf as surety, any and all bonds and undertakings, contracts of indemnity and other writings obligatory in the nature thereof, which are or may be allowed, required or permitted by law, statute, rule, regulation, contract or otherwise, and the execution of such instrument(s) in pursuance of these presents, shall be as binding upon the said INTERNATIONAL FIDELITY INSURANCE COMPANY and ALLEGHENY CASUALTY COMPANY, as fully and amply, to all intents and purposes, as if the same had been duly executed and acknowledged by their regularly elected officers at their principal offices.

This Power of Attorney is executed, and may be revoked, pursuant to and by authority of the By-Laws of INTERNATIONAL FIDELITY INSURANCE COMPANY and ALLEGHENY CASUALTY COMPANY and is granted under and by authority of the following resolution adopted by the Board of Directors of INTERNATIONAL FIDELITY INSURANCE COMPANY at a meeting duly held on the 20th day of July, 2010 and by the Board of Directors of ALLEGHENY CASUALTY COMPANY at a meeting duly held on the 15th day of August, 2000:

"RESOLVED, that (1) the President, Vice President, Chief Executive Officer or Secretary of the Corporation shall have the power to appoint, and to revoke the appointments of, Attorneys-in-Fact or agents with power and authority as defined or limited in their respective powers of attorney, and to execute on behalf of the Corporation and affix the Corporation's seal thereto, bonds, undertakings, recognizances, contracts of indemnity and other written obligations in the nature thereof or related thereto; and (2) any such Officers of the Corporation may appoint and revoke the appointments of joint-control custodians, agents for acceptance of process, and Attorneys-in-fact with authority to execute waivers and consents on behalf of the Corporation; and (3) the signature of any such Officer of the Corporation and the Corporation's seal may be affixed by facsimile to any power of attorney or certification given for the execution of any bond, undertaking, recognizance, contract of indemnity or other written obligation in the nature thereof or related thereto, such signature and seals when so used whether heretofore or hereafter, being hereby adopted by the Corporation as the original signature of such officer and the original seal of the Corporation, to be valid and binding upon the Corporation with the same force and effect as though manually affixed."

IN WITNESS WHEREOF, INTERNATIONAL FIDELITY INSURANCE COMPANY and ALLEGHENY CASUALTY COMPANY have each executed and attested these presents on this 31st day of December, 2015.



STATE OF NEW JERSEY
County of Essex

ROBERT W. MINSTER
Chief Executive Officer (International Fidelity Insurance Company) and President (Allegheny Casualty Company)



On this 31st day of December 2015, before me came the individual who executed the preceding instrument, to me personally known, and, being by me duly sworn, said he is the therein described and authorized officer of INTERNATIONAL FIDELITY INSURANCE COMPANY and ALLEGHENY CASUALTY COMPANY; that the seals affixed to said instrument are the Corporate Seals of said Companies; that the said Corporate Seals and his signature were duly affixed by order of the Boards of Directors of said Companies.

IN TESTIMONY WHEREOF, I have hereunto set my hand affixed my Official Seal, at the City of Newark, New Jersey the day and year first above written.



A NOTARY PUBLIC OF NEW JERSEY
My Commission Expires April 16, 2019

CERTIFICATION

I, the undersigned officer of INTERNATIONAL FIDELITY INSURANCE COMPANY and ALLEGHENY CASUALTY COMPANY do hereby certify that I have compared the foregoing copy of the Power of Attorney and affidavit, and the copy of the Sections of the By-Laws of said Companies as set forth in said Power of Attorney, with the originals on file in the home office of said companies, and that the same are correct transcripts thereof, and of the whole of the said originals, and that the said Power of Attorney has not been revoked and is now in full force and effect.

IN TESTIMONY WHEREOF, I have hereunto set my hand this **JAN 31 2017** day of

MARIA BRANCO, Assistant Secretary



SUBDIVISION IMPROVEMENTS LABOR AND MATERIAL BOND
(Private Improvements)

Bond No. 0705675
Premium included in Performance Bond

KNOW ALL MEN BY THESE PRESENTS: That we, FH II, LLC as Principal, and International Fidelity Insurance Company, duly authorized under the laws of the State of New Jersey to become surety on bonds and undertakings, as Surety, are held and firmly bound unto CITY OF UPLAND as Obligee in the full and just sum of Three Hundred Fifty Four Thousand & NO/100 Dollars, (\$354,000.00) lawful money of the United States of America, for the payment whereof, said Principal and Surety bind themselves, their heirs, executors, successors, administrators and assigns, jointly and severally, firmly by these presents.

THE CONDITION OF THE OBLIGATION IS SUCH THAT, Whereas, the Principal and Obligee have entered into an agreement whereby the Principal agrees to install and complete certain designated public improvements, which agreement, dated _____, and identified as project Tract Map No. 20017 - Spanish Trails, is hereby referred to and made a part hereof; and

Whereas, under the terms of the agreement, the Principal is required before entering upon the performance of the work, to file a good and sufficient payment bond with the Obligee to secure the claims to which reference is made in Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code of the State of California.

Now, therefore, the Principal and the undersigned as corporate Surety, are held firmly bound unto the Obligee and all contractors, subcontractors, laborers, materialmen, and other persons employed in the performance of the agreement and referred to in Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code in the sum of Three Hundred Fifty Four Thousand & NO/100 Dollars (\$ 354,000.00), for materials furnished or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to this work or labor, that the surety will pay the same in an amount not exceeding the amount hereinabove set forth, and also in case suit is brought upon this bond, will pay, in addition to the face amount thereof, costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by county (or city) in successfully enforcing this obligation, to be awarded and fixed by the court, and to be taxed as costs and to be included in the judgment therein rendered.

It is hereby expressly stipulated and agreed that this bond shall inure to the benefit of any and all persons, companies, and corporations entitled to file claims under Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code, so as to give a right of action to them or their assigns in any suit brought upon this bond.

Should the condition of this bond be fully performed, then this obligation shall become null and void, otherwise it shall be and remain in full force and effect.

The Surety hereby stipulates and agrees that no change, extension of time, alteration, or addition to the terms of the agreement or the specifications accompanying the same shall in any manner affect its obligations on this bond, and it does hereby waive notice of any such change, extension, alteration, or addition.

Sealed with our seals and dated this 31th day of January, 2017.

FH II, LLC

Principal

By: _____

International Fidelity Insurance Company

By: _____

Nathan Varnold

Attorney-in-Fact

ACKNOWLEDGMENT

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State of California
County of San Bernardino)

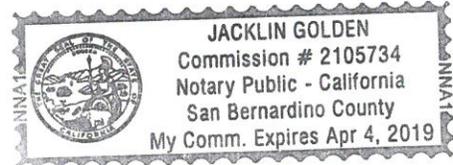
On February 1, 2017 before me, Jacklin Golden, Notary Public
(insert name and title of the officer)

personally appeared Richard Munkvold,
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 Jacklin Golden (Seal)



CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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State of California

County of Los Angeles

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

WITNESS my hand and official seal.



Signature *D. Casillas*
Signature of Notary Public

POWER OF ATTORNEY

INTERNATIONAL FIDELITY INSURANCE COMPANY ALLEGHENY CASUALTY COMPANY

ONE NEWARK CENTER, 20TH FLOOR NEWARK, NEW JERSEY 07102-5207

KNOW ALL MEN BY THESE PRESENTS: That INTERNATIONAL FIDELITY INSURANCE COMPANY, a corporation organized and existing under the laws of the State of New Jersey, and ALLEGHENY CASUALTY COMPANY a corporation organized and existing under the laws of the State of New Jersey, having their principal office in the City of Newark, New Jersey, do hereby constitute and appoint

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Los Angeles, CA.

their true and lawful attorney(s)-in-fact to execute, seal and deliver for and on its behalf as surety, any and all bonds and undertakings, contracts of indemnity and other writings obligatory in the nature thereof, which are or may be allowed, required or permitted by law, statute, rule, regulation, contract or otherwise, and the execution of such instrument(s) in pursuance of these presents, shall be as binding upon the said INTERNATIONAL FIDELITY INSURANCE COMPANY and ALLEGHENY CASUALTY COMPANY, as fully and amply, to all intents and purposes, as if the same had been duly executed and acknowledged by their regularly elected officers at their principal offices.

This Power of Attorney is executed, and may be revoked, pursuant to and by authority of the By-Laws of INTERNATIONAL FIDELITY INSURANCE COMPANY and ALLEGHENY CASUALTY COMPANY and is granted under and by authority of the following resolution adopted by the Board of Directors of INTERNATIONAL FIDELITY INSURANCE COMPANY at a meeting duly held on the 20th day of July, 2010 and by the Board of Directors of ALLEGHENY CASUALTY COMPANY at a meeting duly held on the 15th day of August, 2000:

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IN WITNESS WHEREOF, INTERNATIONAL FIDELITY INSURANCE COMPANY and ALLEGHENY CASUALTY COMPANY have each executed and attested these presents on this 31st day of December, 2015.



STATE OF NEW JERSEY
County of Essex

ROBERT W. MINSTER
Chief Executive Officer (International Fidelity Insurance Company) and President (Allegheny Casualty Company)



On this 31st day of December 2015, before me came the individual who executed the preceding instrument, to me personally known, and, being by me duly sworn, said he is the therein described and authorized officer of INTERNATIONAL FIDELITY INSURANCE COMPANY and ALLEGHENY CASUALTY COMPANY; that the seals affixed to said instrument are the Corporate Seals of said Companies; that the said Corporate Seals and his signature were duly affixed by order of the Boards of Directors of said Companies.

IN TESTIMONY WHEREOF, I have hereunto set my hand affixed my Official Seal, at the City of Newark, New Jersey the day and year first above written.



A NOTARY PUBLIC OF NEW JERSEY
My Commission Expires April 16, 2019

CERTIFICATION

I, the undersigned officer of INTERNATIONAL FIDELITY INSURANCE COMPANY and ALLEGHENY CASUALTY COMPANY do hereby certify that I have compared the foregoing copy of the Power of Attorney and affidavit, and the copy of the Sections of the By-Laws of said Companies as set forth in said Power of Attorney, with the originals on file in the home office of said companies, and that the same are correct transcripts thereof, and of the whole of the said originals, and that the said Power of Attorney has not been revoked and is now in full force and effect.

IN TESTIMONY WHEREOF, I have hereunto set my hand this **JAN 31 2017** day of

MARIA BRANCO, Assistant Secretary



STAFF REPORT

ITEM NO. 11.H.

DATE: November 12, 2018
TO: MAYOR AND CITY COUNCIL
FROM: JEANNETTE VAGNOZZI, ACTING CITY MANAGER
PREPARED BY: JEANNETTE VAGNOZZI, ACTING CITY MANAGER
SUBJECT: ADOPT A RESOLUTION TO DISSOLVE THE CORRIDOR DESIGN AUTHORITY (210 FOOTHILL FREEWAY) JOINT POWERS AUTHORITY

RECOMMENDED ACTION

It is recommended that the City Council adopt a Resolution dissolving the Corridor Design Authority (210 Foothill Freeway) Joint Powers Authority and terminating the Authority's Joint Exercise of Powers Agreement.

GOAL STATEMENT

The proposed action supports the City's goal of supporting regional improvements that make Upland an attractive place to live and conduct business.

BACKGROUND

The Corridor Design Authority (210 Foothill Freeway) Joint Powers Authority (JPA) was formed on September 13, 1994 to assist cities with the planning and design of the 210 Foothill Freeway extension, due to the importance of the freeway expansion to each city along the route. The seven (7) cities included in the JPA are Claremont, Fontana, La Verne, Montclair, Rancho Cucamonga, Rialto and Upland. After the freeway was completed in November 2002, the Authority continued meeting 4 times per year until 2010 when it agreed to meet 3 times per year.

ISSUES/ANALYSIS

Attendance has steadily declined for over seven years and the Authority has struggled to find reasons to meet and topics for discussion. In the past, the Authority addressed many on-going issues of interest including freeway landscaping, maintenance and billboards as well as

trail issues across the foothill cities. The cities have also used this JPA meeting as a method of communication with Caltrans in both Districts 7 and 8 (Los Angeles and San Bernardino Counties). The Authority was effective in facilitating a regional approach to solving these issues associated with the new freeway.

To such, the Authority concluded that it has outlived its original purpose and is no longer needed. The Authority gave direction at their October 9, 2018 meeting to request that each City Council for the member cities dissolve the JPA since the Authority is currently only being used in a more informational capacity.

FISCAL IMPACTS

There is no fiscal impact associated with this action.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

Resolution dissolving the JPA
JPA Agreement

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF UPLAND DISSOLVING THE CORRIDOR DESIGN AUTHORITY (210 FOOTHILL FREEWAY) JOINT POWERS AUTHORITY AND TERMINATING THE AUTHORITY'S JOINT EXERCISE OF POWERS AGREEMENT

Intent of the Parties and Findings

(i) The cities of Claremont, Fontana, La Verne, Rancho Cucamonga, Rialto, and Upland entered into a joint exercise of powers agreement on September 13, 1994, creating the Corridor Design Authority (the "Authority") for the purpose of jointly exercising powers for the administration of a consolidated program of design and maintenance along the Route 30 Freeway Corridor, which is now referred to as the 210 Foothill Freeway (the "Freeway"). The City of Montclair was later admitted into the Authority, and together with the six cities referenced above are collectively referred to herein as the "Cities."; and

(ii) The Freeway was completed in November 2002 and each of the Cities has participated in regular ongoing meetings for discussion and review of the Joint Powers Authority (JPA); and

(iii) The Authority has satisfied its established purpose by designing, constructing, and providing for the on-going maintenance of the Freeway, and the Cities now desire to terminate the Agreement and dissolve the Authority; and

(iv) All legal prerequisites to the adoption of this Resolution have occurred.

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

Section 1. The City Council finds that the facts set forth in the Recitals, of this Resolution are true and correct.

Section 2. The Joint Exercise of Powers Agreement creating the Corridor Design Authority, dated September 13, 1994, shall terminate upon the adoption of a resolution of termination by each of the Cities. The date of termination shall be the date of adoption for the most recently adopted resolution of termination. Upon termination of the Agreement, the Authority shall cease to exist.

Section 3. Upon termination of the Authority, the Secretary of the Authority shall notify the California Secretary of State, the California Controller, and the Counties of Los Angeles and San Bernardino and their respective Local Area Formation Commissions. The Secretary shall prepare any documentation required for this purpose. The Secretary shall provide copies of all documentation to each of the Cities.

Section 4. The City Manager or his or her designee is authorized to take any and all actions necessary for the termination of the Agreement and dissolution of the Authority.

Section 5. Certification. 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 12th day of November, 2018.

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 12th day of November, 2018, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAINED:

ATTEST: _____
Jeannette Vagnozzi, City Clerk

CO 94-009

JOINT EXERCISE OF POWERS AGREEMENT

(CORRIDOR DESIGN AUTHORITY)

THIS AGREEMENT is made this 19th day of January 1994, by and among the cities of CLAREMONT, FONTANA, LA VERNE, RANCHO CUCAMONGA, RIALTO, and UPLAND, municipal corporations duly organized and existing under the laws of the State of California (collectively, the "Agencies");

WITNESSETH:

WHEREAS, each of the Agencies is authorized to take action for the public purposes of the Agencies, and the Agencies wish to form a Joint Powers Authority under the Joint Exercise of Powers Law of the State of California (Government Code Section 6500 et seq.) for the purpose of establishing an entity responsible for the administration of a consolidated program of design and maintenance along the Route 30 Freeway Corridor within the cities of Claremont, Fontana, La Verne, Rancho Cucamonga, Rialto, and Upland.

NOW THEREFORE, in consideration of the above premises and of the mutual promises herein contained, the Agencies do hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires, the words and terms defined in this Article shall, for the purpose hereof, have the meanings herein specified.

"Act" means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code.

"Agreement" means this Joint Exercise of Powers Agreement, as originally entered into or as amended from time to time.

"Authority" means the Authority established pursuant to Section 2.02 of this Agreement.

"Board" means the Board of Directors of the Authority referred to in Section 2.03, which shall be the governing body of the Authority.

"Directors" means the representatives of the Agencies appointed to the Board pursuant to Section 2.03.

"Fiscal Year" means the period from July 1 in any calendar year and including June 30 in the succeeding calendar year.

"Member" means each participant to the Corridor Design Authority.

"Public Improvements" means any land, improvements, facilities, and equipment to be used for the public purposes of the Agencies.

"Secretary" means the Secretary of the Authority appointed pursuant to Section 3.01.

"Treasurer" means the Treasurer of the Authority appointed pursuant to Section 3.02.

ARTICLE II

GENERAL PROVISIONS

Section 2.01. Purpose. The purpose of this Agreement is to provide for the joint exercise of powers common to the Agencies to establish a coordinated program to design, maintain, and establish the Route 30 Freeway Corridor, including, but not limited to, the acquisition of funds to the Agencies through grants, ISTEA, or any other monies to enable public improvements.

Section 2.02. Creation of Authority. Pursuant to the Act, there is hereby created a public entity to be known as the "Corridor Design Authority." The Authority shall be a public entity separate and apart from the Agencies, and shall administer this Agreement.

(a) Additional Member Agencies. Additional cities may become new members of the Authority upon the majority vote of the existing Board of Directors. This Agreement shall be amended to reflect each new agency.

(b) Ex-Officio Members. The following agencies shall be ex-officio members of the Authority:

- (1) Caltrans District 7;
- (2) Caltrans District 8;
- (3) San Bernardino Associated Governments;
- (4) East Valley Resource Conservation District;
- (5) Inland Empire West Resource Conservation District;
- (6) Metropolitan Transportation Authority;
- (7) San Bernardino County Flood Control District.

Said ex-officio members shall have no voting rights. Additional ex-officio members, with no voting rights, may be appointed by the majority vote of the Board.

Section 2.03. Board of Directors. The Authority shall be governed by a Board of Directors composed of 12 members, two for each member city, each serving in his/her individual capacity as members of the governing board and without compensation. Two Council members shall be appointed as Directors by each of the cities participating in this Agreement. Each member shall be entitled to one vote. Members shall serve at the pleasure of the City appointing body and until their respective successors are appointed and qualified. Each member City shall appoint an alternate member who may be a member of the staff of the governmental entity and such alternate member shall be entitled to vote at any Authority meeting in the absence of the Director or Directors for who the alternate member was appointed.

Section 2.04. Meetings of the Board.

(a) Regular Meetings. The Board shall provide for its regular meetings; provided, however, that at least one regular meeting shall be held each year. The date, hour, and place of the holding of regular meetings shall be fixed by resolution of the Board and a copy of such resolution shall be filed with the Agencies.

(b) Special Meetings. Special meetings of the Board shall be called in accordance with the provisions of Section 54956 of the Government Code.

(c) Call, Notice, and Conduct of Meetings. All meetings of the Board, including without limitation, regular, adjourned regular, and special meetings, shall be called, noticed, held, and conducted in accordance with the provisions of the Ralph M. Brown Act (Government Code Section 54950 et seq.).

Section 2.05. Minutes. The Secretary shall cause to be kept minutes of the meetings of the Board and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to each Director and to the Agencies.

Section 2.06. Voting. Each Director shall have one vote which may be exercised by the Director's alternate as provided in Section 2.03 of this Agreement.

Section 2.07. Quorum; Required Votes; Approvals. Directors holding a majority of the votes shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn from time to time. The affirmative votes of a majority of the Directors shall be required to take any action by the Board. If any member Agency chooses not to participate, financially or otherwise, in any specific project or activity of the Authority, the voting rights of the Director from that Agency shall be suspended as to that project or activity.

Section 2.08. Bylaws. The Board may adopt, from time to time, such bylaws, rules, and regulations for the conduct of its meetings as are necessary for the purposes hereof.

ARTICLE III

OFFICERS AND EMPLOYEES

Section 3.01. Chairman, Vice-Chairman, Executive Director, and Secretary. The Board shall elect a Chairman and Vice-Chairman from among the Directors, and shall appoint a Secretary and may appoint an Executive Director who need not be a Director. The officers shall perform the duties normal to said officers. The Chairman shall sign all contracts on behalf of the Authority and shall perform such other duties as may be imposed by the Board. In the absence of the Chairman, the Vice-Chairman shall sign contracts and perform all of the Chairman's duties. In the absence of an Executive Director, the Chairman shall administer the day to day affairs of the Authority and shall execute the policies and directives of the Board. The Secretary shall countersign all contracts signed by the Chairman or Vice-Chairman on behalf of the Authority, perform such other duties as may be imposed by the Board and cause a copy of this Agreement to be filed with the Secretary of State pursuant to the Act.

Section 3.02. Treasurer. Pursuant to Section 6505.6 of the Act, the Board shall designate a Treasurer of the Authority. The Treasurer shall be the depository, shall have custody of all of the accounts, funds, and money of the Authority from whatever source, shall have the duties and obligations set forth in Sections 6505 and 6505.5 of the Act and shall assure that there shall be strict accountability of all funds and reports of all receipts and disbursements of the Authority. As provided in Section 6506 and Section 6505.6 of the Act, the Treasurer shall make arrangements with a certified public accountant or firm of certified public accountants for the annual audit of accounts and records of the Authority.

Section 3.03. Officers in Charge of Records, Funds, and Accounts. Pursuant to Section 6505.5 of the Act, the Treasurer shall have charge of, handle, and have access to all accounts, funds, and money of the Authority and all records of the Authority relating thereto; and the Secretary shall have charge of, handle, and have access to all other records of the Authority.

Section 3.04. Bonding Persons Having Access to Public Improvements. From time to time, the Board may designate persons, in addition to the Executive Director, the Secretary, and the Treasurer, having charge of, handling, or having access to any records, funds, or accounts or any public improvement or project of the Authority. The Board shall designate the respective amounts of the official bonds of the Executive Director, the Secretary, and the Treasurer and other persons pursuant to Section 6505.1 of the Act.

Section 3.05. Legal Advisor. To be determined by a majority vote of the Board and shall perform such duties as may be prescribed by the Board.

Section 3.06. Other Employees. The Board shall have the power by resolution to appoint and employ such other consultants and independent contractors as may be necessary to carry out the purposes of this Agreement.

All of the privileges and immunities from liability, exemption from laws, ordinances and rules, all pension, relief, disability, workers' compensation, and other benefits which apply to the activities of officers, agents, or employees of public agencies when performing their respective functions shall apply to the officers, agents, or employees of the Authority to the same degree and extent while engaged in the performance of any of the functions and other duties of such officers, agents, or employees under this Agreement.

None of the officers, agents, or employees directly employed by the Board shall be deemed, by reason of their employment by the Board, to be employed by the Agencies or, by reason of their employment by the Board, to be subject to any of the requirements of the Agencies.

Section 3.07. Assistant Officers. The Board may by resolution appoint such assistants to act in the place of the Secretary or other officers of the Authority (other than any Director), and may by resolution provide for the appointment of additional officers of the Authority who may or may not be Directors, as the Board shall from time to time deem appropriate.

ARTICLE IV

POWERS

Section 4.01. General Powers. The Authority shall exercise in the manner herein provided, the power of each of the Agencies and necessary to the accomplishment of the purposes of this Agreement, subject to the restrictions set forth in Section 4.04. As provided in the Act, the Authority shall be a public entity separate from the Agencies.

Section 4.02. Power to Issue Revenue Bonds. Unless and until this Agreement is amended by the unanimous consent of the Member Agencies with voting rights, the Agency shall have no power to issue bonds.

Section 4.03. Specific Powers. The Authority is hereby authorized, in its own name, to do all acts necessary for the exercise of the foregoing powers, including but not limited to, any or all of the following:

- (a) to make and enter into contracts;
- (b) to employ agents or employees;
- (c) to acquire, construct, manage, maintain, or operate any public improvement;
- (d) to sue and be sued in its own name;
- (e) to apply for, accept, receive, and disburse grants, loans, and other aids from any agency of the United States of America, State of California, or County of San Bernardino;

- (f) to invest any money in the treasury pursuant to Section 6505.5 of the Act which is not required for the immediate necessities of the Authority, as the Authority determines advisable, in the same manner and upon the same conditions as local agencies, pursuant to Section 53601 of the Government Code;
- (g) to carry out and enforce all the provisions of this Agreement;
- (h) to make and enter into agreements, assignments, and other documents of any nature whatsoever as may be necessary or convenient in the exercise of its powers hereunder or under the Act;
- (i) to make loans to the Agencies or any of the Agencies for the purposes hereof, or to refinance indebtedness incurred by the Agencies in connection with any of the purposes hereof;
- (j) to exercise any and all other powers as may be provided in the Act.

Section 4.04. Restrictions on Exercise of Powers. The powers of the Authority shall be exercised in the manner provided in the Act and shall be subject (in accordance with Section 6509 of the Act) to the restrictions upon the manner of exercising such powers that are imposed upon San Bernardino County and/or Los Angeles County in the exercise of similar powers.

Section 4.05. Authority/Member Projects. A Member of the Authority may propose projects within the Member's territory and the Authority itself may propose projects, subject to the limitations set forth herein.

With respect to Member proposed projects within the territory of such Member, each Member, by official action of its City Council or Board of Supervisors, must approve such projects. All approved projects may be undertaken by the Authority as funds are available to the Authority for such purpose. The initial authorization to proceed with the implementation of specific projects by the letting of contracts or the appropriation of funds shall require a majority vote of the Board. A Member, by official action of its governing body, may withdraw a project located within its territorial jurisdiction from consideration at any time until such initial authorization to proceed has been granted by the Authority.

A Member may carry out, within its boundaries, any activity which may legally be undertaken by the Member which does not involve the expenditure of Authority funds, and no approval of the Authority shall be required for such projects.

Section 4.06. Obligations of Authority. The debts, liabilities, and obligations of the Authority shall not be the debts, liabilities, and obligations of the Agencies.

ARTICLE V

METHODS OF PROCEDURE; CREDIT TO MEMBERS

Section 5.01. Assumption of Responsibilities by the Authority. As soon as practicable after the date of execution of this Agreement, the Directors shall give notice (in the manner required by Section 2.04) of the organizational meeting of the Board. At said meeting, the Board shall provide for its regular meetings as required by Section 2.04 and elect a Chairman and Vice-Chairman, and appoint the Secretary and, if necessary, may appoint the Executive Director.

Section 5.02. Delegation of Powers. The Agencies hereby delegate to the Authority the power and duty to acquire, by lease, lease-purchase, installment sale agreements, or otherwise, such public improvements as may be necessary or convenient for the operation of the Authority or any of the Agencies.

Section 5.03. Credit to Members. In consideration of the agreement by the Agencies to administer the Authority, all accounts or funds created and established pursuant to any instrument or agreement to which the Authority is a party, and any interest earned or accrued thereon, shall inure to the benefit of the Agencies in direct proportion to the amounts contributed.

ARTICLE VI

CONTRIBUTION: ACCOUNTS AND REPORTS; FUNDS

Section 6.01. Contributions. The Agencies may, in the appropriate circumstance, when required hereunder: (a) make contributions from their treasuries for the purposes set forth herein, (b) make payments of public funds to defray the cost of such purposes, such advances to be repaid as provided herein, or (d) use its personnel, equipment, or property in lieu of other contributions or advances. The provisions of Section 6513 of the Act are hereby incorporated into this Agreement by reference.

Section 6.02. Accounts and Reports. To the extent not covered by the duties assigned to a trustee chosen by the Authority, the Treasurer shall establish and maintain such funds and accounts as may be required by good accounting practice or by any provision of any trust agreement entered into with respect to the proceeds of any bonds issued by the Authority. The books and records of the Authority in the hands of a trustee or the Treasurer shall be open to inspection at all reasonable times by duly appointed representatives of the Agencies. The Treasurer, within 180 days after the close of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to the Agencies to the extent that such activities are not covered by the report of such trustee. The trustee appointed under any indenture or trust agreement shall establish suitable funds, furnish financial reports, and provide suitable accounting procedures to carry out the provisions of said trust agreement. Said trustee may be given such duties in said indenture or trust agreement as may be desirable to carry out this Agreement.

Section 6.03. Funds. Subject to the applicable provisions of any instrument or agreement which the Authority may enter into, which may provide for a trustee to receive, have custody of, and disburse Authority funds, the Treasurer of the Authority shall receive, have custody of, and disburse Authority funds in accordance with laws applicable to public agencies and generally accepted accounting practices, and shall make the disbursements required by this Agreement or to carry out any of the provisions or purposes of this Agreement.

ARTICLE VII.

TERM

Section 7.01. Term. This Agreement shall become effective, and the Authority shall come into existence, on the date hereof, and this Agreement and the Authority shall thereafter continue in full force and effect so long as the Authority shall own any interest in any public improvements.

Section 7.02. Withdrawal.

A. An Agency may withdraw from the Authority and terminate its obligations under this Agreement upon the giving of 60 days written notice to the Authority. Written notice shall be accompanied by a resolution or minute order which authorizes the withdrawal by governing body of the Agency.

B. Subsequent to withdrawal, the Agency shall have a continuing responsibility to perform the duties and obligations required by this Agreement which are based on facts, events, or occurrences that predate withdrawal or termination.

Section 7.03. Disposition of Assets. Upon termination of this Agreement, all property of the Authority, both real and personal, shall remain under the ownership of the Authority. Parties rescinding their participating in the Authority through this Agreement shall receive the residual of their contributions to the Authority for acquisition of public improvements, less the proportionate share of accumulated depreciation as determined by the Treasurer of the Authority in accordance with generally accepted accounting practices. Upon termination of this Agreement, all property of the Authority, both real and personal, shall be divided among the parties hereto in shares proportionate to the total contributions for the acquisition of said property made by the parties to this Agreement.

ARTICLE VIII.

MISCELLANEOUS PROVISIONS

Section 8.01. Notices. Notices hereunder shall be in writing and shall be sufficient if delivered to:

CITY OF CLAREMONT
City Clerk
207 Harvard Avenue
Claremont, CA 91711

CITY OF RANCHO CUCAMONGA
City Clerk
P. O. Box 807
Rancho Cucamonga, CA 91729

CITY OF FONTANA
City Clerk
8353 Sierra Avenue
Fontana, CA 92335

CITY OF RIALTO
City Clerk
150 Palm Avenue
Rialto, CA 92376

CITY OF LA VERNE
City Clerk
3660 "D" Street
La Verne, CA 91750

CITY OF UPLAND
City Clerk
P. O. Box 460
Upland, CA 91785

SANBAG
Executive Director
472 North Arrowhead Avenue
San Bernardino, CA 92401

SAN BERNARDINO COUNTY
FLOOD CONTROL DISTRICT
825 E. Third Street
San Bernardino, CA 92415

EAST VALLEY RESOURCE CONSERVATION
DISTRICT
Administrative Manager
1200 Arizona Street, #A-7
Redlands, CA 92374

INLAND EMPIRE WEST RESOURCE
CONSERVATION DISTRICT
District Manager
2816 East 4th Street
Ontario, CA 91764

METROPOLITAN TRANSPORTATION
AUTHORITY
San Gabriel Area Director
818 West 7th Street, Suite 300
Los Angeles, CA 90017

CALTRANS
District 8
P.O. Box 231
San Bernardino, CA 92402

COUNTY OF SAN BERNARDINO
Clerk of the Board of Supervisors
385 Arrowhead Avenue, Second Floor
San Bernardino, CA 92415-0130

CALTRANS
District 7
120 S. Spring Street
Los Angeles, CA 90012

COUNTY OF LOS ANGELES
Clerk of the Board of Supervisors
Kenneth Hahn Hall of Administration
Room 383
500 W. Temple Street
Los Angeles, CA 90012

Section 8.02. Section Headings. All section headings in this Agreement are for convenience of reference only and are not to be construed as modifying or governing the language in the section referred to or to define or limit the scope of any provision of this Agreement.

Section 8.03. Consent. Whenever in this Agreement any consent or approval is required, the same shall not unreasonably be withheld.

Section 8.04. Law Governing. This Agreement is made in the State of California under the Constitution and laws of the State of California, and is to be so construed.

Section 8.05. Amendments. This Agreement may be amended at any time, or from time to time. An amendment shall require the consent of the Legislative bodies if fifty percent (50%) plus one of the Member Agencies with voting rights; provided however, that any amendment which authorizes the Authority to levy any taxes, assessments, or charges whatsoever, or to issue bonds shall require the unanimous consent of the Member Agencies with voting rights.

Section 8.06. Enforcement by Authority. The Authority is hereby authorized to take any legal or equitable actions, including but not limited to injunction and specific performance, necessary or permitted by law to enforce this Agreement.

Section 8.07. Severability. Should any part or provision of this Agreement be decided by any court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining portions or provisions shall not be affected thereby.

Section 8.08. Successors. This Agreement shall be binding upon and shall inure to the benefit of the successors of the Agencies, respectively. None of the Agencies may assign any right or obligation hereunder without written consent of the other Agencies.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their proper officers duly authorized and their official seals to be hereto affixed, on the day and year set opposite the name of each of the parties.

CITY OF CLAREMONT, CALIFORNIA

By: *Alfred J. Lopez*
Title: Mayor

(SEAL)

ATTEST:

Barbara A. Royalty
City Clerk

Approved as to Form:

Anna R. Carvalho, Deputy
City Attorney

CITY OF FONTANA, CALIFORNIA

By: *Gary E. Baker*
Title: Mayor

(SEAL)

ATTEST:

Linda S. Dunn, Deputy
City Clerk

Approved as to Form:

Stephen P. Deutsch
City Attorney

CITY OF LA VERNE, CALIFORNIA

By: Jon Buehner

Title: Mayor

(SEAL)

ATTEST:

N. Kathleen Brown
City Clerk

Approved as to Form:

[Signature]
City Attorney

CITY OF UPLAND, CALIFORNIA

By: Robert R. Nales

Title: Mayor

(SEAL)

ATTEST:

Sheryl Schroeder
City Clerk

Approved as to Form:

Ralph W. Hansen
Deputy City Attorney

CITY OF RANCHO CUCAMONGA,
CALIFORNIA

By: Dennis L. Stow

Title: Mayor

(SEAL)

ATTEST:

Debra J. Adams
City Clerk

Approved as to Form:

James R. Mathman
City Attorney

CITY OF RIALTO, CALIFORNIA

By: John Longmire

Title: Mayor

(SEAL)

ATTEST:

Joseph P. Pappas
City Clerk

Approved as to Form:

Robert A. Owen
City Attorney

**SPECIAL INVESTMENTS COMMITTEE MEETING
OCTOBER 24, 2018**

CONCLUSION/ACTION SUMMARY

In attendance: Committee Chair Kinley, Committee Member Robinson, City Manager Manis, Assistant City Manager Vagnozzi, and Finance Officer Bock-Helms

- 1) **ORAL COMMUNICATIONS**, None
- 2) **QUARTER ENDING SEPTEMBER 30, 2018 INVESTMENT PORTFOLIO REVIEW**, Victor E. Ume-Ukeje from Piper Jaffray discussed the economic outlook and provided the committee with an overview of the City's portfolio.



Special Investments Committee Meeting

October 24, 2018

4:00 PM

Pinky Alder Room - City Hall

-
1. ORAL COMMUNICATIONS
 2. QUARTER ENDING SEPTEMBER 30, 2018 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 October 18, 2018, 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: October 24, 2018
TO: INVESTMENTS COMMITTEE
FROM: BILL R. MANIS, CITY MANAGER
PREPARED BY: LONDA BOCK-HELMS, FINANCE OFFICER
SUBJECT: QUARTER ENDING SEPTEMBER 30, 2018 INVESTMENT PORTFOLIO REVIEW

RECOMMENDED ACTION

It is recommended that the Investments Committee receive and file the quarter ending September 30, 2018, 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 \$49.9 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 \$11 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 quarter ending September 30, 2018, 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 9-30-2018

Portfolio Review

Fixed Income | Strategic Analytics



City of Upland

Upland, CA

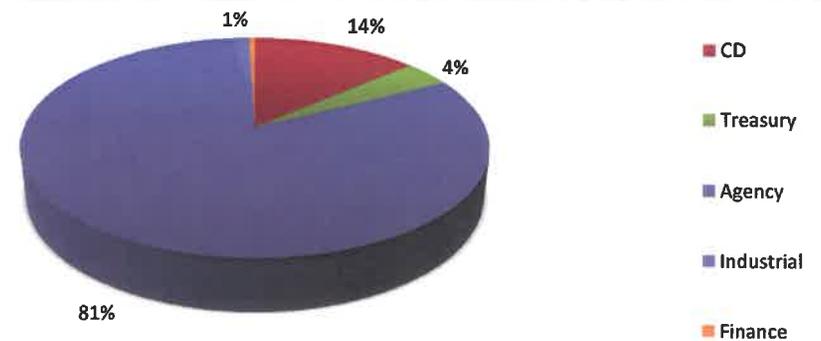
SAG Account: 41018
Portfolio as of: 9/28/2018
Pricing date: 9/28/2018

Portfolio Characteristics

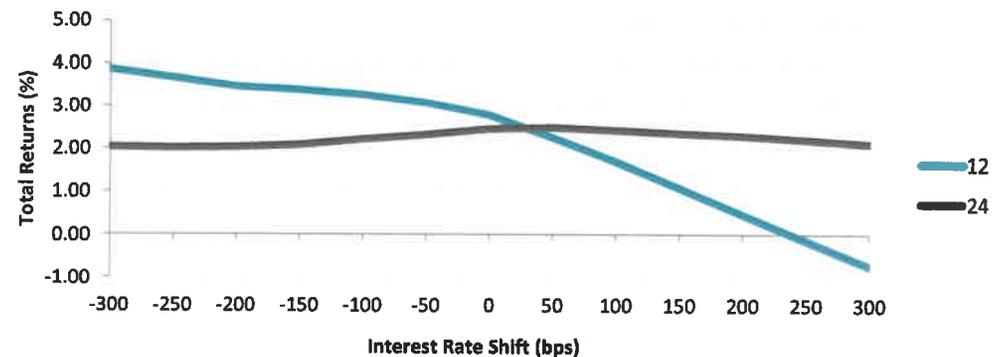
Total Par Value (000)	46,536
Total Market Value w Accrued (000)	46,046
Total Book Value (000)	46,500
Weighted Average Coupon	1.99
Weighted Average Life	2.01
Market Yield	2.80
Book Yield	1.87
Modified Duration	2.18
Effective Duration	1.78
Estimated Total Cash Flow (2-yr, Flat Rate)	29,008

Report Created: 10/17/2018

Sector Distribution



Return Simulations



PiperJaffray

REALIZE THE POWER
OF PARTNERSHIP.

Portfolio Distribution Report

Portfolio as of: 9/28/2018

Pricing date: 9/28/2018

City of Upland

Maturity	
Years	%
0.00 - 0.99	21.2%
1.00 - 2.99	43.6%
3.00 - 4.99	35.2%
5.00 - 9.99	
10.00 - 19.99	
20+	

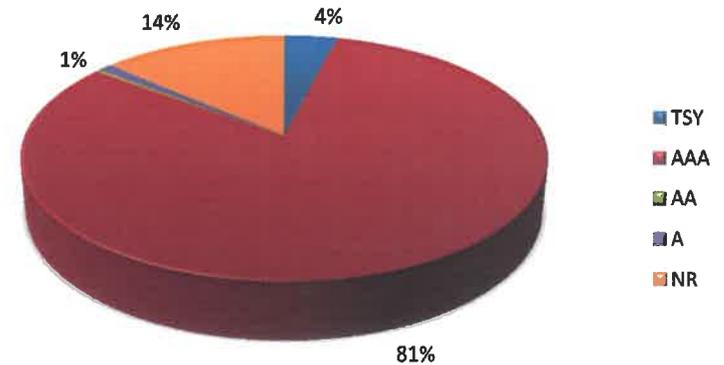
Sector	
Sector	%
Cash	
CD	13.5%
Treasury	3.8%
Agency	81.0%
Pass-Through	
ARM	
CMO	
ABS	
CMBS	
Corporate	1.6%
Industrial	1.1%
Utility	
Finance	0.5%
Municipal	
Provincial	
Sovereign	
Surpranational	
Other	

Quality	
Moody's/S&P	%
TSY	3.8%
AAA	81.4%
AA	0.3%
A	1.0%
BBB	
BB	
B	
CCC	
CC	
C	
D	
NR	13.5%

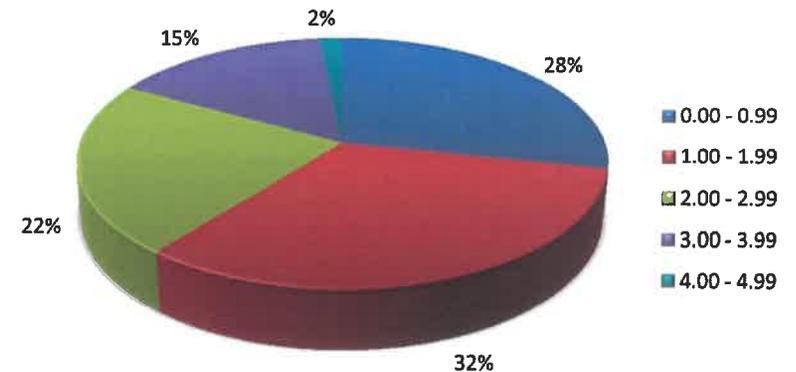
Coupon	
Percent	%
0% - 1%	4.1%
1% - 2%	45.2%
2% - 3%	49.0%
3% - 4%	1.6%
4% - 5%	
5% - 6%	
6% - 7%	
7% - 8%	
8% - 9%	
9% - 10%	
10%+	

Effective Duration	
Years	%
0.00 - 0.99	28.2%
1.00 - 1.99	32.5%
2.00 - 2.99	22.4%
3.00 - 3.99	15.3%
4.00 - 4.99	1.6%
5.00 - 5.99	
6.00 - 6.99	
7.00 - 7.99	
8.00+	

Credit Exposure



Effective Duration Breakdown



Portfolio Sector & Duration Matrix

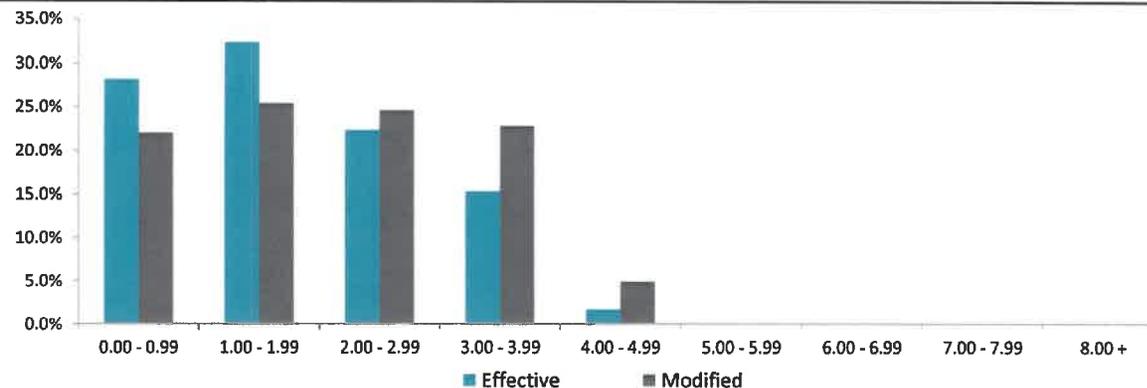
City of Upland

Portfolio as of: 9/28/2018

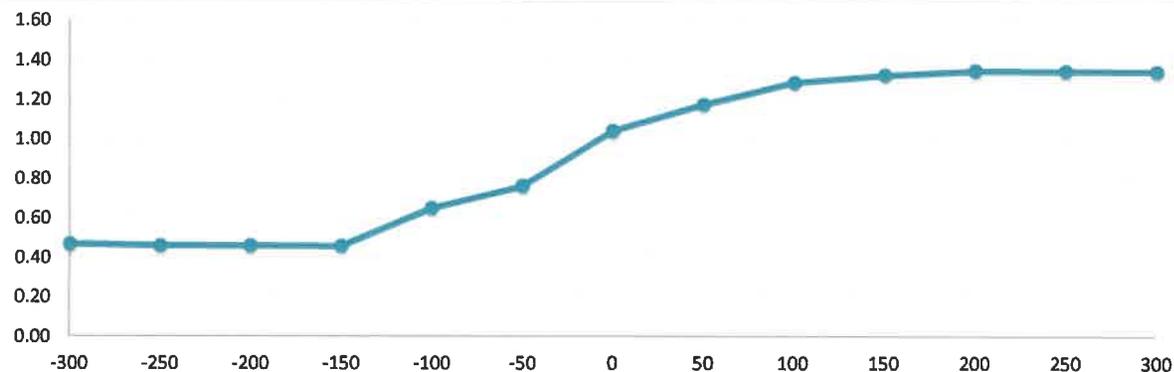
Pricing date: 9/28/2018

Duration		
Years	Effective	Modified
0.00 - 0.99	28.2%	22.1%
1.00 - 1.99	32.5%	25.4%
2.00 - 2.99	22.4%	24.7%
3.00 - 3.99	15.3%	22.9%
4.00 - 4.99	1.6%	4.9%
5.00 - 5.99		
6.00 - 6.99		
7.00 - 7.99		
8.00 +		

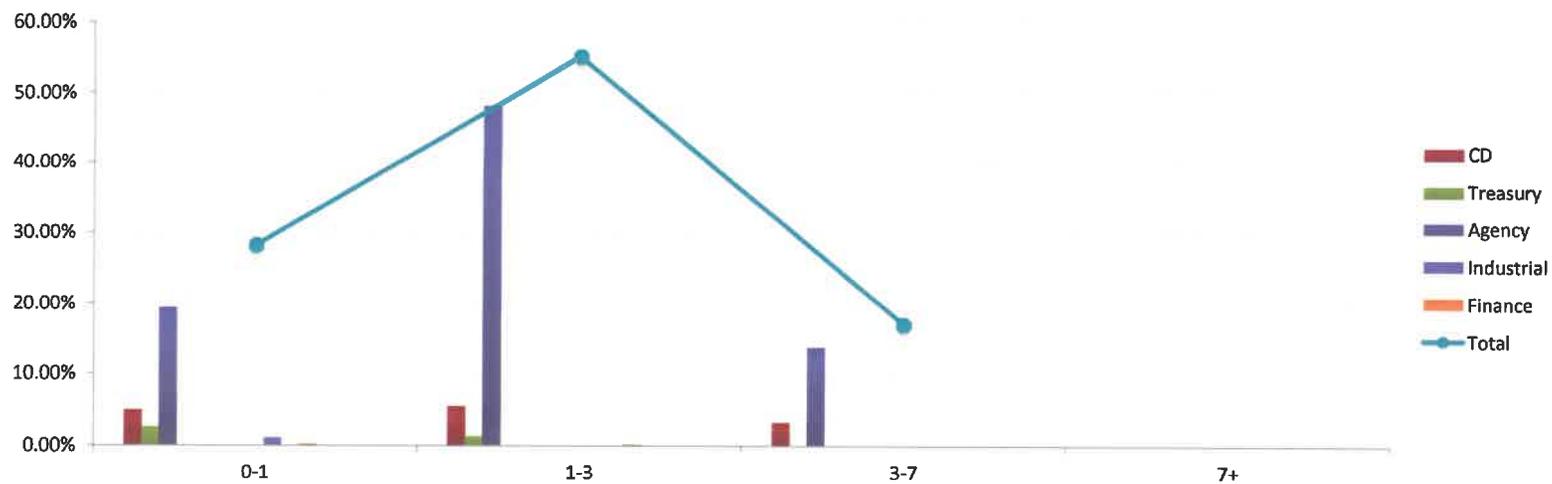
Effective vs. Modified



12 Month Simulations Ending Duration



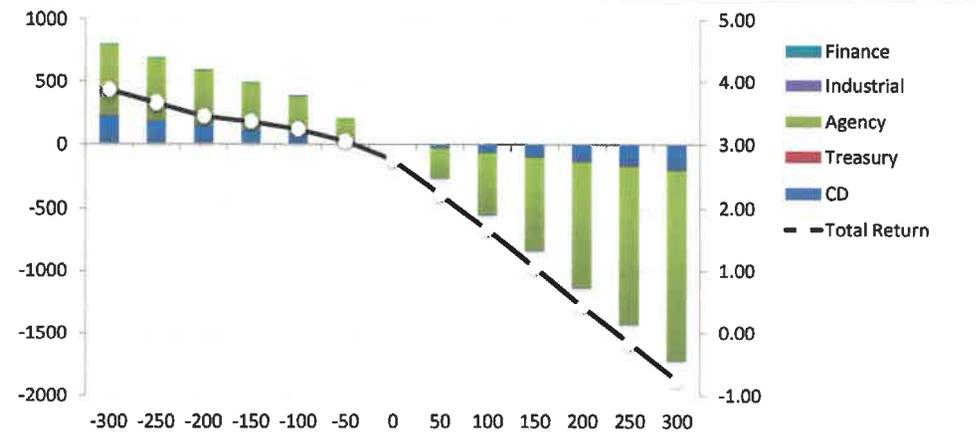
Duration Distribution Matrix (Effective Duration)					
	0 - 1	1 - 3	3 - 7	7+	Total
Cash					
CD	4.9%	5.4%	3.2%		13.5%
Treasury	2.6%	1.3%			3.8%
Agency	19.3%	47.9%	13.8%		81.0%
Pass-Through					
ARM					
CMO					
ABS					
CMBS					
Industrial	1.1%				1.1%
Utility					
Finance	0.3%	0.2%			0.5%
Municipal					
Provincial					
Sovereign					
Surpranational					
Other					
Total	28.2%	54.9%	17.0%		100.0%



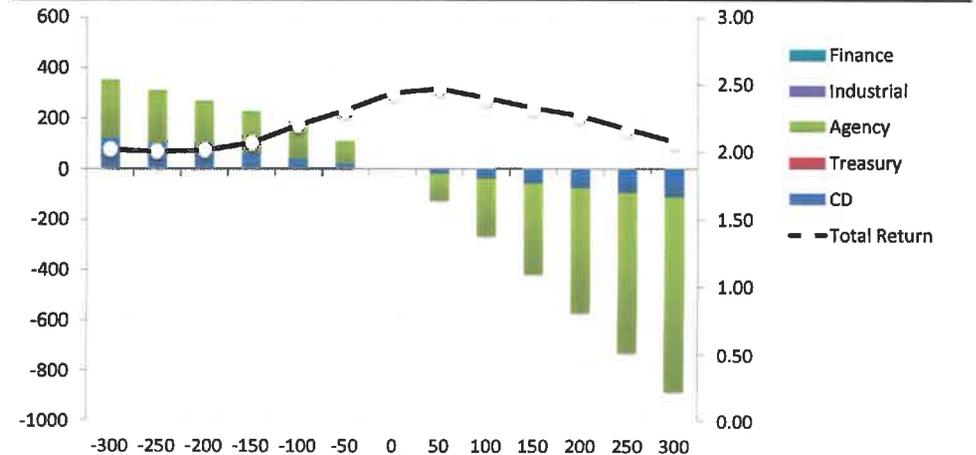
12		Month Horizon				
Yield Δbps	Returns (%)			Average Life	Effective Duration	Market Value (000)
	Total	Income	Price			
-300	3.86	2.39	1.48	0.47	0.47	45,481
-250	3.66	2.43	1.22	0.47	0.46	45,375
-200	3.45	2.48	0.97	0.47	0.45	45,272
-150	3.37	2.63	0.73	0.46	0.45	45,169
-100	3.25	2.34	0.91	0.60	0.64	45,062
-50	3.05	2.54	0.52	0.96	0.75	44,889
0	2.76	2.67	0.09	1.16	1.03	44,677
50	2.23	2.73	-0.50	1.28	1.17	44,410
100	1.67	2.79	-1.13	1.36	1.28	44,128
150	1.06	2.82	-1.77	1.40	1.32	43,837
200	0.45	2.86	-2.41	1.43	1.34	43,541
250	-0.15	2.89	-3.04	1.43	1.34	43,247
300	-0.74	2.92	-3.66	1.43	1.34	42,955

24		Month Horizon				
Yield Δbps	Returns (%)			Average Life	Effective Duration	Market Value (000)
	Total	Income	Price			
-300	2.02	1.72	0.31	0.19	0.19	45,231
-250	2.00	1.75	0.26	0.19	0.19	45,189
-200	2.01	1.80	0.21	0.19	0.19	45,147
-150	2.06	1.91	0.16	0.19	0.18	45,105
-100	2.20	2.06	0.14	0.24	0.21	45,063
-50	2.30	2.14	0.16	0.51	0.38	44,986
0	2.44	2.40	0.04	0.52	0.46	44,877
50	2.47	2.56	-0.09	0.61	0.55	44,754
100	2.40	2.65	-0.25	0.66	0.64	44,611
150	2.33	2.74	-0.42	0.71	0.67	44,460
200	2.27	2.85	-0.59	0.71	0.69	44,306
250	2.17	2.93	-0.76	0.75	0.70	44,149
300	2.07	3.00	-0.93	0.75	0.70	43,993

Market Value Change (000) Total Return



Market Value Change (000) Total Return



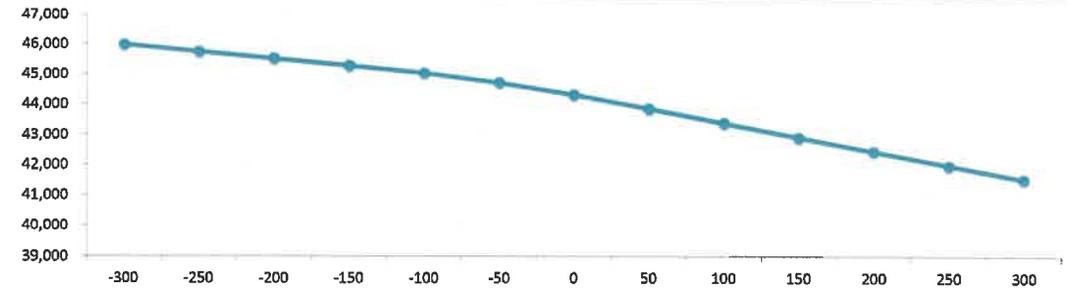
Portfolio Interest Rate Sensitivity
City of Upland

Portfolio as of: 9/28/2018

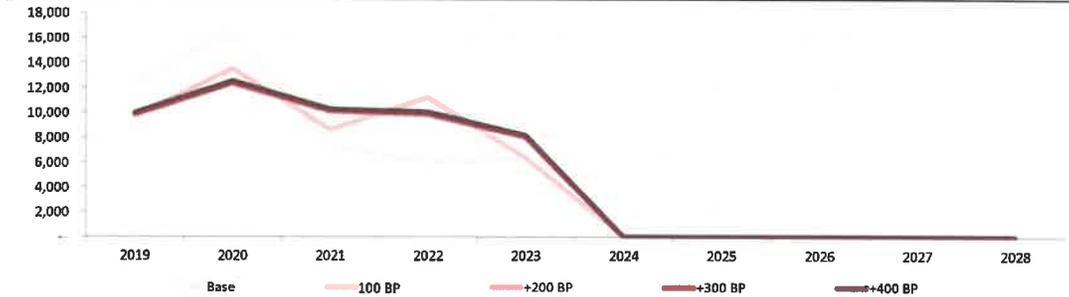
Pricing date: 9/28/2018

Instantaneous Interest Rate Shift Changes				
Yield Δbps	Average Life	Effective Duration	Market Value (000)	Change in Market Value (%)
-300	1.03	1.01	45,974	3.72%
-250	1.02	1.00	45,742	3.20%
-200	1.02	1.01	45,516	2.69%
-150	1.01	1.12	45,288	2.17%
-100	1.55	1.32	45,049	1.63%
-50	1.65	1.57	44,722	0.90%
0	2.07	1.85	44,325	0.00%
50	2.24	2.03	43,876	-1.01%
100	2.30	2.14	43,402	-2.08%
150	2.31	2.17	42,929	-3.15%
200	2.34	2.18	42,462	-4.20%
250	2.34	2.18	41,997	-5.25%
300	2.33	2.17	41,540	-6.28%

Market Value Sensitivity (000)



Cash Flow Sensitivity (000)



Annual Dynamic Rate Shift Cash Flow Comparisons (000)

Reinvestment Rate: 2.80

Date	-200 BP			-100 BP			Base			+100 BP			+200 BP			+300 BP			+400 BP			
	Principal	Coupon*	Total																			
09/30/2019	28,535	833	29,368	26,035	1,114	27,149	11,285	1,173	12,458	8,485	1,218	9,703	8,485	1,303	9,788	8,485	1,388	9,873	8,485	1,472	9,957	
09/30/2020	7,005	322	7,327	8,255	449	8,704	15,505	1,042	16,547	12,305	1,211	13,516	11,005	1,297	12,302	11,005	1,407	12,412	11,005	1,517	12,522	
09/30/2021	4,500	192	4,692	5,750	269	6,019	6,750	527	7,277	7,750	824	8,574	9,050	978	10,028	9,050	1,099	10,149	9,050	1,190	10,240	
09/30/2022	4,246	101	4,347	4,246	143	4,389	5,496	365	5,861	10,496	702	11,198	8,996	764	9,760	8,996	916	9,912	8,996	1,006	10,002	
09/30/2023	750	26	776	750	33	783	6,000	248	6,248	6,000	308	6,308	7,500	500	8,000	7,500	575	8,075	7,500	650	8,150	
09/30/2024																						
09/30/2025																						
09/30/2026																						
09/30/2027																						
09/30/2028																						
Total	45,036	1,473	46,509	45,036	2,008	47,044	45,036	3,354	48,390	45,036	4,264	49,300	45,036	4,842	49,878	45,036	5,386	50,421	45,036	5,836	50,872	

* Includes reinvestment cash flows.

Portfolio 12 month Interest Rate Scenarios

Portfolio as of: 9/28/2018

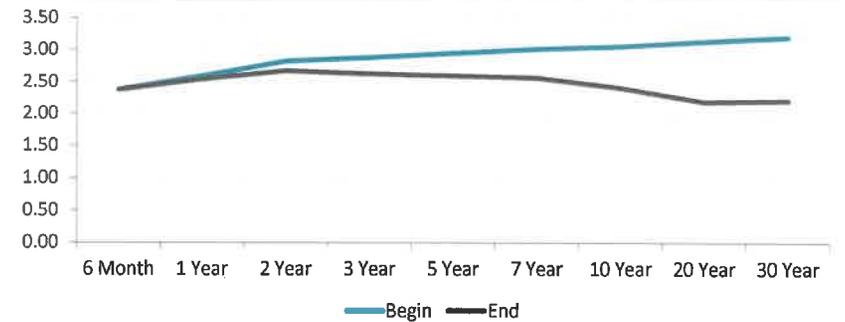
Pricing date: 9/28/2018

City of Upland

Bull Flattener Curve Scenario

	Begin	End	Change (bps)
6 Month	2.37	2.37	0
1 Year	2.59	2.54	-5
2 Year	2.82	2.67	-15
3 Year	2.88	2.63	-25
5 Year	2.95	2.60	-35
7 Year	3.02	2.57	-45
10 Year	3.06	2.41	-65
20 Year	3.14	2.19	-95
30 Year	3.21	2.21	-100

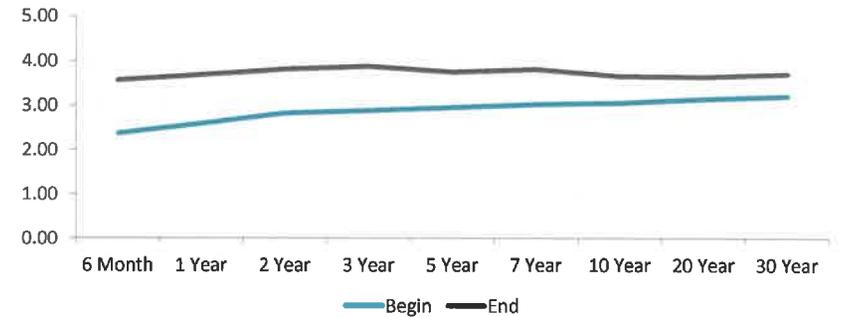
	Begin	End
Total Return		2.93
Price Return		0.27
Income Return		2.66
Mkt Val (\$000)	46,046	47,395
Eff Dur	1.78	0.92
Avg Life	2.01	1.14



Bear Flattener Curve Scenario

	Begin	End	Change (bps)
6 Month	2.37	3.57	120
1 Year	2.59	3.69	110
2 Year	2.82	3.82	100
3 Year	2.88	3.88	100
5 Year	2.95	3.75	80
7 Year	3.02	3.82	80
10 Year	3.06	3.66	60
20 Year	3.14	3.64	50
30 Year	3.21	3.71	50

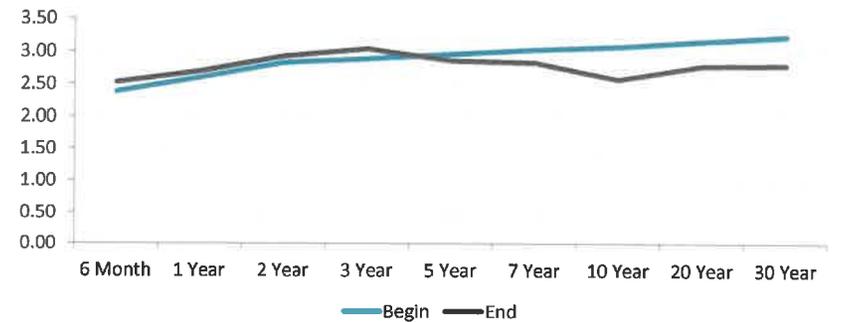
	Begin	End
Total Return		0.70
Price Return		-2.16
Income Return		2.86
Mkt Val (\$000)	46,046	46,368
Eff Dur	1.78	1.32
Avg Life	2.01	1.41



Custom Curve Scenario

	Begin	End	Change (bps)
6 Month	2.37	2.52	15
1 Year	2.59	2.69	10
2 Year	2.82	2.92	10
3 Year	2.88	3.03	15
5 Year	2.95	2.85	-10
7 Year	3.02	2.82	-20
10 Year	3.06	2.56	-50
20 Year	3.14	2.77	-37
30 Year	3.21	2.78	-43

	Begin	End
Total Return		2.65
Price Return		-0.04
Income Return		2.69
Mkt Val (\$000)	46,046	47,266
Eff Dur	1.78	1.08
Avg Life	2.01	1.16



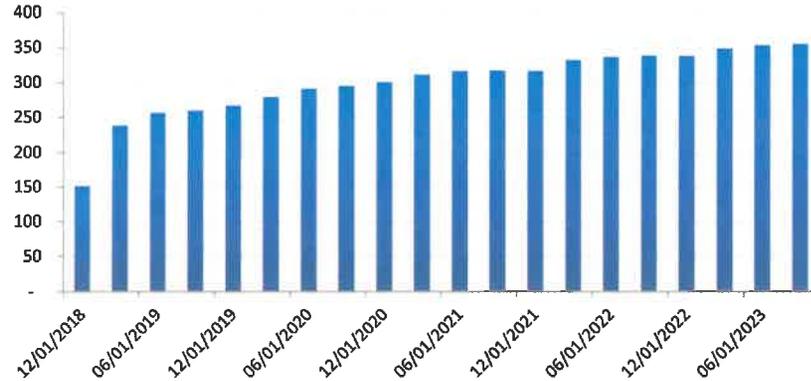
Portfolio Income Analysis

Portfolio as of: 9/28/2018

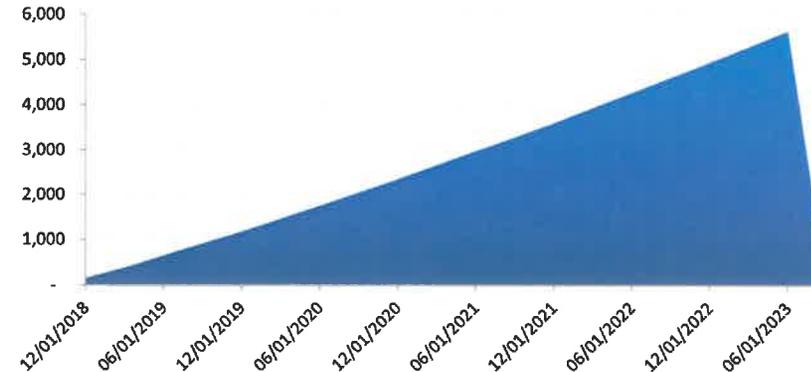
Pricing date: 9/28/2018

City of Upland

Quarterly Income (000)



Cumulative Income (000)



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							
12/01/2018	2,510	213	1	(56)	(6)	151	151
03/01/2019	2,310	113	26	94	5	238	389
06/01/2019	3,155	316	47	(111)	5	257	646
09/01/2019	1,260	93	64	98	5	260	906
12/01/2019	5,700	297	86	(118)	3	267	1,173
03/01/2020	4,150	100	130	48	1	279	1,452
06/01/2020	4,605	216	158	(85)	2	291	1,743
09/01/2020	350	69	181	43	2	295	2,038
12/01/2020	6,000	161	201	(64)	3	301	2,339
03/01/2021	1,000	47	233	30	2	312	2,651
06/01/2021	500	118	239	(42)	2	317	2,968
09/01/2021	500	31	244	40	2	318	3,285
12/01/2021	5,000	111	259	(53)	0	317	3,602
03/01/2022	250	23	287	21	1	333	3,935
06/01/2022	246	67	291	(22)	1	337	4,273
09/01/2022	250	25	294	18	1	339	4,612
12/01/2022	5,250	61	310	(33)	0	339	4,950
03/01/2023	1,500	22	344	(16)	-	350	5,300
06/01/2023	250	4	351	(0)	-	355	5,655
	250	4	356	(3)	-	357	-

*Assumes All Cash Flows are Reinvested at the Reinvestment Rate (%): 2.80

Portfolio Monthly Cash Flow Analysis

Portfolio as of: 9/28/2018

Pricing date: 9/28/2018

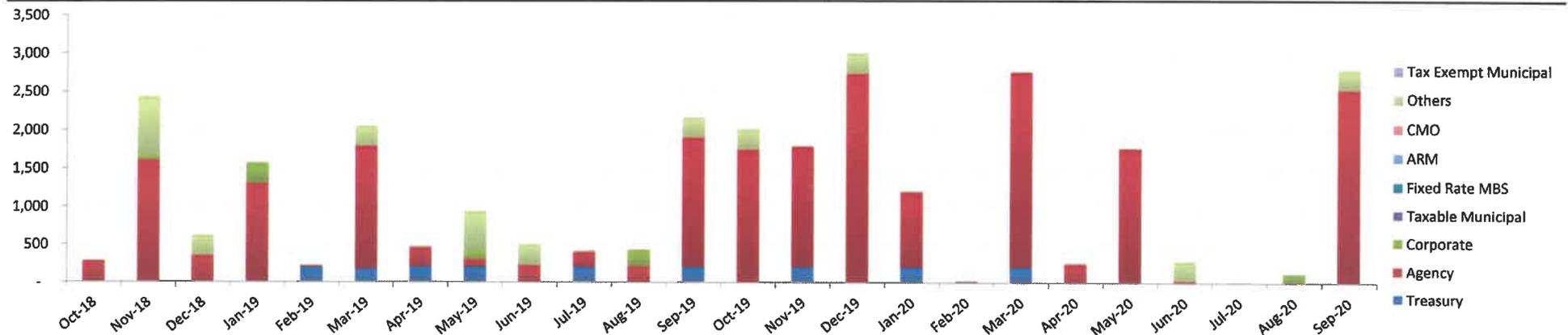
City of Upland

Reinvestment Rate: 2.80

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														
10/31/2018	5	270						12		200	87	-	287	287
11/30/2018	3	1,606	61					766		2,310	126	1	2,436	2,724
12/31/2018		353						264		560	56	6	623	3,346
01/31/2019	2	1,309	253					16		1,550	30	8	1,587	4,934
02/28/2019	201	16	2					8		200	27	12	239	5,173
03/31/2019	178	1,619						258		1,925	130	12	2,067	7,240
04/30/2019	201	262						11		400	74	17	491	7,730
05/31/2019	208	95	126					513		830	112	18	960	8,691
06/30/2019		233						266		450	49	20	519	9,210
07/31/2019	202	201						15		400	18	21	440	9,650
08/31/2019		216	212					7		410	26	23	458	10,108
09/30/2019	202	1,712						258		2,050	122	24	2,196	12,303
10/31/2019		1,761						260		1,950	71	29	2,050	14,353
11/30/2019	202	1,595						7		1,700	104	33	1,838	16,191
12/31/2019		2,748						260		2,950	58	38	3,046	19,237
01/31/2020	201	1,007						11		1,200	19	45	1,264	20,501
02/29/2020		15	1					7			23	48	71	20,571
03/31/2020	201	2,568						6		2,700	75	48	2,823	23,395
04/30/2020		252						10		200	62	55	316	23,711
05/31/2020		1,777						7		1,705	79	55	1,839	25,550
06/30/2020		29						257		250	36	60	345	25,896
07/31/2020								11			11	60	72	25,967
08/31/2020		15	101					7		100	23	61	183	26,151
09/30/2020		2,540						256		2,750	47	61	2,858	29,008
	1,806	22,199	757	-	-	-	-	3,493	-	26,790	1,465	753	29,008	

Cash Flows by Sector (000)

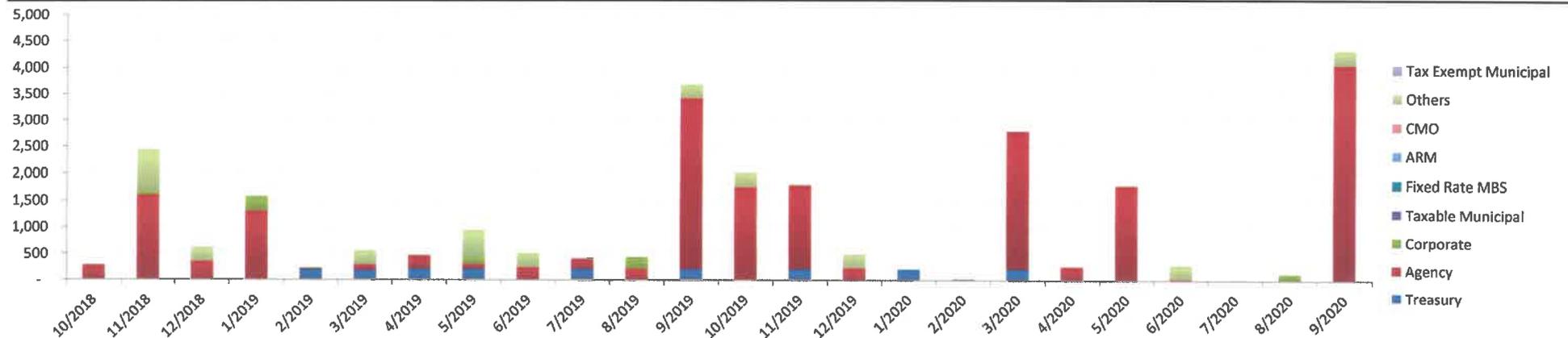


Reinvestment Rate: 2.80

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														
10/31/2018	5	270						12		200	87	-	287	287
11/30/2018	3	1,606	61					766		2,310	126	1	2,436	2,724
12/31/2018		353						264		560	56	6	623	3,346
1/31/2019	2	1,309	253					16		1,550	30	8	1,587	4,934
2/28/2019	201	16	2					8		200	27	12	239	5,173
3/31/2019	178	119						258		425	130	12	567	5,740
4/30/2019	201	262						11		400	74	13	487	6,227
5/31/2019	208	95	126					513		830	112	15	957	7,184
6/30/2019		242						266		450	58	17	525	7,709
7/31/2019	202	201						15		400	18	18	436	8,145
8/31/2019		216	212					7		410	26	19	455	8,600
9/30/2019	202	3,222						258		3,550	132	20	3,702	12,302
10/31/2019		1,761						260		1,950	71	29	2,050	14,352
11/30/2019	202	1,595						7		1,700	104	33	1,838	16,189
12/31/2019		231						260		450	41	38	529	16,718
1/31/2020	201							11		200	12	39	251	16,970
2/29/2020		15	1					7			23	40	62	17,032
3/31/2020	201	2,602						6		2,700	110	40	2,850	19,882
4/30/2020		252						10		200	62	46	308	20,190
5/31/2020		1,790						7		1,705	92	47	1,844	22,034
6/30/2020		29						257		250	36	51	337	22,371
7/31/2020								11			11	52	63	22,435
8/31/2020		15	101					7		100	23	52	175	22,610
9/30/2020		4,068						256		4,250	74	53	4,377	26,987
	1,806	20,270	757	-	-	-	-	3,493	-	24,790	1,536	661	26,987	

Cash Flows by Sector (000)

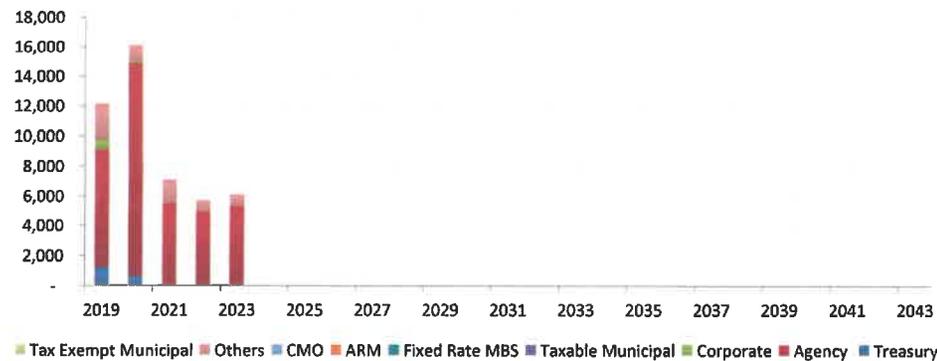


Reinvestment Rate: 2.80

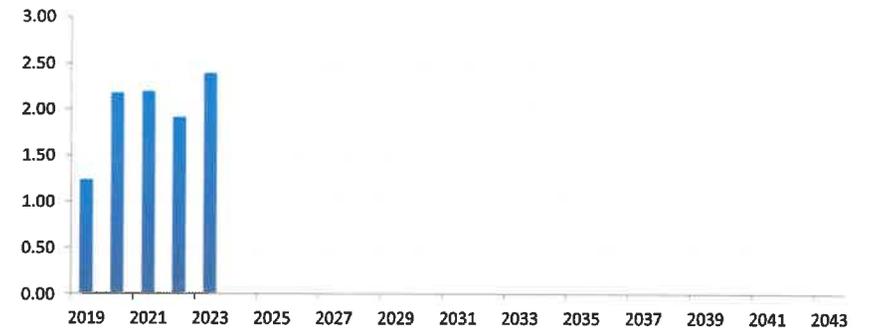
Annual Cashflows (000, Unchanged Rate Scenario)

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															
09/30/2019	1,202	7,892	655					2,393		11,285	857	-	12,142	12,142	1.23
09/30/2020	604	14,307	103					1,099		15,505	608	340	16,453	28,595	2.18
09/30/2021		5,515						1,573		6,750	338	801	7,888	36,483	2.19
09/30/2022		4,924						783		5,496	211	1,022	6,729	43,212	1.91
09/30/2023		5,310						770		6,000	80	1,210	7,290	50,501	2.40
09/30/2024															
09/30/2025															
09/30/2026															
09/30/2027															
09/30/2028															
09/30/2029															
09/30/2030															
09/30/2031															
09/30/2032															
09/30/2033															
09/30/2034															
09/30/2035															
09/30/2036															
09/30/2037															
09/30/2038															
09/30/2039															
09/30/2040															
09/30/2041															
09/30/2042															
09/30/2043															
	1,806	37,948	757	-	-	-	-	6,618	-	45,036	2,093	3,372	50,501		

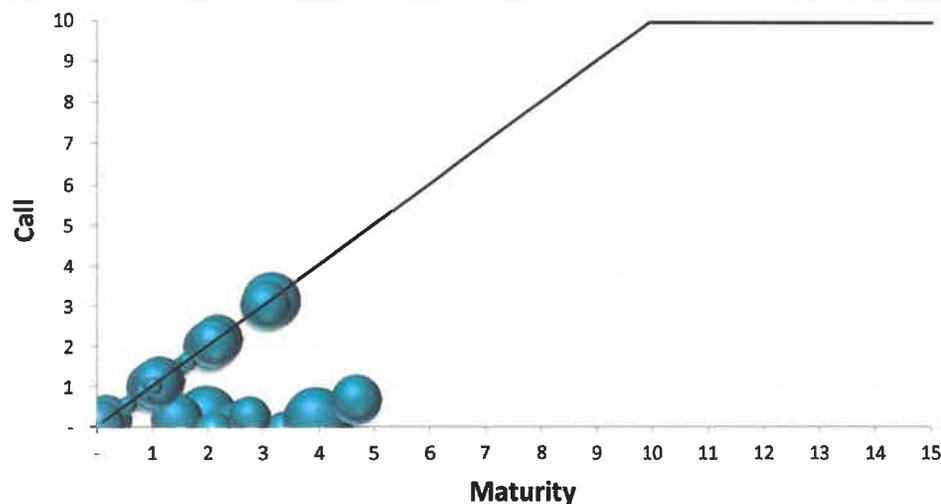
Cash Flows by Sector (000)



Run off Book Yield

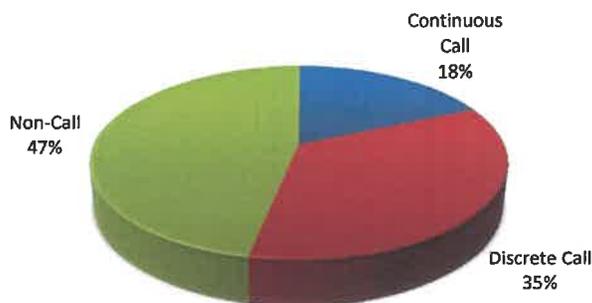


Agency Structure

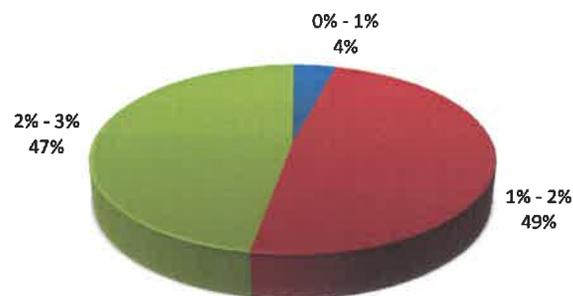


Call Type	Maturity				
	0 - 3	3 - 5	5 - 7	7 - 10	10+
NonCall	14,070	3,399			
> 3					
2 - 3					
1 - 2					
< 1	6,289	6,690			
Current Call	2,219	4,640			

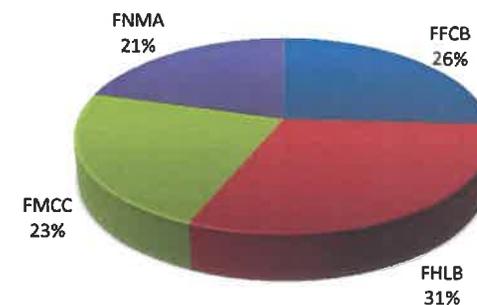
Call Structure



Coupon Breakdown



Issuer Distribution



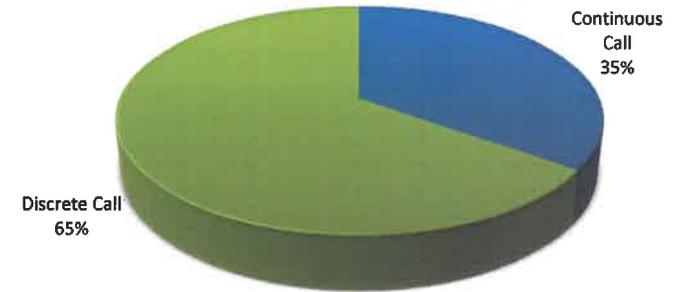
Interest Rate Shift Projected Calls 12 Months

	Par (000)	% Agency	% Portfolio
-300	20,050	53.09%	43.08%
-250	20,050	53.09%	43.08%
-200	20,050	53.09%	43.08%
-150	20,050	53.09%	43.08%
-100	17,550	46.47%	37.71%
-50	12,300	32.57%	26.43%
0	2,800	7.41%	6.02%
50	2,800	7.41%	6.02%
100			
150			
200			
250			
300			

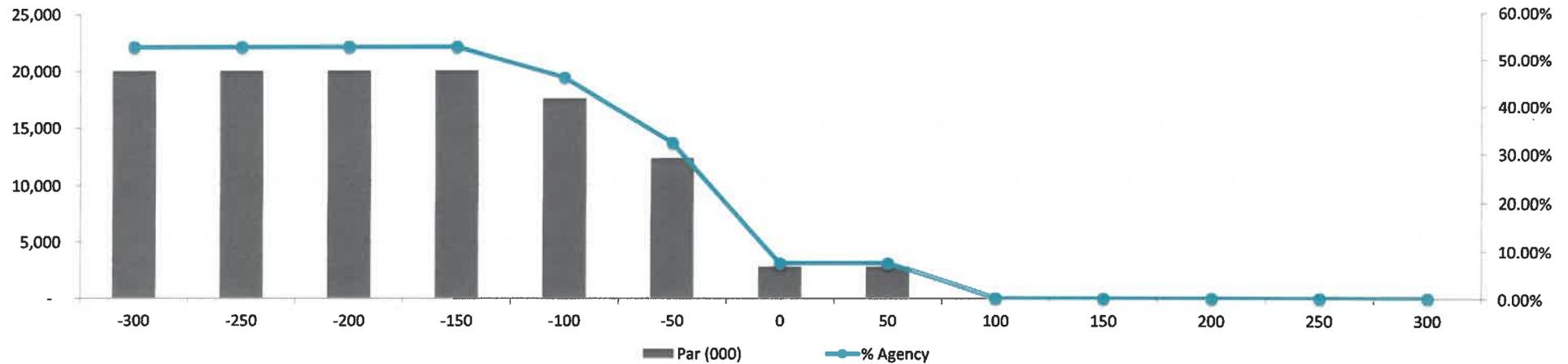
Monthly Projected Calls 12 Months

	Discrete	Continuous
10/31/2018		
11/30/2018		
12/31/2018		
01/31/2019	1,300	
02/28/2019		
03/31/2019	1,500	
04/30/2019		
05/31/2019		
06/30/2019		
07/31/2019		
08/31/2019		
09/30/2019		
10/31/2019		

Call Breakout 12 Months



Projected Agency Call +300/-300 12 Month



Book Value Appraisal

Portfolio as of: 9/28/2018

Pricing date: 9/28/2018

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
46,536			AA+	Aaa	1.99	2.30	2.01	99.92	98.49	46,500	46,046	-675	1.87	2.80	1.78
6,246		Total CD (13.5%)	NR	NR	2.49	2.00	2.00	100.07	99.28	6,251	6,231	-50	2.47	2.76	1.88
250	24367JAW5	DEDHAM INSTN FOR SVGS MASS	NR	NR	1.85	11/13/2018	0.13	100.00	99.99	250	252	0	1.86	1.98	0.13
250	17417QFE8	CITIZENS BK PA PHILADELPHIA	NR	NR	1.95	11/16/2018	0.13	100.00	100.00	250	252	0	1.96	1.99	0.13
250	88224PKJ7	TEXAS CAP BK N A DALLAS TEX	NR	NR	1.95	11/16/2018	0.13	100.00	100.00	250	252	0	1.96	1.99	0.13
250	332135HJ4	FIRST NATL BK OMAHA NEB	NR	NR	2.00	12/13/2018	0.21	100.00	99.99	250	251	0	2.02	2.08	0.21
250	45177RAR3	ILLINI ST BK IL	NR	NR	2.00	03/25/2019	0.49	100.00	99.91	250	250	0	2.01	2.21	0.48
250	565109AZ8	MAPLE BANK CHAMPLIN MN	NR	NR	2.20	05/15/2019	0.63	100.00	99.97	250	250	0	2.21	2.27	0.62
250	06426WY63	BANK OF CHINA NEW YORK CITY	NR	NR	2.20	05/15/2019	0.63	100.00	99.96	250	251	0	2.21	2.28	0.62
250	06279KML7	BANK OF INDIA NEW YORK BRANC	NR	NR	2.35	06/05/2019	0.69	100.00	100.04	250	252	0	2.36	2.31	0.68
250	78658Q3T8	SAFRA NATL BK NEW YORK INSTL	NR	NR	2.50	09/16/2019	0.97	100.00	99.96	250	251	0	2.49	2.53	0.94
250	51210SPT8	LAKESIDE BK CHICAGO ILL	NR	NR	2.40	10/30/2019	1.09	100.00	99.77	250	250	-1	2.42	2.64	1.06
250	92937CHF8	WEX BK MIDVALE UTAH	NR	NR	2.55	12/13/2019	1.21	100.00	99.94	250	252	0	2.55	2.60	1.17
250	02007GDM2	ALLY BK MIDVALE UTAH	NR	NR	2.75	06/29/2020	1.75	100.35	99.80	251	251	-1	2.54	2.87	1.69
250	062683BX4	BANK HOPE LOS ANGELES CA	NR	NR	2.80	09/14/2020	1.96	100.00	99.72	250	250	-1	2.82	2.97	1.88
250	20033AXY7	COMENITY CAP BK UTAH	NR	NR	2.00	10/23/2020	2.07	100.00	98.16	250	245	-5	2.01	2.94	2.00
250	27002YDY9	EAGLEBANK BETHESDA MD	NR	NR	2.85	03/08/2021	2.44	100.00	99.56	250	249	-1	2.87	3.06	2.32
250	17312QH93	CITIBANK NATIONAL ASSOCIATIO	NR	NR	2.75	04/12/2021	2.54	100.00	99.27	250	251	-2	2.75	3.05	2.40
250	05580ANK6	BMW BK NORTH AMER SALT LAKE	NR	NR	3.00	07/13/2021	2.79	100.00	99.76	250	251	-1	2.99	3.09	2.64
250	00257TBA3	ABACUS FED SVGS BK NY	NR	NR	2.90	08/31/2021	2.92	100.00	99.42	250	249	-1	2.92	3.13	2.76
250	32024FAB7	FIRST FID BK OKLA CITY OKLA	NR	NR	2.85	09/14/2021	2.96	100.00	99.25	250	248	-2	2.87	3.14	2.80
250	949763LT1	WELLS FARGO BANK NATL ASSN	NR	NR	2.25	12/08/2021	3.20	100.00	97.25	250	243	-7	2.26	3.18	3.03
246	02587DN38	AMERICAN EXPRESS CENTRN	NR	NR	2.45	04/05/2022	3.52	101.49	96.92	250	241	-11	2.01	3.38	3.29
250	02587CFU9	AMERICAN EXP FED SVGS BK INS	NR	NR	2.40	08/29/2022	3.92	100.00	96.06	250	241	-10	2.40	3.49	3.69
250	38148PYQ4	GOLDMAN SACHS BK USA NY	NR	NR	2.80	02/28/2023	4.42	100.00	98.10	250	246	-5	2.80	3.27	4.11
250	795450P66	SALLIE MAE BK SLT LAKE CITY	NR	NR	3.20	05/09/2023	4.61	100.00	99.34	250	251	-2	3.20	3.35	4.20
250	254673RF5	DISCOVER BK	NR	NR	3.30	07/11/2023	4.78	100.00	99.64	250	251	-1	3.30	3.38	4.36
1,780		Total US Treasury (3.8%)	AAA	Aaa	1.15	0.89	0.89	99.93	98.73	1,779	1,764	-21	1.24	2.57	0.87
200	912828P53	UNITED STATES TREAS NTS	TSY	TSY	0.75	02/15/2019	0.42	99.83	99.40	200	199	-1	1.20	2.33	0.38
175	912828SN1	UNITED STATES TREAS NTS	TSY	TSY	1.50	03/31/2019	0.50	101.03	99.54	177	175	-3	-0.53	2.42	0.49
200	912828ST8	UNITED STATES TREAS NTS	TSY	TSY	1.25	04/30/2019	0.58	100.08	99.31	200	200	-2	1.12	2.44	0.58
205	912828SX9	UNITED STATES TREAS NTS	TSY	TSY	1.13	05/31/2019	0.67	99.49	99.09	204	204	-1	1.89	2.50	0.66
200	912828TH3	UNITED STATES TREAS NTS	TSY	TSY	0.88	07/31/2019	0.83	98.84	98.59	198	197	0	2.28	2.58	0.83
200	912828TR1	UNITED STATES TREAS NTS	TSY	TSY	1.00	09/30/2019	1.00	99.06	98.38	198	198	-1	1.95	2.65	0.98
200	912828G61	UNITED STATES TREAS NTS	TSY	TSY	1.50	11/30/2019	1.17	99.59	98.63	199	198	-2	1.85	2.70	1.15
200	912828H52	UNITED STATES TREAS NTS	TSY	TSY	1.25	01/31/2020	1.33	101.13	98.06	202	197	-6	0.40	2.73	1.31
200	912828UV0	UNITED STATES TREAS NTS	TSY	TSY	1.13	03/31/2020	1.50	100.44	97.61	201	196	-6	0.83	2.76	1.47
37,765		Total Agency (81.0%)	AA+	Aaa	1.95	2.45	2.09	99.88	98.33	37,719	37,308	-592	1.84	2.82	1.83
1,500	3137EAED7	FEDERAL HOME LN MTG CORP	AA+	AGY	0.88	10/12/2018	0.04	99.54	99.96	1,493	1,505	6		1.87	0.04
200	3135G0E58	FEDERAL NATL MTG ASSN	AA+	AGY	1.13	10/19/2018	0.08	100.01	99.95	200	201	0	0.97	2.03	0.06
1,500	3135G0YT4	FEDERAL NATL MTG ASSN	AA+	AGY	1.63	11/27/2018	0.17	100.57	99.91	1,508	1,506	-10	-1.81	2.19	0.16
210	3135G0G72	FEDERAL NATL MTG ASSN	AA+	AGY	1.13	12/14/2018	0.25	99.85	99.77	210	210	0	1.83	2.19	0.21
100	3133EFSJ7	FEDERAL FARM CR BKS	AA+	AGY	1.30	12/14/2018	0.25	100.34	99.81	100	100	-1	-0.29	2.22	0.21
200	3137EADZ9	FEDERAL HOME LN MTG CORP	AA+	AGY	1.13	04/15/2019	0.58	99.97	99.29	200	200	-1	1.19	2.43	0.54
200	313379EE5	FEDERAL HOME LOAN BANKS	AA+	AGY	1.63	06/14/2019	0.75	101.46	99.37	203	200	-4	-0.42	2.52	0.70
200	3133EFW52	FEDERAL FARM CR BKS	AA+	AGY	1.15	07/01/2019	0.75	100.43	98.93	201	198	-3	0.59	2.59	0.74
200	3137EADK2	FEDERAL HOME LN MTG CORP	AA+	AGY	1.25	08/01/2019	0.83	99.29	98.91	199	198	-1	2.11	2.57	0.83

Book Value Appraisal

City of Upland

Portfolio as of: 9/28/2018

Pricing date: 9/28/2018

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
46,536			AA+	Aaa	1.99	2.30	2.01	99.92	98.49	46,500	46,046	-675	1.87	2.80	1.78
100	313380FB8	FEDERAL HOME LOAN BANKS	AA+	AGY	1.38	09/13/2019	1.00	101.02	98.84	101	99	-2	0.31	2.61	0.94
1,500	3133EHKA0	FEDERAL FARM CR BKS	AA+	AGY	1.40	09/23/2019	1.00	100.00	98.84	1,500	1,483	-17	1.40	2.60	0.97
200	3137EADM8	FEDERAL HOME LN MTG CORP	AA+	AGY	1.25	10/02/2019	1.00	99.31	98.62	199	198	-1	1.94	2.64	0.99
1,500	3135G0R39	FEDERAL NATL MTG ASSN	AA+	AGY	1.00	10/24/2019	1.08	99.05	98.25	1,486	1,480	-12	1.90	2.67	1.05
1,500	3130AA3R7	FEDERAL HOME LOAN BANKS	AA+	AGY	1.38	11/15/2019	1.17	99.91	98.57	1,499	1,486	-20	1.45	2.67	1.11
200	3130A0JR2	FEDERAL HOME LOAN BANKS	AA+	AGY	2.38	12/13/2019	1.25	102.85	99.60	206	201	-6	0.02	2.71	1.17
1,500	3130ADPX4	FEDERAL HOME LOAN BANKS	AA+	AGY	2.13	03/05/2020	0.67	99.75	99.73	1,496	1,497	0	2.68	2.72	0.83
200	3130A7PU3	FEDERAL HOME LOAN BANKS	AA+	AGY	1.20	04/06/2020	1.50	99.54	97.65	199	196	-4	1.50	2.79	1.48
205	3133ECPD0	FEDERAL FARM CR BKS	AA+	AGY	1.42	05/13/2020	1.67	99.56	97.82	204	202	-4	1.70	2.80	1.58
2,500	3130ADPR7	FEDERAL HOME LOAN BANKS	AA+	AGY	2.50	09/15/2020	2.00	100.00	99.38	2,500	2,487	-16	2.50	2.83	1.37
1,500	313382J53	FEDERAL HOME LOAN BANKS	AA+	AGY	1.75	09/28/2020	2.00	100.57	97.89	1,509	1,468	-40	1.46	2.84	1.95
1,500	3135G0RM7	FEDERAL NATL MTG ASSN	AA+	AGY	1.63	10/30/2020	2.08	99.95	97.49	1,499	1,473	-37	1.65	2.88	2.02
1,000	3133EJMX4	FEDERAL FARM CR BKS	AA+	AGY	2.68	11/02/2020	2.08	100.00	99.53	1,000	1,006	-5	2.65	2.92	1.25
1,500	3135G0F73	FEDERAL NATL MTG ASSN	AA+	AGY	1.50	11/30/2020	2.17	99.50	97.19	1,493	1,465	-35	1.74	2.84	2.11
1,300	3130ADV58	FEDERAL HOME LOAN BANKS	AA+	AGY	2.25	04/12/2021	0.25	100.00	99.96	1,300	1,306	0	2.25	2.60	0.62
1,000	3134GSNS0	FEDERAL HOME LN MTG CORP	AA+	AGY	2.80	06/28/2021	2.75	99.88	99.17	999	999	-7	2.85	3.12	1.81
1,250	3133EHYU1	FEDERAL FARM CR BKS	AA+	AGY	1.84	09/13/2021	3.00	98.91	96.95	1,236	1,213	-24	2.22	2.92	2.75
1,500	3135G0Q89	FEDERAL NATL MTG ASSN	AA+	AGY	1.38	10/07/2021	3.00	98.76	95.54	1,481	1,444	-48	1.80	2.93	2.91
2,000	3133EFPT8	FEDERAL FARM CR BKS	AA+	AGY	1.96	11/19/2021	3.17	101.01	97.09	2,020	1,956	-78	1.63	2.94	3.00
1,000	3133EJPE3	FEDERAL FARM CR BKS	AA+	AGY	2.95	02/15/2022	3.42	100.00	99.44	1,000	998	-6	2.94	3.13	1.80
2,500	3134GSFS9	FEDERAL HOME LN MTG CORP	AA+	AGY	2.50	09/06/2022	1.92	100.00	99.45	2,500	2,491	-14	2.50	3.02	1.63
1,250	3133EHYB3	FEDERAL FARM CR BKS	AA+	AGY	1.94	09/12/2022	3.92	98.63	95.81	1,233	1,199	-35	2.31	3.07	3.61
1,250	3130ACH72	FEDERAL HOME LOAN BANKS	AA+	AGY	2.26	10/04/2022	4.00	99.82	97.42	1,248	1,232	-30	2.31	2.95	3.13
1,250	3133EHF73	FEDERAL FARM CR BKS	AA+	AGY	2.28	10/17/2022	4.08	99.91	96.87	1,249	1,223	-38	2.30	3.11	3.40
1,500	3134GB3A8	FEDERAL HOME LN MTG CORP	AA+	AGY	2.25	11/28/2022	4.17	100.00	96.65	1,500	1,462	-50	2.23	3.11	3.54
1,250	3130ACX82	FEDERAL HOME LOAN BANKS	AA+	AGY	2.38	12/05/2022	4.17	100.00	96.84	1,250	1,219	-39	2.36	3.19	3.48
1,500	3134GSLT0	FEDERAL HOME LN MTG CORP	AA+	AGY	2.75	05/30/2023	1.67	100.00	99.48	1,500	1,506	-8	2.75	3.29	2.12
520		Total Corporate - Industrials (1.1%)	AA-	Aa3	1.42	0.58	0.56	100.31	99.22	522	518	-6	0.26	2.61	0.57
60	594918BF0	MICROSOFT CORP	AAA	Aaa	1.30	11/03/2018	0.08	99.90	99.89	60	60	0	2.32	2.44	0.10
125	24422ETE9	DEERE JOHN CAP CORP MTNS BE	A	A2	1.95	01/08/2019	0.25	101.57	99.85	127	125	-2	-3.62	2.49	0.28
125	89236TDE2	TOYOTA MOTOR CREDIT CORP	AA-	Aa3	1.40	05/20/2019	0.67	99.86	99.23	125	125	-1	1.62	2.62	0.63
120	594918BN3	MICROSOFT CORP	AAA	Aaa	1.10	08/08/2019	0.83	99.90	98.72	120	119	-1	1.22	2.61	0.85
90	69371RN36	PACCAR FINL CORP SR MTNS BK	A+	A1	1.20	08/12/2019	0.83	100.00	98.55	90	89	-1	1.20	2.90	0.86
225		Total Corporate - Financials (0.5%)	A	A1	2.30	1.00	1.03	102.07	99.59	230	225	-6	-0.72	2.70	0.96
125	06406HCP2	BANK NEW YORK MTN BK ENT	A	A1	2.10	01/15/2019	0.33	100.85	99.88	126	125	-1	-1.84	2.49	0.27
100	857477AS2	STATE STR CORP	A	A1	2.55	08/18/2020	1.92	103.59	99.23	104	100	-4	0.63	2.97	1.83

Portfolio Holdings Report
City of Upland

Portfolio as of: 9/28/2018

Pricing date: 9/28/2018

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
46,536			AA+	Aaa	1.99	2.3026		2.01	98.49	46,046	2.80	2.18	1.78	-0.22
6,246		Total CD (13.5%)	NR	NR	2.49	2.00		2.00	99.28	6,231	2.76	1.89	1.88	0.03
250	24367JAW5	DEDHAM INSTN FOR SVGS MASS	NR	NR	1.85	11/13/2018		0.13	99.99	252	1.98	0.12	0.13	0.00
250	17417QFE8	CITIZENS BK PA PHILADELPHIA	NR	NR	1.95	11/16/2018		0.13	100.00	252	1.99	0.13	0.13	0.00
250	88224PKJ7	TEXAS CAP BK N A DALLAS TEX	NR	NR	1.95	11/16/2018		0.13	100.00	252	1.99	0.13	0.13	0.00
250	332135HJ4	FIRST NATL BK OMAHA NEB	NR	NR	2.00	12/13/2018		0.21	99.99	251	2.08	0.20	0.21	0.00
250	45177RAR3	ILLINI ST BK IL	NR	NR	2.00	03/25/2019		0.49	99.91	250	2.21	0.48	0.48	0.00
250	565109AZ8	MAPLE BANK CHAMPLIN MN	NR	NR	2.20	05/15/2019		0.63	99.97	250	2.27	0.62	0.62	0.00
250	06426WY63	BANK OF CHINA NEW YORK CITY	NR	NR	2.20	05/15/2019		0.63	99.96	251	2.28	0.61	0.62	0.00
250	06279KML7	BANK OF INDIA NEW YORK BRANC	NR	NR	2.35	06/05/2019		0.69	100.04	252	2.31	0.67	0.68	0.00
250	78658Q3T8	SAFRA NATL BK NEW YORK INSTL	NR	NR	2.50	09/16/2019		0.97	99.96	251	2.53	0.95	0.94	0.01
250	51210SPT8	LAKESIDE BK CHICAGO ILL	NR	NR	2.40	10/30/2019		1.09	99.77	250	2.64	1.07	1.06	0.01
250	92937CHF8	WEX BK MIDVALE UTAH	NR	NR	2.55	12/13/2019		1.21	99.94	252	2.60	1.17	1.17	0.01
250	02007GDM2	ALLY BK MIDVALE UTAH	NR	NR	2.75	06/29/2020		1.75	99.80	251	2.87	1.69	1.69	0.02
250	062683BX4	BANK HOPE LOS ANGELES CA	NR	NR	2.80	09/14/2020		1.96	99.72	250	2.97	1.90	1.88	0.02
250	20033AXY7	COMENITY CAP BK UTAH	NR	NR	2.00	10/23/2020		2.07	98.16	245	2.94	2.02	2.00	0.03
250	27002YDY9	EAGLEBANK BETHESDA MD	NR	NR	2.85	03/08/2021		2.44	99.56	249	3.06	2.35	2.32	0.03
250	17312QH93	CITIBANK NATIONAL ASSOCIATIO	NR	NR	2.75	04/12/2021		2.54	99.27	251	3.05	2.40	2.40	0.04
250	05580ANK6	BMW BK NORTH AMER SALT LAKE	NR	NR	3.00	07/13/2021		2.79	99.76	251	3.09	2.64	2.64	0.04
250	00257TBA3	ABACUS FED SVGS BK NY	NR	NR	2.90	08/31/2021		2.92	99.42	249	3.13	2.79	2.76	0.05
250	32024FAB7	FIRST FID BK OKLA CITY OKLA	NR	NR	2.85	09/14/2021		2.96	99.25	248	3.14	2.83	2.80	0.05
250	949763LT1	WELLS FARGO BANK NATL ASSN	NR	NR	2.25	12/08/2021		3.20	97.25	243	3.18	3.07	3.03	0.06
246	02587DN38	AMERICAN EXPRESS CENTRN	NR	NR	2.45	04/05/2022		3.52	96.92	241	3.38	3.29	3.29	0.06
250	02587CFU9	AMERICAN EXP FED SVGS BK INS	NR	NR	2.40	08/29/2022		3.92	96.06	241	3.49	3.69	3.69	0.08
250	38148PYQ4	GOLDMAN SACHS BK USA NY	NR	NR	2.80	02/28/2023		4.42	98.10	246	3.27	4.11	4.11	0.10
250	795450P66	SALLIE MAE BK SLT LAKE CITY	NR	NR	3.20	05/09/2023		4.61	99.34	251	3.35	4.20	4.20	0.10
250	254673RF5	DISCOVER BK	NR	NR	3.30	07/11/2023		4.78	99.64	251	3.38	4.36	4.36	0.11
1,780		Total US Treasury (3.8%)	AAA	Aaa	1.15	0.89		0.89	98.73	1,764	2.57	0.87	0.87	0.01
200	912828P53	UNITED STATES TREAS NTS	TSY	TSY	0.75	02/15/2019		0.42	99.40	199	2.33	0.38	0.38	0.00
175	912828SN1	UNITED STATES TREAS NTS	TSY	TSY	1.50	03/31/2019		0.50	99.54	175	2.42	0.50	0.49	0.00
200	912828ST8	UNITED STATES TREAS NTS	TSY	TSY	1.25	04/30/2019		0.58	99.31	200	2.44	0.58	0.58	0.00
205	912828SX9	UNITED STATES TREAS NTS	TSY	TSY	1.13	05/31/2019		0.67	99.09	204	2.50	0.66	0.66	0.00
200	912828TH3	UNITED STATES TREAS NTS	TSY	TSY	0.88	07/31/2019		0.83	98.59	197	2.58	0.83	0.83	0.01
200	912828TR1	UNITED STATES TREAS NTS	TSY	TSY	1.00	09/30/2019		1.00	98.38	198	2.65	0.99	0.98	0.01
200	912828G61	UNITED STATES TREAS NTS	TSY	TSY	1.50	11/30/2019		1.17	98.63	198	2.70	1.15	1.15	0.01
200	912828H52	UNITED STATES TREAS NTS	TSY	TSY	1.25	01/31/2020		1.33	98.06	197	2.73	1.31	1.31	0.01
200	912828UV0	UNITED STATES TREAS NTS	TSY	TSY	1.13	03/31/2020		1.50	97.61	196	2.76	1.47	1.47	0.01
37,765		Total Agency (81.0%)	AA+	Aaa	1.95	2.45		2.09	98.33	37,308	2.82	2.33	1.83	-0.27
1,500	3137EAED7	FEDERAL HOME LN MTG CORP	AA+	AGY	0.88	10/12/2018		0.04	99.96	1,505	1.87	0.04	0.04	0.00
200	3135G0E58	FEDERAL NATL MTG ASSN	AA+	AGY	1.13	10/19/2018		0.08	99.95	201	2.03	0.06	0.06	0.00
1,500	3135G0YT4	FEDERAL NATL MTG ASSN	AA+	AGY	1.63	11/27/2018		0.17	99.91	1,506	2.19	0.16	0.16	0.00
210	3135G0G72	FEDERAL NATL MTG ASSN	AA+	AGY	1.13	12/14/2018		0.25	99.77	210	2.19	0.21	0.21	0.00
100	3133EFSJ7	FEDERAL FARM CR BKS	AA+	AGY	1.30	12/14/2018		0.25	99.81	100	2.22	0.21	0.21	0.00
200	3137EADZ9	FEDERAL HOME LN MTG CORP	AA+	AGY	1.13	04/15/2019		0.58	99.29	200	2.43	0.54	0.54	0.00
200	313379EE5	FEDERAL HOME LOAN BANKS	AA+	AGY	1.63	06/14/2019		0.75	99.37	200	2.52	0.70	0.70	0.00
200	3133EFW52	FEDERAL FARM CR BKS	AA+	AGY	1.15	07/01/2019		0.75	98.93	198	2.59	0.75	0.74	0.01

Portfolio Holdings Report

Portfolio as of: 9/28/2018

Pricing date: 9/28/2018

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
46,536			AA+	Aaa	1.99	2.3026		2.01	98.49	46,046	2.80	2.18	1.78	-0.22
200	3137EADK2	FEDERAL HOME LN MTG CORP	AA+	AGY	1.25	08/01/2019		0.83	98.91	198	2.57	0.83	0.83	0.01
100	313380FB8	FEDERAL HOME LOAN BANKS	AA+	AGY	1.38	09/13/2019		1.00	98.84	99	2.61	0.94	0.94	0.01
1,500	3133EHKA0	FEDERAL FARM CR BKS	AA+	AGY	1.40	09/23/2019		1.00	98.84	1,483	2.60	0.97	0.97	0.01
200	3137EADM8	FEDERAL HOME LN MTG CORP	AA+	AGY	1.25	10/02/2019		1.00	98.62	198	2.64	0.99	0.99	0.01
1,500	3135G0R39	FEDERAL NATL MTG ASSN	AA+	AGY	1.00	10/24/2019		1.08	98.25	1,480	2.67	1.05	1.05	0.01
1,500	3130AA3R7	FEDERAL HOME LOAN BANKS	AA+	AGY	1.38	11/15/2019		1.17	98.57	1,486	2.67	1.11	1.11	0.01
200	3130A0JR2	FEDERAL HOME LOAN BANKS	AA+	AGY	2.38	12/13/2019		1.25	99.60	201	2.71	1.18	1.17	0.01
1,500	3130ADPX4	FEDERAL HOME LOAN BANKS	AA+	AGY	2.13	03/05/2020	12/05/2018	0.67	99.73	1,497	2.72	1.40	0.83	-0.42
200	3130A7PU3	FEDERAL HOME LOAN BANKS	AA+	AGY	1.20	04/06/2020		1.50	97.65	196	2.79	1.48	1.48	0.02
205	3133ECPD0	FEDERAL FARM CR BKS	AA+	AGY	1.42	05/13/2020		1.67	97.82	202	2.80	1.58	1.58	0.02
2,500	3130ADPR7	FEDERAL HOME LOAN BANKS	AA+	AGY	2.50	09/15/2020	12/15/2018	2.00	99.38	2,487	2.83	1.90	1.37	-0.49
1,500	313382J53	FEDERAL HOME LOAN BANKS	AA+	AGY	1.75	09/28/2020		2.00	97.89	1,468	2.84	1.95	1.95	0.02
1,500	3134G0RM7	FEDERAL NATL MTG ASSN	AA+	AGY	1.63	10/30/2020		2.08	97.49	1,473	2.88	2.02	2.02	0.03
1,000	3133EJMX4	FEDERAL FARM CR BKS	AA+	AGY	2.68	11/02/2020	08/02/2018	2.08	99.53	1,006	2.92	2.00	1.25	-0.67
1,500	3135G0F73	FEDERAL NATL MTG ASSN	AA+	AGY	1.50	11/30/2020		2.17	97.19	1,465	2.84	2.11	2.11	0.03
1,300	3130ADV58	FEDERAL HOME LOAN BANKS	AA+	AGY	2.25	04/12/2021	10/12/2018	0.25	99.96	1,306	2.60	2.42	0.62	-0.56
1,000	3134GSNS0	FEDERAL HOME LN MTG CORP	AA+	AGY	2.80	06/28/2021	12/28/2018	2.75	99.17	999	3.12	2.60	1.81	-0.67
1,250	3133EHYU1	FEDERAL FARM CR BKS	AA+	AGY	1.84	09/13/2021	06/13/2018	3.00	96.95	1,213	2.92	2.85	2.75	-0.05
1,500	3135G0Q89	FEDERAL NATL MTG ASSN	AA+	AGY	1.38	10/07/2021		3.00	95.54	1,444	2.93	2.91	2.91	0.05
2,000	3133EFTP8	FEDERAL FARM CR BKS	AA+	AGY	1.96	11/19/2021		3.17	97.09	1,956	2.94	3.00	3.00	0.05
1,000	3133EJPE3	FEDERAL FARM CR BKS	AA+	AGY	2.95	02/15/2022	08/15/2018	3.42	99.44	998	3.13	3.18	1.80	-1.11
2,500	3134GSFS9	FEDERAL HOME LN MTG CORP	AA+	AGY	2.50	09/06/2022	12/06/2018	1.92	99.45	2,491	3.02	3.69	1.63	-0.87
1,250	3133EHYB3	FEDERAL FARM CR BKS	AA+	AGY	1.94	09/12/2022	09/12/2018	3.92	95.81	1,199	3.07	3.76	3.61	-0.06
1,250	3130ACH72	FEDERAL HOME LOAN BANKS	AA+	AGY	2.26	10/04/2022	10/04/2018	4.00	97.42	1,232	2.95	3.76	3.13	-0.50
1,250	3133EHF73	FEDERAL FARM CR BKS	AA+	AGY	2.28	10/17/2022	07/17/2018	4.08	96.87	1,223	3.11	3.79	3.40	-0.28
1,500	3134GB3A8	FEDERAL HOME LN MTG CORP	AA+	AGY	2.25	11/28/2022	11/28/2018	4.17	96.65	1,462	3.11	3.91	3.54	-0.25
1,250	3130ACX82	FEDERAL HOME LOAN BANKS	AA+	AGY	2.38	12/05/2022	09/05/2018	4.17	96.84	1,219	3.19	3.91	3.48	-0.31
1,500	3134GSLT0	FEDERAL HOME LN MTG CORP	AA+	AGY	2.75	05/30/2023	05/30/2019	1.67	99.48	1,506	3.29	4.25	2.12	-0.95
520		Total Corporate - Industrials (1.1%)	AA-	Aa3	1.42	0.58		0.56	99.22	518	2.61	0.57	0.57	0.00
60	594918BF0	MICROSOFT CORP	AAA	Aaa	1.30	11/03/2018		0.08	99.89	60	2.44	0.10	0.10	0.00
125	24422ETE9	DEERE JOHN CAP CORP MTNS BE	A	A2	1.95	01/08/2019		0.25	99.85	125	2.49	0.27	0.28	0.00
125	89236TDE2	TOYOTA MOTOR CREDIT CORP	AA-	Aa3	1.40	05/20/2019		0.67	99.23	125	2.62	0.63	0.63	0.00
120	594918BN3	MICROSOFT CORP	AAA	Aaa	1.10	08/08/2019		0.83	98.72	119	2.61	0.85	0.85	0.01
90	69371RN36	PACCAR FINL CORP SR MTNS BK	A+	A1	1.20	08/12/2019		0.83	98.55	89	2.90	0.86	0.86	0.01
225		Total Corporate - Financials (0.5%)	A	A1	2.30	1.00		1.03	99.59	225	2.70	0.97	0.96	0.00
125	06406HCP2	BANK NEW YORK MTN BK ENT	A	A1	2.10	01/15/2019	12/15/2018	0.33	99.88	125	2.49	0.29	0.27	-0.02
100	857477AS2	STATE STR CORP	A	A1	2.55	08/18/2020		1.92	99.23	100	2.97	1.82	1.83	0.02

Excluded Securities:

Par	CUSIP9	ExclusionReason
250	29415LAB7	Model Unavailable
3177	31846V203	Model Unavailable

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STAFF REPORT

ITEM NO. 14.A.

DATE: November 12, 2018
TO: MAYOR AND CITY COUNCIL
FROM: JEANNETTE VAGNOZZI, ACTING CITY MANAGER
PREPARED BY: DOUG STORY, RECREATION SERVICES MANAGER
SUBJECT: LEASE AMENDMENT WITH SCHEU FAMILY YMCA OF UPLAND, AQUATIC CENTER

RECOMMENDED ACTION

It is recommended that the City Council authorize the Acting City Manager to execute an amendment to the lease Agreement, executed August 08, 2016, with the West End YMCA ("YMCA") pertaining to property located at 1150 East Foothill Boulevard.

GOAL STATEMENT

The proposed action supports the City's goal to provide opportunities for quality recreational programs in the community and to promote a healthy livable community.

BACKGROUND

In October 2006, the City Council approved an Assignment, Assumption and Consent agreement with HBP Realty and the YMCA that assigned the rights and obligations under the Lease to the YMCA. In November of 2008, an Amendment allowed the fair market rent to be satisfied through annual community program scholarships issued to persons and families of low or moderate income who currently reside in Upland, as defined under California law, in an amount equal or greater to the value of the annual rent payment as calculated and identified in the Amendment (currently \$40,250 per year). The term of the Lease was extended to May 16, 2070, with the ability for two (2) 5-year extensions. This amendment also requires the YMCA to provide the City with periodic reports on the scholarships awarded.

On August 08, 2016, the City Council approved a separate Lease Agreement for use of land needed to construct and operate an Aquatic Center and additional fitness/sports court areas. The agreement accounted for an annual payment of \$19,320.00 (\$1,610 per month) from the YMCA. This payment was to be deposited into the General Fund. The annual payment had an escalator increase of ten percent (10%) every five years for the duration of the 55 year

lease. There were two five (5) year extensions available to the tenant.

ISSUES/ANALYSIS

The YMCA has requested that the rent amount be satisfied through offering in-kind services including discounted program rates for Upland residents, meeting room space, transportation to the YMCA for seniors, and classroom space for the City's Tiny Tot program.

The YMCA is responsible for setting fees and charges for participation in its various programs conducted on their premises; however, membership in the YMCA shall not be required for Upland residents to participate in programs conducted on the premises. A non-member fee may be established for any program conducted on the premises, which shall be based on the "break-even" cost of operation for the program. Additionally, the YMCA has offered the YMCA facility meeting room(s), free of charge, subject to availability and with prior reservation for any City or community group.

In addition to the classroom space the YMCA will also operate a transportation program for senior citizens living in senior multi-family housing complexes. The transportation program will be staffed by YMCA personnel with YMCA vehicles. The program will pick seniors up at their housing complexes and transport participants to the YMCA for fitness classes and for personal fitness use. Participants will be transported back to their homes per a scheduled drop off time.

The classroom being offered for city use will be available for the Tiny Tot program. Currently the Tiny Tot program has two separate classes serving Upland residents. The classes are for 3 and 4 year olds and are offered 3 days a week. The classes currently have waiting lists and interest in the program is always high.

FISCAL IMPACTS

As stated in the Lease Agreement, the current rental amount is \$1610 per month or \$19,320 per year. The value of the in-kind services is estimated to be:

Classroom space	\$24,000
Senior Transportation	\$36,000
Meeting Room Space	\$ 2,500
TOTAL	\$52,250

The \$52,250 in services will offset the annual loss of revenue of \$19,230.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

Amendment to YMCA Lease Agreement

FIRST AMENDMENT TO THE LEASE AGREEMENT
BETWEEN THE CITY OF UPLAND AND THE WEST END YMCA

This Amendment ("Amendment") is made on November 12, 2018 to the agreement entitled, "Lease Agreement Between City of Upland and the West End YMCA," and refers to the lease of land owned by the City of Upland, a general law city and municipal corporation (hereinafter "Lessor") and the West End Y.M.C.A., a California non-profit public benefit corporation acting through the Scheu Family YMCA of Upland (hereinafter "Tenant").

RECITALS

WHEREAS, the Parties entered into the Lease Agreement on August 8, 2016;

WHEREAS, the agreement requires Tenant to pay rent to the Lessor for the lease of the property used for its aquatic center;

WHEREAS, Lessor has requested to provide in-kind services for the benefit of Upland residents in lieu of rent;

WHEREAS, the value of in-kind services shall be equal to or greater than the value of the rent schedule contained in the Lease Agreement.

NOW, THEREFORE, in consideration of the Agreement and the mutual desire to provide greater services to Upland residents, the Parties hereby agree to amend the Lease Agreement to the end of Article 4 as follows:

1. In lieu of rent, the Lessor provide agreed upon in-kind services as follows:

The YMCA shall be responsible for setting fees and charges for participation in its various programs conducted on the premises; provided, however, that membership in the YMCA shall not be required for Upland residents to participate in programs conducted on the premises. A non-member fee may be established for any program conducted on the premises, which shall be based on the "break-even" cost of operation for the program. The "break-even cost of operation" shall include but not be limited to all direct or indirect costs such as overhead and amortization of capital improvements.

It is the City of Upland and YMCA's goal to permit participation in the programs offered at the facility by all socio-economic groups. All Upland residents will be eligible to participate in YMCA programs regardless of ability to pay.

In addition, all senior organizations in Upland will be eligible for free transportation to and from the YMCA, provided by the YMCA. To further assist the City of Upland, the YMCA facility meeting room(s) will be made available, free of charge, subject to availability and with prior reservation for any City or community group.

Finally, the YMCA will provide one classroom space for the city's "playschool program," currently named Tiny Tots. The use of classroom space will be re-evaluated in three years.

2. Except as provided above, the Lease Agreement shall remain unchanged.

IN WITNESS WHEREOF, the parties through their respective undersigned officers, have duly executed this Amendment as of the day and year first written above.

WEST END YMCA

CITY OF UPLAND

Signature

Signature

Name

Name

Title

Title



STAFF REPORT

ITEM NO. 14.B.

DATE: November 12, 2018
TO: MAYOR AND CITY COUNCIL
FROM: JEANNETTE VAGNOZZI, ACTING CITY MANAGER
PREPARED BY: JEANNETTE VAGNOZZI, ACTING CITY MANAGER
SUBJECT: APPROVE THE TRANSITION OF THE CURRENT 457(b) AND 401(a) PLANS FROM RECORDKEEPER AND APPROVE AN AGREEMENT WITH SFG RETIREMENT PLAN CONSULTING, LLC FOR INVESTMENT ADVISOR AND FIDUCIARY SERVICES

RECOMMENDED ACTION

It is recommended that the City Council

1. Authorize the transition of the current ICMA-RC 457(b) and 401(a) plans to Mass Mutual effective January 11, 2019;
2. Authorize the Acting City Manager to execute the necessary agreements in regards to the transition; and
3. Authorize the Acting City Manager to enter into an Agreement between the City of Upland and SFG Retirement Plan Consulting, LLC as the plan consultant, investment advisor, and fiduciary of the City's 457(b) and 401(a) plans.

GOAL STATEMENT

The proposed action supports the City's goals of providing fiscal stewardship of resources under the City's fiduciary responsibility and providing competitive benefits for participating employees and retirees.

BACKGROUND

The City provides employer-sponsored deferred compensation plans under Section 457(b) and Section 401(a) of the Internal Revenue Code (IRC). The plans provide tax benefits to employees who make deposits into the plans on a pre-tax basis for their retirement. As the plan sponsor, the City has certain fiduciary duties and responsibilities under State law (California State Constitution, Article XVI Section 17). These duties and responsibilities focus on ensuring the operation and investment of the public retirement plan is for the exclusive

purpose of providing benefits to participants and beneficiaries.

Specifically, fiduciary responsibilities include:

- Investing the assets of the plan;
- Administering the plan; and
- Engaging in a prudent process for making all decisions related to the operation of the plan, including decisions related to the plan's investments and related services.

The City has had an exclusive agreement with ICMA-RC to be the recordkeeper and administrator for the 457(b) and 401(a) plans. At the conclusion of the term of the agreement, the City exercised its fiduciary responsibility by conducting a competitive bid process for these services. As a result of the RFP processes, staff along with the assistance of the employee Investment Plan Committee and Human Resources, reviewed all options and are recommending the transition of service providers from ICMA-RC to Mass Mutual. Additionally, staff is recommending that SFG Retirement Plan Consulting, LLC (SFG) be retained as investment adviser and fiduciary of the City's 457(b) and 401(a) plans.

ISSUES/ANALYSIS

In the fall of 2017, as the end of the exclusive eight-year agreement with ICMA-RC was approaching, staff initiated the process of conducting a Request for Proposal with the assistance of the City's former adviser, BFGS Financial Services. In January 2018, the results of the RFP appeared to provide acceptable options; however, other local cities who utilized SFG's services felt strongly about the value SFG provided to their employees. The City reached out to SFG to conduct a "blind" RFP to determine if the best options were received in the initial RFP process. This process was performed at no cost to the City or participants of those plans.

SFG reviewed administrative fees associated with the plans, investment options, asset values, fixed account interest rates, and additional fees that may be charged by the plans. SFG also compared the information obtained through the blind RFP with the previous RFP completed in January of 2018 to determine whether the incumbent Plans were competitive and fees assessed from those investment options were reasonable. At the conclusion of this process, it was determined that the plan participants as a whole would benefit from changing recordkeepers from ICMA-RC to Mass Mutual. The proposed change would allow the City to reduce annual plan and investment fees paid by participants, offer enhanced investment options, and provide participants a competitive fixed interest rate. The combination of fee savings and fixed interest earnings provides an annual estimated \$396,000 in positive impact to plan assets, benefiting participants based on their asset allocation.

Fulfilling the fiduciary responsibilities of the plans the City offers which are in the best interest of our employees takes a high level of knowledge and understanding of the retirement investment marketplace. Negotiating fee structures, investment options, and fixed interest rates requires professional experience and skill. To meet the ongoing fiduciary responsibility for City employees, staff recommends the City enter into an agreement with SFG. Compensation to SFG is through a fee on plan assets of \$35,000. This fee was included in the overall review and analysis of the plans. Based on SFG's performance and demonstrated experience, the City is interested in engaging SFG to provide investment advisory and consulting services for employee plans. SFG will act as a co-fiduciary to the plan investments and will implement a due diligence process for the City to follow and ensure the City is meeting its fiduciary responsibilities. SFG's services will include the following:

- Investment co-fiduciary;
- Fiduciary education and training;
- Investment policy statement development;
- Plan conversion support;

- Compliance assistance;
- Quarterly investment monitoring;
- In-depth qualitative and quantitative fund analysis;
- Annual plan demographic review; and
- Participant education strategy and support (including on-site meetings).

A number of cities in the region have recently retained SFG for investment advisory and co-fiduciary services, including the cities of Ontario, La Verne, Arcadia, Bell Gardens, Carson, La Mirada, Lakewood, Monterey Park, Norwalk, Pico Rivera, and South Gate. Although there are other companies that offer the same services as SFG, SFG provides the most comprehensive services, especially in regards to pricing negotiations, compliance, custom participant education, conversion coordination, and plan sponsor/participant service.

FISCAL IMPACTS

There is no fiscal impact to the City. To be very clear, the assets of the plan belong to the plan participants (employees/retirees) and the fees associated with administering the plan are paid from the plan. Participating employees will benefit from lower fees and a higher fixed interest rate.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

Agreement with SFG Retirement Plan Consulting, LLC
Investment Policy Statement

RETIREMENT PLAN CONSULTING SERVICES AGREEMENT

This agreement (“Agreement”) between SFG Retirement Plan Consulting, LLC (“SFGRPC”), a California limited liability company, and the City of Upland (“Client”) as further identified on Appendix A.

Client, as the responsible plan fiduciary for the Plan(s) as further identified in Appendix A, desires to engage SFGRPC to provide the services described in this Agreement according to the terms of this Agreement.

1. **Fiduciary Authority.** Client as the responsible plan fiduciary has the authority to designate investment alternatives under the Plan and the related trust, and to enter into an Agreement with third parties to assist in these and related duties.
2. **Term.** The term of this Agreement will commence October 1, 2018.
3. **Services.** SFGRPC agrees to provide the following services to Client:
 - (A) **Fiduciary Services:** SFGRPC will perform the Fiduciary Services described in Appendix B.
 - (B) **Non-Fiduciary Services:** SFGRPC will perform the Non-Fiduciary Services described in Appendix C.
 - (C) Client acknowledges that SFGRPC has no responsibility to provide any services related to the following types of assets: employer securities; real estate (except for real estate funds and publicly traded REITs); stock brokerage accounts or mutual fund windows; participant loans; non-publicly traded partnership interests; other non-publicly traded securities (other than collective trusts and similar vehicles); or other hard-to-value securities or assets. Such assets (except for real estate funds, publicly traded REITs, and collective trusts and similar vehicles) shall be referred to collectively as “Excluded Assets.” The Excluded Assets shall be disregarded in determining the Fees payable to SFGRPC pursuant to this Agreement, and the Fees shall be calculated only on the remaining assets (the “Included Assets”).
4. **Fees.**
 - (A) The compensation, direct and indirect, of SFGRPC for the performance of the Services is described in Appendix D.
5. **Fiduciary Status: Limitations on Functions.** Client acknowledges that:
 - (A) In performing the Fiduciary Services, Advisor is acting as a fiduciary of the Plan and as a registered investment advisor under the Investment Advisers Act of 1940.
 - (B) In performing the Non-Fiduciary Services, SFGRPC is not acting as a fiduciary of the Plan.
 - (C) In performing both Non-Fiduciary Services and Fiduciary Services, SFGRPC does not act as, nor has SFGRPC agreed to assume the duties of, a trustee or the Plan Administrator, and SFGRPC has no discretion or responsibility to interpret the Plan documents, to determine eligibility or participation under the Plan, or to take any other action with respect to the management, administration or any other aspect of the Plan.
 - (D) SFGRPC does not provide legal or tax advice.

- (E) Investments are subject to various market, political, currency, economic, and business risks, and may not always be profitable. As a result, SFGRPC does not and cannot guarantee financial results.
- (F) Advisor may, by reason of performing services for other clients, from time to time acquire confidential information. Client acknowledges and agrees that Advisor is unable to divulge to the Client or any other party, or to act upon, any such confidential information with respect to its performance of this Agreement.
- (G) Advisor is entitled to rely upon all information provided to Advisor (whether financial or otherwise) from reputable third parties or by Client, Client's representatives or third-party service providers to Client, the Plan or the Advisor, without independent verification. Client agrees to promptly notify Advisor in writing of any material change in the financial and other information provided to Advisor and to promptly provide any such additional information as may be reasonably requested by Advisor.
- (H) Advisor will not be responsible for voting (or recommending how to vote) proxies of any publicly traded securities (including mutual fund shares) held by the Plan (or its trust). Responsibility for voting proxies of investments held by the Plan or its trust remain with Client (or, if applicable, the Plan participants).
- (I) Client understands that Advisor: (i) may perform other services for other clients, (ii) may charge a different fee for other clients, and (iii) may give advice and take action that is different for each client even when retirement plans are similar.

6. Representations of Client. Client represents and warrants as follows:

- (A) It is the responsible plan fiduciary for the control and/or management of the assets of the Plan, and for the selection and monitoring of service providers for the Plan. SFGRPC is entitled to rely upon this statement until notified in writing to the contrary.
- (B) The person signing the Agreement on behalf of Client has all necessary authority to do so.
- (C) The execution of this Agreement and the performance thereof is within the scope of the investment authority authorized by the governing instrument and/or applicable laws. The signatory on behalf of Client represents that the execution of the Agreement has been duly authorized by appropriate action and agrees to provide such supporting documentation as may be reasonably required by Advisor.
- (D) The Plan and related Trust permit payment of fees out of Plan assets. Client has determined that the fees charged by Advisor are reasonable and are the obligation of the Plan; however, if Client desires, it may pay the fees directly, rather than with Plan assets.

7. Representation of SFGRPC. SFGRPC represents as follows:

- (A) The RIA is registered as an investment adviser under the Investment Advisers Act of 1940.
- (B) The person signing this agreement on behalf SFGRPC has the power and authority to enter into and perform this Agreement.

8. Standard of Care.

- (A) SFGRPC will perform the Fiduciary Services described in Appendix A to the Plan in accordance with the standard of care of the prudent man rule set forth in the Investment Adviser Act of 1940.

(B) SFGRPC will perform the Non-Fiduciary Services described in Appendix B using reasonable business judgment and shall not be liable for any liabilities and claims arising thereunder, unless directly arising from SFGRPC's intentional misconduct or gross negligence.

9. **Termination.** Either party may terminate this Agreement upon 30 days prior written notice to the other party. Such termination will not, however, affect the liabilities or obligations of the parties arising from transactions initiated prior to such termination, and such liabilities and obligations (together with the provisions of section 7 and subsections 4(G) and 10(H)) shall survive any expiration or termination of this Agreement. Upon termination, SFGRPC will have no further obligation under this Agreement to act or advise Client with respect to services under this Agreement.
10. **Receipt of Disclosure and Consent to Electronic Delivery.** Client acknowledges receipt and undertakes to review and consider the disclosures made by Shuster (including in this Agreement, the Form ADV Part 2 and Shuster Privacy Policy), in particular the portions related to services, compensation, and potential conflicts of interest, as well as the remainder of the disclosures concerning, among other matters, background information such as educational and business history, business practices such as the types of advisory services provided, the methods of securities analysis used, and the like.

Further, Client consents to electronic delivery (via email or other generally accepted method) of current and future distributions of SFGRPC's Form ADV Part 2 and Privacy Policy. Consent to electronic delivery may be canceled at any time by sending a written request to SFGRPC.

11. **Notices.** Any and all notices required or permitted under this Agreement shall be in writing and shall be sufficient in all respects if (i) delivered personally, (ii) mailed by registered or certified mail, return receipt requested and postage prepaid, or (iii) sent via a nationally recognized overnight courier service to the address on the first page of this Agreement, such other address as any party shall have designed by notice in writing to the other party.
12. **Assignability.** This Agreement is not assignable by either Party hereto without the prior written consent of the other Party.
13. **Effect.** This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective heirs, successors, survivors, administrators and assigns.
14. **Entire Understanding and Modification.** This Agreement constitutes and contains the entire understanding between the parties and supersedes all prior oral or written statements dealing with the subject matter herein. This Agreement can be amended or modified by the written consent of the Parties.
15. **Severability.** If any one or more of the provisions of this Agreement shall, for any reason, be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Agreement and this Agreement shall be enforced as if such illegal or invalid provision had not been contained herein.
16. **Headings.** All headings used herein are for ease of reference only and in no way shall be construed as interpreting, decreasing or enlarging the provisions of this Agreement.
17. **Applicable Law; Forum.** The laws of the State of California shall govern this Agreement in all respects, including but not limited to the construction and enforcement thereof, unless otherwise preempted or superseded by federal law.
18. **Arbitration Agreement.** To the extent permitted by law, all controversies between Client and SFGRPC, which may arise out of or relate to any of the services provided by SFGRPC under this Agreement, or the

construction, performance or breach of this or any other Agreement between SFGRPC and Client, whether entered into prior to, on or subsequent to the date hereof, shall be settled by binding arbitration in Pasadena, Los Angeles County, California, under the Commercial Arbitration Rules of the American Arbitration Association. Judgment upon any award rendered by the arbitrator(s) shall be final, and may be entered into any court having jurisdiction.

19. **Amendment Process.** The Agreement may be modified, by written agreement of both Client and SFGRPC.

20. **Waiver of Limitation.** Nothing in this Agreement shall in any way constitute a waiver or limitation of any rights which Client or Plan or any other party may have under federal or state securities laws.

This Agreement constitutes both an agreement between the parties and a disclosure statement. The Parties have caused this Agreement to be executed by their duly authorized officers as of the date set forth above. This Agreement shall not be binding on Mark SFGRPC or the RIA until each has accepted it, in writing, as indicated by their signatures below.

PLAN SPONSOR*

SFGRPC:

Name: _____

Name: Mark Shuster

Title: _____

Title: Managing Member

*The Plan Sponsor is signing this Agreement both as the employer that sponsors the Plan and as the fiduciary responsible for selecting the Plan's investments and engaging its service providers.

APPENDIX A – PLAN SPONSOR/PLAN INFORMATION

Client Initials: _____

Plan Sponsor City of Upland	Tax ID#		
Plan Name 1 City of Upland 457(b) Deferred Compensation Plan	Type of Plan <input type="checkbox"/> 401(k) <input checked="" type="checkbox"/> 457(b) <input type="checkbox"/> 401(a) <input type="checkbox"/> 403(b) <input type="checkbox"/> Part-time Seasonal (OBRA) <input type="checkbox"/> Retiree Health Savings <input type="checkbox"/> Defined Benefit Plan <input type="checkbox"/> Other: _____		
Plan Name 2 City of Upland 401(a) Plan	Type of Plan <input type="checkbox"/> 401(k) <input type="checkbox"/> 457(b) <input checked="" type="checkbox"/> 401(a) <input type="checkbox"/> 403(b) <input type="checkbox"/> Part-time Seasonal (OBRA) <input type="checkbox"/> Retiree Health Savings <input type="checkbox"/> Defined Benefit Plan <input type="checkbox"/> Other: _____		
Plan Name 3	Type of Plan <input type="checkbox"/> 401(k) <input type="checkbox"/> 457(b) <input type="checkbox"/> 401(a) <input type="checkbox"/> 403(b) <input type="checkbox"/> Part-time Seasonal (OBRA) <input type="checkbox"/> Retiree Health Savings <input type="checkbox"/> Defined Benefit Plan <input type="checkbox"/> Other: _____		
Plan Name 4	Type of Plan <input type="checkbox"/> 401(k) <input type="checkbox"/> 457(b) <input type="checkbox"/> 401(a) <input type="checkbox"/> 403(b) <input type="checkbox"/> Part-time Seasonal (OBRA) <input type="checkbox"/> Retiree Health Savings <input type="checkbox"/> Defined Benefit Plan <input type="checkbox"/> Other: _____		
Plan Name 5	Type of Plan <input type="checkbox"/> 401(k) <input type="checkbox"/> 457(b) <input type="checkbox"/> 401(a) <input type="checkbox"/> 403(b) <input type="checkbox"/> Part-time Seasonal (OBRA) <input type="checkbox"/> Retiree Health Savings <input type="checkbox"/> Defined Benefit Plan <input type="checkbox"/> Other: _____		
Mailing Address 460 N Euclid Avenue	City Upland	State CA	Zip Code 91786
Phone	Email (for purposes of notice/electronic delivery)		
Legal Address (<input checked="" type="checkbox"/> Same as Mailing Address)	City	State	Zip Code

APPENDIX B – FIDUCIARY SERVICES

Client Initials: _____

SFGRPC will perform the following fiduciary services:

1. Consistent with the Investment Policy Statement, Shuster will select the initial investment options within the plan. Shuster will periodically review the investments within the plan and shall be responsible for making additions/deletions thereto. Client may direct Shuster in writing to add or remove a specific investment option within the plan but Shuster will not be deemed a fiduciary with respect to those investment options.
2. Development of an investment policy statement (IPS). The IPS establishes the investment policies and objectives for the Plan, and shall set forth the asset classes and investment categories to be offered under the Plan, as well as the criteria and standards for selecting and monitoring the investments. Client shall have the ultimate responsibility and authority to establish such policies and objectives and to adopt the investment policy statement.
3. Prepare periodic investment advisory reports that document consistency of fund management and performance to the guidelines set forth in the IPS and make recommendations to maintain or remove and replace investment options.
4. Meet with Client on a periodic basis to discuss reports and recommendations.
5. Selection of a qualified default investment alternative (“QDIA”) for participants who fail to make an investment election.

APPENDIX C – NON-FIDUCIARY SERVICES

Client Initials: _____

SFGRPC will perform the following Non-Fiduciary services:

1. Distribute plan level newsletters to Client
2. Assist Client in the transition of record-keepers and/or plan providers
3. Provide Vendor Management/Issue Resolution to Client

APPENDIX D - FEE SCHEDULE

Client Initials: _____

1. SFGRPC will not receive any other compensation, direct or indirect, for its services under this Agreement. If SFGRPC receives any other compensation for the Services, SFGRPC will disclose the amount of such compensation, the services provided for such compensation, the payer of such compensation, and a description of SFGRPC's arrangement with the payer to Client and will offset that compensation against its stated fees
2. All fees are billed in arrears. For purposes of determining and calculating fees, Plan assets are based on the market value of Plan assets net of Excluded Assets either as of the last business day of the billing period, the last business day of each month, or the average daily value depending upon a record-keeper's general business practice and without adjustment for anticipated withdrawals by Plan participants or other anticipated or scheduled transfers or distributions of assets.
3. The initial fee will be the amount, prorated for the number of days included in the initial Billing Period from the effective payment start date.
4. If this Agreement is terminated prior to the end of a Billing Period, SFGRPC shall be entitled to a fee, prorated for the number of days in the Billing Period prior to the effective date of termination.
5. All fees will be due and payable within 30 days and are payable to "SFG Retirement Plan Consulting, LLC"
6. The annual fee for services shall be as follows:

Beginning with the effective date of this agreement and continuing until the earlier of the date the plan is converted to a new Record-Keeper and assets from the prior Record-Keeper are transferred, the date the plan is converted to a new Record-Keeper and the first payroll deferral is processed by the new Record-Keeper, or the date it is decided to remain with the incumbent Record-Keeper and new pricing is implemented, if applicable, (hereafter known as the "Conversion Date") SFGRPC shall receive \$20,000 annually (\$1,666.67 monthly). Fees will be deducted from plan assets monthly and will be paid to SFGRPC by the Record-Keeper.

After the "Conversion Date", the annual fee for service shall be \$35,000 and shall be assessed monthly (\$2,916.67 per month). Fees will be deducted from plan assets and will be paid to SFGRPC by the Record-Keeper.

City of Upland 457(b) and 401(a) Investment Policy Statement

Part I. THE PLAN

The City of Upland. (“City”) sponsors defined contribution plans (the “Plan”) for the benefit of its employees and their designated beneficiaries. The City will appoint a Committee to fulfill the City’s fiduciary duties in regards to Plan investments. The Plan is intended to provide participating employees the ability to create long-term accumulation of savings through contributions to individual participant accounts and the earnings thereon.

The Plan is a qualified employee benefit plan intended to comply with all applicable federal laws and regulations

The Plan’s participants and beneficiaries are expected to have different investment objectives, time horizons and risk tolerances. To meet these varying investment needs, participants and beneficiaries will be able to direct their account balances among a range of investment options to construct diversified portfolios that reasonably span the risk/return spectrum. Participants and beneficiaries alone bear the risk of gains or losses of their investment options and their asset allocation.

Part II. THE PURPOSE OF THE INVESTMENT POLICY STATEMENT

This Investment Policy Statement is intended to assist the Plan’s fiduciaries by establishing nonbinding guidelines for making investment-related decisions in a prudent manner. It outlines the underlying philosophies and processes for the selection, periodic monitoring and evaluation of the investment options offered by the Plan.

Specifically, this Investment Policy Statement:

- Defines the Plan’s investment objectives.
- Defines the roles of those responsible for the Plan’s investments.
- Describes the criteria and procedures for selecting the investment options.
- Establishes investment procedures, measurement standards and monitoring procedures.
- Describes potential corrective actions the Committee (or an independent investment advisor, if delegated authority pursuant to Part III, hereinafter Advisor) can take should investment options (or their respective managers) fail to satisfy established objectives, if the Committee (or Advisor, if applicable) determines that such actions are prudent and advisable given the circumstances.
- Describes the types of educational materials to be provided to Plan participants and beneficiaries.
- Describes certain fiduciary obligations and related applicable laws and regulations.

The guidelines provided in this Investment Policy Statement do not constitute a contract. These guidelines are also not meant to be a statement of mandatory requirements. Rather, these guidelines are only an explanation of general principles and guidelines being currently applied for investment option selection, retention and replacement. Furthermore, these guidelines are not the sole factors considered by the Committee (or Advisor, if applicable) in the process. This Investment Policy Statement is not intended to, and shall not be deemed to expand the fiduciary duties of the Committee, or its individual members, (or Advisor, if applicable) or to create duties that do not exist under applicable law.

This Investment Policy Statement will be reviewed periodically, and, if appropriate, may be amended by the Committee at any time to reflect changes in the capital markets, Plan objectives, or other factors relevant to the Plan.

This Investment Policy Statement (including the criteria for the selection and monitoring of investment options under the Plan) does not apply to employer securities (also known as Company stock) if offered under the Plan.

Part III. INVESTMENT OBJECTIVES

In accordance with the relevant terms of the Plan document, the Committee has delegated investment discretion to an independent investment advisor (the Advisor) (as limited by the last paragraph of Part VII). The Advisor will select the

Plan's investment options (as limited by the last paragraph of Part VII) based on criteria deemed relevant, from time to time, by the Advisor. These criteria may include, but are not limited to, the following:

- Maximization of return within reasonable and prudent levels of risk.
- Provision of returns comparable to returns for similar investment options.
- Provision of exposure to a wide range of investment opportunities in various asset classes and vehicles.
- Control administrative and management fees.
- Provision of appropriate diversification within investment vehicles.
- Investment manager's adherence to stated investment objectives and style.

Part IV. ROLES AND RESPONSIBILITIES

Subject to the terms of the Plan document, the Committee is responsible for:

- Selecting the trustee(s).
- Hiring the recordkeeper.
- Hiring, and periodically monitoring the Advisor.
- Establishing and maintaining the Investment Policy Statement.
- Periodically monitoring the performance and fees charged by service providers.
- Periodically monitoring any other Plan fees.
- Providing for Plan participant investment education and communication.

Subject to the terms of the Plan document and any contract or agreement entered into by and between the City and Advisor, the Advisor is responsible for:

- Selecting the investment options (as limited by the last paragraph of Part VII).
- Periodically evaluating the Plan's investments' performances and considering investment option changes (as limited by the last paragraph of Part VII).

In executing its responsibilities, the Committee and Advisor will make decisions in accordance with all applicable fiduciary standards as follows:

- Solely in the interest of Plan participants and beneficiaries, for the exclusive purpose of providing Plan benefits and defraying reasonable administrative fees;
- With the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and of like aims; and
- In accordance with the documents and instruments governing the Plan insofar as such documents and instruments are consistent with all applicable laws and regulations.

Part V. MONITORING OF SERVICE PROVIDERS

The Committee should monitor service providers on an ongoing and regular basis. Administrative and/or recordkeeping service providers may be benchmarked against, but not limited to, industry averages and/or other provider quotes. Monitoring for these service providers should include, but not be limited to, an evaluation of the provider's:

- Investment offerings and services
- Recordkeeping technology and services
- Compliance services and support
- Technology
- Participant access and communications
- Fees

The ongoing monitoring of the Plan's service providers is to ensure that total Plan fees, services and investment opportunities are competitive and reasonable.

Advisor, and any other investment consultant service providers (Plan and participant level) should be monitored regularly and the evaluation should include, but not be limited to, consideration of the provider's:

- Investment due diligence processes
- Fiduciary guidance and services
- RFP/Benchmarking scope and services
- Technology
- Participant-level access, communications and advice (if applicable)
- Fees

Part VI. SELECTION OF INVESTMENT OPTIONS

Set forth below are the considerations and guidelines that the Advisor should employ in fulfilling the fiduciary responsibility of selecting investment options for the Plan.

The Plan intends to provide an appropriate range of investment options that, in the aggregate, will allow Plan participants to construct portfolios consistent with their unique individual circumstances, goals, time horizons and tolerance for risk. The Advisor, shall be responsible for the Plan-level investment selection process, as set forth in this Investment Policy Statement, but cannot guarantee investment results for any selected investment option.

Major asset classes to be considered may include, but are not limited to:

Conservative Investments

Cash and liquid investments including, but not limited to, money market, stable value and guaranteed interest accounts.

Income Investments

Income oriented investments including, but not limited to, low, medium and high-quality bond investments, with short, intermediate and/or long-term duration. Management styles may be indexed and actively managed international, global and domestic styles.

Equity Investments

Investments that invest in equity securities, both domestic and foreign, including, but not limited to, small, medium and large market capitalization, with value, blend and growth investment objectives, which may be actively managed or indexed.

Asset Allocation Investments

Investments or accounts that invest in a combination of conservative, income, and equity investments, "fund of funds" accounts combining several of the above investments into one or a series of investments, and "manager of managers" accounts combining several different investment styles and fund managers into one account or a series of accounts.

Other Investments

In addition to the foregoing major assets classes, the Advisor may also consider other appropriate investments in other styles or asset classes offered through vehicles such as commingled trusts, insurance company separate accounts through a group annuity contract and mutual funds. Notwithstanding the foregoing, the Advisor may consider, but is not required, to include in the investment menu any specific investment asset class, option or style.

After considering the desired asset classes, the Advisor will evaluate and choose the appropriate investment option(s) desired to be offered by the Plan's investment menu. I

The Advisor should consider the following standards for selection of all investments:

1. Investment performance should be competitive with an appropriate style-specific benchmark and the median return for an appropriate, style-specific peer group (where appropriate and available, long-term performance of an investment manager may be inferred through the performance of another investment with similar style attributes managed by such investment manager);
2. Specific risk and risk-adjusted return measures should be reviewed by the Advisor and be within a reasonable range relative to appropriate, style-specific benchmark and peer group;
3. The investment should demonstrate adherence to the stated investment objective, without excess style drift over trailing performance periods;
4. Fees and fee structures should be competitive compared with similar investments reasonably available to the Plan; part of this examination includes a review of the proper use of investment-generated fees (and related revenue) to offset Plan recordkeeper fees, which should also be reviewed on a periodic basis;
5. The investment should exhibit attractive qualitative characteristics, including, but not limited to, acceptable manager tenure; and
6. The investment should be able to provide performance, holdings and other relevant information in a timely fashion with specified frequency.

Furthermore, investments will be evaluated and selected utilizing a "score card," detailed below in Part VII (Investment Monitoring and Reporting).

Part VII. INVESTMENT MONITORING AND REPORTING

The ongoing monitoring of investments is a regular and disciplined process intended to ensure that a previously selected investment option continues to satisfy the selection process and that an investment option continues to be a prudent option offered for investment in the Plan. The process of monitoring investment performance relative to specified guidelines will be consistently applied. Frequent change of investments is neither expected nor desired.

The Advisor will bear in mind any and all political, social, economic or other changes that may potentially require more frequent review and consideration of investments. The following are some, but not all, general factors that may be considered in ongoing monitoring:

- Current regulatory environment,
- Current state of capital markets,
- Performance of investment alternatives,
- Utilization of accounts by Plan demographic,
- The prudent applicability of this Investment Policy Statement as written, in light of prevailing facts and circumstances.

Monitoring will generally utilize the same investment selection criteria used in the original selection analysis, or such other criteria as deemed prudent by the Advisor. Unusual, notable, or extraordinary events should be communicated by each investment and/or provider on a timely basis to the Advisor. Examples of such events include portfolio manager or team departure, violation of investment guidelines, material litigation against the investment management firm, or material changes in firm ownership structure and announcements thereof.

If overall satisfaction with the investment option is acceptable, no further action is required. If areas of dissatisfaction exist, the Advisor will monitor whether the investment is taking appropriate and prudent steps to remedy the deficiency. If over a reasonable period the issue remains unresolved, removal of the investment option may result.

For supported asset classes, a “score card” will be maintained and documented (see addendum) to substantiate acceptable levels of performance and appropriate style characteristics. Based upon objective criteria, derived from modern portfolio theory concepts, each investment option will receive a score reflecting its overall performance.

If an investment fails to meet the criteria standards, as determined by its score, it may be placed on a “watch list” (as defined in the attached Addendum). If the investment maintains a watch list score for four consecutive quarters, or five out of eight quarters, the investment may be considered for further action (see Part IX below) by the Advisor. In the event an investment receives a score which is below that of “watch list” status, or experiences extraordinary circumstances which may render it imprudent to maintain, it may be considered for action (see Part IX below) by the Advisor at the earliest administratively practicable date.

If the investment meets criteria standards, as determined by its score as “acceptable” or “good” (as defined in the attached Addendum) for four consecutive quarters, it may be removed from the watch list.

Cash, or principal preservation, alternatives should be reviewed with a primary focus on the investment’s ability to preserve capital and minimize risk. Criteria reviewed should include, but not be limited to, credit quality, diversification, and stability of insurance provider, if applicable.

Asset allocation investments should be scored and monitored in the same manner as all other investments, using the previously described guidelines in Part VII. Because many of these investments contain separate underlying investment funds, it may also be appropriate to score and monitor those, as available and applicable. Unlike other investments which are monitored and scored individually, target-date investments, though potentially scored individually, should be evaluated as a group. Due to the unique importance of these investment options for participants in the Plan, investments or suites of investments (as may be applicable), or managed accounts failing to achieve criteria standards should be carefully reviewed before removal from the Plan (in the absence of a reasonable alternative).

In the event asset allocation investments have too brief a time history to be scored, the investment or suite should be evaluated both qualitatively and quantitatively on the underlying investments that may have a longer time history available, using a proxy, or a qualitative framework for all other instances.

Investments where no score is applied due to specialty focus, short time history or other unique circumstances should be reviewed using a proxy, where applicable and prudent, or a qualitative framework for all other instances.

The foregoing investment monitoring criteria shall not, under any circumstances, be taken as definitive, conclusive, or controlling for removal, termination or continuation of an investment option. All determinations should be made by the Advisor, in its sole discretion, taking into consideration all relevant facts and circumstances.

In the event the Plan document allows self-directed brokerage accounts, the Committee retains full responsibility for the offering and monitoring of any self-directed brokerage account(s) offered as an investment option, which will be reviewed periodically as determined by the City, and not the Advisor, based on criteria determined by the City. Special considerations should be contemplated and discussed before allowing either as an investment option.

PART VIII: ASSET ALLOCATION AND DEFAULT STRATEGY

The Advisor will evaluate and choose an investment or set of investments, or multiple investments, to serve as the default investment(s) for the Plan. The default investment(s) will be the designated investment for dollars contributed to the Plan by participants and/or the employer for which the Plan has no active employee direction on file.

Asset allocation investments and/or accounts (risk-based or target date-based) should be considered as the Plan’s default investment strategy due to the inherent benefits these options provide to participants including the diversification of assets across multiple asset classes.

Part IX. MANAGER REMOVAL

An investment may be removed when the Advisor has lost confidence in the investment manager's ability to:

- Achieve performance, style, allocation and/or risk objectives.
- Maintain acceptable qualitative standards (e.g., stable organization, compliance guidelines).

If the investment manager has failed to adhere to and/or remedy one or both of the above conditions, the investment may be considered for removal from the Plan. The Advisor may also remove an investment option for any reason it deems necessary and prudent.

Any decision by the Advisor to remove such an investment will be made on an individual basis, and will be made based on all the known facts and circumstances, including, but not limited to:

- The objective analysis (described above)
- Administrative impact on the Plan
- Timing
- Employee communication issues
- The availability of other (potential replacement) investments
- Underwriting and Plan provider limitations
- Financial considerations (hard and soft dollar fees)
- Professional or client turnover
- A material change in the investment process
- Other relevant factors

Considerable judgment should be exercised in the Advisor decision-making process. The Advisor may administer the following approaches with an investment that fails to consistently meet criteria of this Investment Policy Statement:

- Remove and replace (map assets) with a reasonably similar alternative investment.
- Freeze the assets in the investment and direct new assets to an alternative, reasonably similar, investment.
- Phase out the investment over a specific time period.
- Remove the investment and do not provide a replacement investment and default assets into the Plan's QDIA.

Replacement of a removed investment follows the criteria outlined in Part VI (Selection of Investment Options).

Part X. PARTICIPANT EDUCATION AND COMMUNICATION

The Plan should communicate to employees that they can direct their own investments and investment changes. Investment communications materials, educational materials, and enrollment support should be available to help Plan participants make educated and informed choices, and may include:

1. Periodic enrollment and investment education, through one or more of the following: on-site meetings, phone conference, web conference, Internet, phone (voice-response and live representatives), or written materials;
2. Summary plan description made available to all participants;
3. General information regarding investment risk, inflation, potential taxation impact, investment earnings, and asset classes;
4. Other investment tools (e.g., investment risk profile questionnaire) to assist participants and beneficiaries in making educated and informed investment decisions; and
5. All additional information required for disclosure by the Internal Revenue Code of 1986, and all other Federal and state statutes and all regulations promulgated hereunder, and all regulatory guidance provided thereto.

Notwithstanding the foregoing, all investment education provided by the Plan and/or Committee, and all communications connected thereto, is not intended, nor shall it be construed, as investment advice to Plan participants.

Part XI. COORDINATION WITH THE PLAN DOCUMENT AND APPLICABLE LAWS

Notwithstanding the foregoing, if any term or condition of this Investment Policy Statement conflicts with any section of the Internal Revenue Code, or regulations promulgated hereunder, or any term or condition in the Plan document, the terms and conditions of, the Internal Revenue Code, and the Plan document shall control.

Part XII. INVESTMENT INFORMATION AND ADMINISTRATIVE SUPPORT

The Committee and Advisor should require the investment manager and/or service provider (administrator, recordkeeper) to offer the following administrative information and support, competitive to that provided by other investment managers and/or service providers as it deems appropriate, which may include:

1. Daily valuation of all investments;
2. Daily access to account information via toll-free number and Internet access;
3. The ability to make investment transfers for both existing and future individual account balances on a daily basis (nonbusiness days and holidays excluded). Certain trading practices may be limited to comply with market timing, excess trading, liquidity driven and/or related policies and procedures of the service provider and/or specific investment options;
4. Participant account investment reports produced no less frequently than annually, with similar information available via the Internet at least quarterly; and
5. Quarterly investment performance updates available for participant review via the Internet.

Part XIII. REVIEW PROCEDURES

This Investment Policy Statement will be periodically reviewed and may be amended, if appropriate, at any time and without notice, by action of the Committee.

It is not expected that this Investment Policy Statement will change frequently. In particular, short-term changes in the financial markets should not require amendments to this Investment Policy Statement.

Name of Plan Fiduciary	Signature	Date
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Name of Plan Fiduciary	Signature	Date
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Name of Plan Fiduciary	Signature	Date
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ADDENDUM TO PART VII: INVESTMENT MONITORING AND REPORTING

Scorecard System Methodology™

The **Scorecard System Methodology** incorporates both quantitative and qualitative factors in evaluating fund managers and their investment strategies. The **Scorecard System** is built around pass/fail criteria, on a scale of 0 to 10 (with 10 being the best) and has the ability to measure active, passive and asset allocation investing strategies. Active and asset allocation strategies are evaluated over a five-year time period, and passive strategies are evaluated over a three-year time period.

Eighty percent of the fund’s score is quantitative (made up of eight unique factors), incorporating modern portfolio theory statistics, quadratic optimization analysis, and peer group rankings (among a few of the quantitative factors). The other 20 percent of the score is qualitative, taking into account things such as manager tenure, the fund’s expense ratio relative to the average fund expense ratio in that asset class category, and the fund’s strength of statistics (statistical significance). Other criteria that may be considered in the qualitative score includes the viability of the firm managing the assets, management or personnel issues at the firm, and/or whether there has been a change in direction of the fund’s stated investment strategy. The following pages detail the specific factors for each type of investing strategies.

Combined, these factors are a way of measuring the relative performance, characteristics, behavior and overall appropriateness of a fund for inclusion into a plan as an investment option. General fund guidelines are shown in the “Scorecard Point System” table below. The Scorecard Point System is meant to be used in conjunction with our sample Investment Policy Statement, in order to help identify what strategies need to be discussed as a “watch-list” or removal candidate; what strategies continue to meet some minimum standards and continue to be appropriate; and/or identify new top-ranked strategies for inclusion into a plan.

<i>Scorecard Point System</i>	
Good:	9-10 Points
Acceptable:	7-8 Points
Watch:	5-6 Points
Poor:	0-4 Points

Scorecard System Methodology™

Asset Allocation Strategies

Asset allocation strategies are investment strategies that invest in a broad array of asset classes that may include U.S. equity, international equity, emerging markets, real estate, fixed income, high yield bonds and cash (to name a few asset classes). These strategies are typically structured in either a risk-based format (the strategies are managed to a level of risk, e.g., conservative or aggressive) or, in an age-based format (these strategies are managed to a retirement date or life expectancy date, typically growing more conservative as that date is approached). For this type of investment strategy, the **Scorecard System** is focused on how well these managers can add value from both asset allocation and manager selection.

Multisector Bond (MSB) asset class follows the same evaluation criteria with some slightly different tolerance levels where noted. These managers are also evaluated on both their asset allocation and security selection.

Weightings	Asset Allocation Strategies	Maximum Points
Style Factors 30%	Risk Level: The fund's standard deviation is measured against the category it is being analyzed in. The fund passes if it falls within the range for that category.	1
	Style Diversity: Fund passes if it reflects appropriate style diversity (returns-based) among the four major asset classes (Cash, Fixed Income, U.S. & International Equity) for the given category. MSB funds pass if reflect some level of diversity among fixed income asset classes (Cash, U.S. Fixed Income, Non-U.S. Fixed Income and High Yield/Emerging Markets).	1
	R-Squared: Measures the percentage of a fund's returns that are explained by the benchmark. Fund passes with an R-squared greater than 90 percent. This statistic measures whether the benchmark used in the analysis is appropriate.	1
Risk/Return Factors 30%	Risk/Return: Fund passes if its risk is less than the benchmark or its return is greater than the benchmark. Favorable risk/return characteristics are desired.	1
	Up/Down Capture Analysis: Measures the behavior of a fund in up and down markets. Fund passes with an up capture greater than its down capture. This analysis measures the relative value by the manager in up and down markets.	1
	Information Ratio: Measures a fund's relative risk and return. Fund passes if ratio is greater than 0. This statistic measures the value added above the benchmark, adjusted for risk.	1
Peer Group Rankings 20%	Returns Peer Group Ranking: Fund passes if its median rank is above the 50 th percentile.	1
	Sharpe Ratio Peer Group Ranking: Fund passes if its median rank is above the 50 th percentile. This ranking ranks risk-adjusted excess return.	1
Qualitative Factors 20%	Two points may be awarded based on qualitative characteristics of the fund. Primary considerations are given to manager tenure, fund expenses and strength of statistics, however, other significant factors may be considered. It is important to take into account nonquantitative factors, which may impact future performance.	2
Total		10

Scorecard System Methodology™

Active Strategies

Active strategies are investment strategies where the fund manager is trying to add value and outperform the market averages (for that style of investing). Typically, these investment strategies have higher associated fees due to the active involvement in the portfolio management process by the fund manager(s). For this type of investment strategy, the **Scorecard System** is trying to identify those managers who can add value on a consistent basis within their own style of investing.

Weightings	Active Strategies	Maximum Points
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Style Factors 30%	Style Analysis: Returns-based analysis to determine the style characteristics of a fund over a period of time. Fund passes if it reflects the appropriate style characteristics. Style analysis helps ensure proper diversification in the Plan.	1
	Style Drift: Returns-based analysis to determine the behavior of the fund/manager over multiple (rolling) time periods. Fund passes if the fund exhibits a consistent style pattern. Style consistency is desired so that funds can be effectively monitored within their designated asset class.	1
	R-Squared: Measures the percentage of a fund's returns that are explained by the benchmark. Fund passes with an R-squared greater than 80 percent. This statistic measures whether the benchmark used in the analysis is appropriate.	1
Risk/Return Factors 30%	Risk/Return: Fund passes if its risk is less than the benchmark or its return is greater than the benchmark. Favorable risk/return characteristics are desired.	1
	Up/Down Capture Analysis: Measures the behavior of a fund in up and down markets. Fund passes with an up capture greater than its down capture. This analysis measures the relative value by the manager in up and down markets.	1
	Information Ratio: Measures a fund's relative risk and return. Fund passes if ratio is greater than 0. This statistic measures the value added above the benchmark, adjusted for risk.	1
Peer Group Rankings 20%	Returns Peer Group Ranking: Fund passes if its median rank is above the 50 th percentile.	1
	Information Ratio Peer Group Ranking: Fund passes if its median rank is above the 50 th percentile. This ranking ranks risk-adjusted excess return.	1
Qualitative Factors 20%	Two points may be awarded based on qualitative characteristics of the fund. Primary considerations are given to manager tenure, fund expenses and strength of statistics, however, other significant factors may be considered. It is important to take into account nonquantitative factors, which may impact future performance.	2
Total		10

Scorecard System Methodology™

Passive Strategies

Passive strategies are investment strategies where the fund manager is trying to track or replicate some area of the market. These types of strategies may be broad-based in nature (e.g., the fund manager is trying to track/replicate the entire U.S. equity market like the S&P 500) or may be more specific to a particular area of the market (e.g., the fund manager may be trying to track/replicate the technology sector). These investment strategies typically have lower fees than active investment strategies due to their passive nature of investing and are commonly referred to as index funds. For this type of investment strategy, the **Scorecard System** is focused on how well these managers track and/or replicate a particular area of the market with an emphasis on how they compare against their peers.

Weightings	Passive Strategies	Maximum Points
Style & Tracking Factors 40%	Style Analysis: Returns-based analysis to determine the style characteristics of a fund over a period of time. Fund passes if it reflects the appropriate style characteristics. Style analysis helps ensure proper diversification in the Plan.	1
	Style Drift: Returns-based analysis to determine the behavior of the fund/manager over multiple (rolling) time periods. Fund passes if the fund exhibits a consistent style pattern. Style consistency is desired so that funds can be effectively monitored within their designated asset class.	1
	R-Squared: Measures the percentage of a fund's returns that are explained by the benchmark. Fund passes with an R-squared greater than 95 percent. This statistic measures whether the benchmark used in the analysis is appropriate.	1
	Tracking Error: Measures the percentage of a fund's excess return volatility relative to the benchmark. Fund passes with a tracking error less than 4. This statistic measures how well the fund tracks the benchmark.	1
Peer Group Rankings 40%	Tracking Error Peer Group Ranking: Fund passes if its median rank is above the 75 th percentile.	1
	Expense Ratio Peer Group Ranking: Fund passes if its median rank is above the 75 th percentile.	1
	Returns Peer Group Ranking: Fund passes if its median rank is above the 75 th percentile.	1
	Sharpe Ratio Peer Group Ranking: Fund passes if its median rank is above the 75 th percentile.	1
Qualitative Factors 20%	Two points may be awarded based on qualitative characteristics of the fund. Primary considerations are given to fund expenses and strength of statistics, however, other significant factors may be considered. It is important to take into account nonquantitative factors, which may impact future performance.	2
Total		10

Manager Research Methodology

Beyond the Scorecard

The **Scorecard System™** uses an institutional approach which is comprehensive, independent, and utilizes a process and methodology that strives to create successful outcomes for plan sponsors and participants. The **Scorecard** helps

direct the additional research the Investment team conducts with fund managers throughout the year. Three of the primary factors that go into the fund manager research are people, process and philosophy.

PEOPLE	PROCESS	PHILOSOPHY
<p>Key Factors:</p> <ul style="list-style-type: none"> • Fund manager and team experience • Deep institutional expertise • Organizational structure • Ability to drive the process and performance 	<p>Key Factors:</p> <ul style="list-style-type: none"> • Clearly defined • Consistent application • Sound and established • Clearly communicated • Successfully executed process 	<p>Key Factors:</p> <ul style="list-style-type: none"> • Research and ideas must be coherent and persuasive • Strong rationale • Logical and compelling • Focus on identifying skillful managers

Scorecard System Disclosures

Investment objectives and strategies vary among fund, and may not be similar for funds included in the same asset class.

All definitions are typical category representations. The specific share classes or accounts identified above may not be available or chosen by the Plan. Share class and account availability is unique to the client's specific circumstances. There may be multiple share classes or accounts available to the client from which to choose. All recommendations are subject to vendor/provider approval before implementation into the Plan. The performance data quoted may not reflect the deduction of additional fees, if applicable. If reflected, additional fees would reduce the performance quoted.

Performance data is subject to change without prior notice.

The information used in the analysis has been taken from sources deemed to be reliable, including, third-party providers such as *Markov Processes International*, *Morningstar*, firms who manage the investments, and/or the retirement plan providers who offer the funds.

Every reasonable effort has been made to ensure completeness and accuracy; however, the final accuracy of the numbers and information is the responsibility of the investment manager(s) of each fund and/or the retirement plan providers offering these funds. Discrepancies between the figures reported in this analysis, and those reported by the actual investment managers and/or retirement plan providers, may be caused by a variety of factors, including: Inaccurate reporting by the manager/provider; Changes in reporting by the manager/provider from the time this report was prepared to a subsequent retro-active audit and corrected reporting; Differences in fees and share-classes impacting net investment return; and, Scriveners error by your advisor in preparing this report.

The enclosed Investment Due Diligence report, including the **Scorecard System**, is intended for plan sponsor and/or institutional use only. The materials are not intended for participant use.

The purpose of this report is to assist fiduciaries in selecting and monitoring investment options. A fund's score is meant to be used by the Plan sponsor and/or fiduciaries as a tool for selecting the most appropriate fund.

Fund scores will change as the performance of the funds change and as certain factors measured in the qualitative category change (e.g., manager tenure). Fund scores are not expected to change dramatically from each measured period, however, there is no guarantee this will be the case. Scores will change depending on the changes in the underlying pre-specified Scorecard™ factors.

Neither past performance nor statistics calculated using past performance are guarantees of a fund's future performance. Likewise, a fund's score using the **Scorecard System™** does not guarantee the future performance or style consistency of a fund.

This report was prepared with the belief that this information is relevant to the Plan sponsor as the Plan sponsor makes investment selections.

Fund selection is at the discretion of the investment fiduciaries, which are either the Plan sponsor or the Committee appointed to perform that function.

Cash Equivalents (e.g., money market fund) and some specialty funds are not scored by the **Scorecard System**.

The enclosed Investment Due Diligence report and Scorecard™ is not an offer to sell mutual funds. An offer to sell may be made only after the client has received and read the appropriate prospectus.

For the most current month-end performance, please contact your advisor.

The Strategy Review notes section is for informational purposes only. The views expressed here are those of your advisor and do not constitute an offer to sell an investment. An offer to sell may be made only after the client has received and read the appropriate prospectus.

Carefully consider the investment objectives, risk factors and charges and expenses of the investment company before investing. This and other information can be found in the fund's prospectus, which may be obtained by contacting your Investment Advisor/Consultant or Vendor/Provider. Read the prospectus carefully before investing.

For a copy of the most recent prospectus, please contact your Investment Advisor/Consultant or Vendor/Provider.