

City of Salinas

200 Lincoln Ave., Salinas, CA 93901

www.cityofsalinas.org



Meeting Agenda - Final

Tuesday, November 19, 2019

4:00 PM

SALINAS ROTUNDA

City Council

Mayor Joe Gunter

Councilmembers:

Scott Davis, District 1 - Tony Barrera, District 2

Steve McShane, District 3 - Gloria De La Rosa, District 4

Christie Cromeenes, District 5 - John "Tony" Villegas, District 6

Ray E. Corpuz, Jr., City Manager

Christopher A. Callihan, City Attorney

City Clerk's Office: (831) 758-7381

PLEDGE OF ALLEGIANCE**ROLL CALL****PROCLAMATION**

Curbee Awards – Republic Services of Salinas
Small Business Saturday, November 30, 2019

CLOSED SESSION

*Receive public communications from the audience on Closed session items.
The City Council will recess to closed session pursuant to:*

[ID#19-622](#)

a. Labor Negotiations - Government Code section §54957.6, with its designated labor representatives Ray Corpuz, City Manager; Christopher A. Callihan, City Attorney; Jim Pia, Assistant City Manager; Katherine Hogan, Assistant City Attorney; Matt Pressey, Finance Director; Marina Horta-Gallegos, Human Resources Director; Sylvia Enriquez, Senior Human Resource Analyst; and Donna Williamson, Liebert Cassidy Whitmore, regarding labor relations with Association of Management Personnel, International Association of Firefighters, Fire Supervisors Association, Confidential Management Employees, Confidential Non-Management Employees and Department Directors.

PUBLIC COMMENT TIME RESTRICTIONS

Public comments generally are limited to two minutes per speaker; the Mayor may further limit the time for public comments depending on the agenda schedule.

GENERAL PUBLIC COMMENTS

Receive public communications from the audience on items that are not on the agenda and that are in the City of Salinas' subject matter jurisdiction. Comments on Consent, Consideration, and Closed session items should be held until the items are reached. The public may request that the legislative body consider adding an item for consideration on a future agenda. The public may comment on scheduled agenda items, including closed session items, as they are considered. In order to be respectful of all speakers' views and to avoid disruption of the meeting, the audience shall refrain from applauding or jeering speakers who have been recognized by the Mayor.

CONSIDERATION

[ID#19-607](#)

Community Facilities District No. 2016-1 (Monte Bella) 2019 Special Tax Bonds (Improvement Area No. 2)

Recommendation: Approve a Resolution of the City Council of the City of Salinas, acting as the legislative body of the District, authorizing the issuance of the Bonds in a principal amount not to exceed \$2,750,000 and approving certain documents and taking certain other actions in connection with the Bonds.

ADMINISTRATIVE REPORT**[ID#19-605](#) Salinas Plan Quarterly Update**

Recommendation: No action is required. This report presents information to the City Council regarding the Salinas Plan Quarterly Update.

[ID#19-604](#) Downtown Government Center Memorandum of Understanding (MOU) 2019 Annual Review

Recommendation: No action is required. This Report is presented for informational purposes only.

CONSENT AGENDA

All matters listed under Consent Agenda may be enacted by one motion unless a member of the Council or the public requests discussion or a separate vote.

[ID#19-626](#) Minutes

Recommendation: Approve minutes of November 5, 2019.

[ID#19-625](#) Financial Claims

Recommendation: Approve financial claims report.

[ID#19-481](#) Janitorial Services Agreements for City Facilities

Recommendation: Approve a Resolution awarding Janitorial Service Agreements to Estrada Janitorial Service and Karla's Janitorial & Suppliers, LLC.

[ID#19-559](#) Agreement for Services with Tina La Perle

Recommendation: Approve a Resolution authorizing an Agreement for Services with Tina La Perle (Contractor) for California Department of Housing and Community Development California Emergency Solutions and Housing Program Manager and Homeless Outreach Coordinator.

[ID#19-593](#) Williams Road Improvements, CIP 9071

Recommendation: Approve a Resolution approving the proposal from Harris and Associates to prepare plans, specifications, and estimate for the Williams Road Improvements; Project No. 9071 in the amount of \$380,381.

[ID#19-595](#) Electric Vehicle (EV) Replacement Incentive Program Grant

Recommendation: Approve a Resolution to accept the grant and ratify the agreement between the Monterey Bay Unified Air Pollution Control District and the City, and authorize the direct purchase of three Phoenix Motors electrical vehicles and three Level III chargers at a total cost of \$34,210 from Capitol Improvement Project No. 9525 Fleet Replacement and \$50,000 from Capitol Improvement Project No. 9654 totaling \$84,210.

[ID#19-599](#) June 2019 Financial Report

Recommendation: Accept the Quarterly Financial Report for June 2019.

[ID#19-609](#) FY 19-20 Workforce Allocation Adjustment

Recommendation: Approve a Resolution adjusting the workforce allocation for the Salinas Fire Department.

ID#19-610

**Salinas Municipal Airport - Federal Aviation Administration 2020-2025
Airport Capital Improvement Plan**

Recommendation: Approve a Resolution authorizing transmittal of the Salinas Municipal Airport 2020-2025 Airport Capital Improvement Plan to the Federal Aviation Administration.

ID#19-612

Salinas Steam Maintenance and Enhancement Plan

Recommendation: Approve a Resolution accepting the proposal from Harris & Associates and approve Amendment No. 2 for the On-Call Consultant Master Service Agreement between City of Salinas and Harris & Associates adding EcoSystems West Consulting Group, Albion Environmental, Inc., and Weber Hayes & Associates, Inc. as their subconsultants.

COUNCILMEMBERS' REPORTS, APPOINTMENTS AND FUTURE AGENDA ITEMS

Receive communication from Councilmembers on reports, appointments and future agenda items. Councilmember comments are generally limited to three minutes.

ADJOURNMENT

Patricia M. Barajas, City Clerk

AGENDA MATERIAL / ADDENDUM

Any addendums will be posted within 72 hours of regular meetings or 24 hours of special meetings, unless otherwise allowed under the Brown Act. City Council reports may be viewed at the Salinas City Clerk's Office, 200 Lincoln Avenue, Salinas, and are posted on the City's website at www.cityofsalinas.org. The City Council may take action that is different than the proposed action reflected on the agenda.

Disability-related modification or accommodation, including auxiliary aids or services, may be requested by any person with a disability who requires a modification or accommodation in order to participate in the meeting. Requests should be referred to the City Clerk's Office At 200 Lincoln Avenue, Salinas, 758-7381, as soon as possible but by no later than 5 p.m. of the last business day prior to the meeting. Hearing impaired or TTY/TDD text telephone users may contact the city by dialing 711 for the California Relay Service (CRS) or by telephoning any other service providers' CRS telephone number.

PUBLIC NOTIFICATION

This agenda was posted on November 14, 2019 at the City Clerk's Office, in the Council Rotunda, and the City's website.

Meetings are streamed live at <https://salinas.legistar.com/Calendar.aspx> and televised live on Channel 25 at 4 p.m. on the date of the regularly scheduled meeting and will be broadcast throughout the day on the Wednesday, Friday, Saturday and Monday following the meeting. For the most up-to-the-minute Broadcast Schedule for The Salinas Channel on Comcast 25, please visit or subscribe to our Google Calendar located at <http://tinyurl.com/salinas25>. Recent City Council meetings may also be viewed on the Salinas Channel on YouTube at <http://www.youtube.com/thesalinaschannel>.



Legislation Text

File #: ID#19-622, **Version:** 1

- a. Labor Negotiations** - Government Code section §54957.6, with its designated labor representatives Ray Corpuz, City Manager; Christopher A. Callihan, City Attorney; Jim Pia, Assistant City Manager; Katherine Hogan, Assistant City Attorney; Matt Pressey, Finance Director; Marina Horta-Gallegos, Human Resources Director; Sylvia Enriquez, Senior Human Resource Analyst; and Donna Williamson, Liebert Cassidy Whitmore, regarding labor relations with Association of Management Personnel, International Association of Firefighters, Fire Supervisors Association, Confidential Management Employees, Confidential Non-Management Employees and Department Directors.



City of Salinas

200 Lincoln Ave., Salinas,
CA 93901
www.cityofsalinas.org

Legislation Text

File #: ID#19-607, Version: 1

Community Facilities District No. 2016-1 (Monte Bella) 2019 Special Tax Bonds (Improvement Area No. 2)

Approve a Resolution of the City Council of the City of Salinas, acting as the legislative body of the District, authorizing the issuance of the Bonds in a principal amount not to exceed \$2,750,000 and approving certain documents and taking certain other actions in connection with the Bonds.



CITY OF SALINAS COUNCIL STAFF REPORT

F

DATE: NOVEMBER 19, 2019

DEPARTMENT: FINANCE

FROM: MATT N. PRESSEY, CPA, FINANCE DIRECTOR

TITLE: COMMUNITY FACILITIES DISTRICT NO. 2016-1 (MONTE BELLA)
2019 SPECIAL TAX BONDS (IMPROVEMENT AREA NO. 2)

RECOMMENDED MOTION:

It is recommended that the City Council approve the attached Resolution authorizing the issuance of 2019 Special Tax Bonds ("Bonds") to finance the acquisition and/or construction of certain public facilities and improvements within Community Facilities District (CFD) No. 2016-1 ("District") Improvement Area 2 of the District and to approve the execution of necessary financing documents.

RECOMMENDATION:

Approve a Resolution of the City Council of the City of Salinas, acting as the legislative body of the District, authorizing the issuance of the Bonds in a principal amount not to exceed \$2,750,000 and approving certain documents and taking certain other actions in connection with the Bonds.

EXECUTIVE SUMMARY:

At the November 19, 2019 meeting the City Council, as legislative body of the District, will consider the approval of a resolution authorizing the issuance and sale of the Bonds in an aggregate principal amount not to exceed \$2,750,000 to finance the public infrastructure associated with Improvement Area No. 2 of the Monte Bella development.

BACKGROUND:

On November 29, 2016, Community Facilities District No. 2016-1 (Monte Bella) (the "District") was established by Resolution 21082 (the "Resolution of Formation") by the City Council which also designated Improvement Area No. 2; on the same date the City Council adopted Ordinance No. 2582 (the "Ordinance") providing for the levying of Special Taxes.

Also on November 29, 2016, consolidated elections among the landowners in Improvement Area No. 2 were held on the propositions of whether a bonded indebtedness in an aggregate principal amount of not to exceed \$3,025,000 should be incurred by and for the District for the purpose of financing certain public facilities, the annual levy of special taxes to pay principal of and interest

on bonds of the District and to approve the apportionment of Special Taxes for Improvement Area No. 2. The landowners approved the proposition.

The District, which is located entirely within the City, consists of Improvement Area Nos. 1, 2 and 3. Special taxes or other moneys derived from Improvement Area Nos. 1 and 3 are not available for payment of the Bonds. In addition, no funds of the City are available for payment of the Bonds.

Improvement Area No. 2 of the District consists of approximately 11.10 gross acres. Excluding public streets, open space and other public improvements, the 63 lots within Improvement Area No. 2 that will be subject to the Special Tax comprise approximately 7.53 acres. Improvement Area No. 2 is located in the southeastern portion of the City near the City limits northeast of the intersection of Monte Bella Boulevard and Sconberg Parkway. As of September 15, 2019, the date of value of the appraisal prepared by BBG, Inc. (the "Appraisal"), the developer of Improvement Area No. 2, KB HOME South Bay Inc., a California corporation (the "Developer"), 6 single family residences, 2 of which are utilized as model homes and 4 of which have been sold and closed to individual homeowners. The Developer has constructed additional homes since the date of the Appraisal.

ANALYSIS:

In accordance with Part IX.B.1 of the City's Financial Policies, the City Council, as the legislative body of the District, may sell bonds of the District only if it determines prior to the sale of such bonds that the value of the real property that would be subject to the special tax to pay debt service on the bonds will be at least three times the principal amount of the bonds to be sold and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Mello-Roos Community Facilities Act of 1982 on property within the District's Improvement Area No. 2.

The appraised value of the taxable property within Improvement Area No. 2, based on the Appraisal, is \$13,619,000 as of September 15, 2019. If the Bonds are issued in the not-to-exceed principal amount of \$2,750,000, then the appraised value of the taxable property in the District will be more than three times such principal amount of the Bonds (i.e.: 4.95 times). At formation, the agreed upon maximum indebtedness was \$3,025,000.

In accordance with Part IX.C.1(c) of the City's Financial Policies, the projected amount of the special taxes to be levied to repay the bonds, together with ad valorem property taxes and other direct and overlapping debt within Improvement Area No. 2 of the District, shall not exceed 2% of the projected assessed value of each improved parcel within Improvement Area No. 2.

In accordance with Part IX.B.7 of the City's Financial Policies, none of the faith, credit or taxing power of the City shall be pledged to the repayment of the Bonds. The City is also not obligated to replenish the reserve fund to be established in connection with the Bonds except from available Special Taxes or foreclosure proceeds.

The Resolution before you authorizes the City to proceed with the issuance of the Bonds and to execute and deliver the final form of the Purchase Contract between the City on behalf of the

District and Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) within certain parameters, which are (a) the true interest cost on the Bonds shall not exceed six percent , (b) the purchase price to be paid by the Underwriter for the purchase of the Bonds shall not be more than an amount equal to two and a half percent (exclusive of original issue discount) of the aggregate principal amount of the Bonds, and (c) the last maturity of the Bonds shall be paid and redeemed no later than September 1, 2049.

Exhibit A to the Bond Resolution sets forth good faith estimates with respect to the Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the and in consultation with the Underwriter.

DOCUMENTS TO BE APPROVED:

Approval of the Resolution will accomplish the following:

- Approves the form of the following documents:
 - Indenture (Attachment No. 2)
 - Bond Purchase Contract (Attachment No. 3)
 - Continuing Disclosure Agreement (Attachment No. 4)
 - Preliminary Official Statement (Attachment No. 5)
- Approves the sale of the Bonds in an amount not to exceed \$2.75 million.
- Authorizes the Authorized Officers, to execute all of the above documents, and such other documents and certifications that may be necessary to consummate the transaction.
- Approves the sale of the Bonds to the underwriter, Stifel, Nicolaus & Co., Inc. at a bond yield of not more than 6.00 percent and an underwriter’s discount of not more than 2.5 percent.

The documents, the form of which are presented to the City Council, relating to the issuance of the Bonds include an Indenture, Purchase Contract, Preliminary Official Statement, and Continuing Disclosure Certificate.

Indenture. The Indenture provides for the terms of the Bonds to be issued and provides for certain funds and accounts into which proceeds of the Bonds will be deposited and invested until spent on the Facilities. Additionally, the Indenture creates certain other funds and accounts which provide for the payment of principal of and interest on the Bonds, including the redemption the Bonds.

Bond Purchase Contract. The Purchase Contract provides the conditions which must be met in order to successfully deliver the Bonds to the Underwriter, and the price to be paid for the Bonds.

Continuing Disclosure Certificate. The Continuing Disclosure Certificate, which is included as an exhibit to the Preliminary Official Statement, requires that the City provide certain information regarding the development and the special taxes on a regular basis to the secondary market place.

Preliminary Official Statement. The Preliminary Official Statement describes the terms of the Bonds and describes the security for payment of the Bonds. Once the terms of the Bonds are set (i.e. price, interest rate and maturity), that information is included in a final Official Statement which is used by the Underwriter to provide to the investing public.

Should the Bond Resolution be approved, the bond sale will proceed according to a schedule which calls for the Bonds being delivered to the Underwriter in March 2019, in exchange for the purchase price that will be received on the date of closing.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378).

STRATEGIC PLAN INITIATIVE:

This financing accomplishes all five City Council goals of Economic Diversity and Prosperity, Safe, Livable Community, Effective, Sustainable Government, Excellent Infrastructure, and Quality of Life.

DEPARTMENTAL COORDINATION:

The formation of this district included the Community Development Department Planning division and the Public Works Department Engineering division. The Finance Department will continue to work with the Public Works Department Engineering division to ensure the public infrastructure that is paid for with the bond proceeds is completed to the City's satisfaction before reimbursement is made with the bond proceeds.

FISCAL AND SUSTAINABILITY IMPACT:

There is no direct fiscal impact of this CFD financing to the City. The CFD will cover all costs related to the CFD.

ATTACHMENTS:

1. Resolution
2. Indenture of Trust
3. Bond Purchase Contract
4. Continuing Disclosure Agreement
5. Preliminary Official Statement

RESOLUTION NO. _____ (N.C.S.)

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
SALINAS, ACTING AS THE LEGISLATIVE BODY OF
COMMUNITY FACILITIES DISTRICT NO. 2016-1 (MONTE
BELLA) OF THE CITY OF SALINAS, AUTHORIZING THE
ISSUANCE OF ITS 2019 SPECIAL TAX BONDS
(IMPROVEMENT AREA 2) IN A PRINCIPAL AMOUNT NOT
TO EXCEED TWO MILLION SEVEN HUNDRED FIFTY
THOUSAND DOLLARS (\$2,750,000) AND APPROVING
CERTAIN DOCUMENTS AND TAKING CERTAIN OTHER
ACTIONS IN CONNECTION THEREWITH**

WHEREAS, the City Council of the City of Salinas (the “City”), located in Monterey County, California (hereinafter sometimes referred to as the “legislative body of the District”), has heretofore undertaken proceedings and declared the necessity of Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas (the “District”) to issue bonds pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the “Act”), up to the aggregate principal amount of \$3,025,000 for Improvement Area 2 of the District; and

WHEREAS, pursuant to Resolution Nos. 21082 and 21083 adopted by the legislative body of the District on November 29, 2016, certain propositions were submitted to the qualified electors within Improvement Area 2 the District, and were approved by more than two-thirds of the votes cast at the elections held within the District on November 29, 2016; and

WHEREAS, pursuant to the Act, the District desires to finance the acquisition and/or construction of certain public facilities and improvements within Improvement Area 2 of the District; and

WHEREAS, in order to finance such public facilities and improvements within the District, the District desires to issue bonds in an aggregate principal amount not to exceed \$2,750,000 designated as the “Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas 2019 Special Tax Bonds (Improvement Area 2)” (the “Bonds”); and

WHEREAS, in order to effect the issuance of the Bonds, the legislative body of the District desires to approve the form of a Preliminary Official Statement for the Bonds and to approve the forms of and authorize the execution and delivery of a Bond Indenture, a Bond Purchase Agreement and a Continuing Disclosure Certificate for the Bonds, the forms of which are on file with the City Clerk; and

WHEREAS, to assist in issuing the Bonds, the legislative body of the District desires to retain Stradling Yocca Carlson & Rauth, a Professional Corporation, to act as Bond Counsel and Disclosure Counsel to the District; and

WHEREAS, the legislative body of the District has determined in accordance with Government Code Section 53360.4 that a negotiated sale of the Bonds to Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), in accordance with the terms of the Bond Purchase

Agreement for the Bonds to be entered into by the District and the Underwriter (the “Purchase Contract”) will result in a lower overall cost to the District than a public sale; and

WHEREAS, the legislative body of the District has determined that it is necessary and prudent in the management of its fiscal affairs to issue the Bonds; and

WHEREAS, the aggregate appraised value of the real property in Improvement Area 2 of the District that is subject to the special tax to pay debt service on the Bond is not less than three times the principal amount of the Bonds and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on property within Improvement Area 2 of the District, which fact is required as a precondition to the issuance of the Bonds; and

WHEREAS, in accordance with Part IX.B.1 of the City’s Financial Policies the aggregate principal amount of the Bonds shall not exceed one-third of the appraised value of the improved property within Improvement Area 2 of the District, as determined by an independent appraisal to be prepared by BBG Inc.; and

WHEREAS, in accordance with Part IX.C.1(c) of the City’s Financial Policies, the projected amount of the special taxes to be levied to repay the bonds (the “Special Taxes”), together with ad valorem property taxes and other direct and overlapping debt within Improvement Area 2 of the District, shall not exceed 2% of the projected assessed value of each improved parcel within Improvement Area 2 of the District that shall be subject to the Special Taxes;

WHEREAS, in accordance with Part IX.B.7 of the City’s Financial Policies, none of the faith, credit or taxing power of the City shall be pledged to the repayment of the Bonds, nor shall the City be obligated to replenish the reserve fund to be established in connection with the Bonds except from Special Taxes or foreclosure proceeds; and

WHEREAS, in accordance with Government Code Section 5852.1, the City Council has obtained and wishes to disclose the information set forth in Exhibit A hereto;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Salinas, acting as the legislative body of Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas, as follows:

Section 1. Recitals. Each of the above recitals is true and correct and is adopted by the legislative body of the District.

Section 2. Issuance of Bonds. The issuance of the Bonds pursuant to the Act in a principal amount not to exceed \$2,750,000 is hereby authorized, with the exact principal amount of the Bonds to be determined by the official signing the Purchase Contract in accordance with Section 5 below. The legislative body of the District hereby determines that it is necessary and prudent in the management of its fiscal affairs to issue the Bonds, and that none of the faith, credit or taxing power of the City shall be pledged to the repayment of the Bonds, nor shall the City be obligated to replenish the reserve fund to be established in connection with the Bonds except from Special Taxes or foreclosure proceeds. The legislative body of the District hereby further determines that:

(a) the Bonds shall be dated their date of issuance, and be in the denominations, have the maturity dates, and be payable at the place and be in the form specified in the Purchase Contract to be executed on behalf of the District in accordance with Section 6 hereof;

(b) In accordance with Part IX.B.5 of the City's Financial Policies, the City Council, as the governing board of the District, hereby determines that the requirement for community facilities district bonds to have a term of 25 years or less is hereby waived with respect to the Bonds; and

(c) the Underwriter's discount for the Bonds shall not exceed 2.50% of the aggregate principal amount thereof.

Section 3. Approval of Indenture. The Bonds shall be governed by the terms and conditions of the Bond Indenture, dated as of the first day of the month in which the Bonds are issued, by and between the District and The Bank of New York Mellon Trust Company, N.A., as trustee, relating to the Bonds. The Bond Indenture shall be prepared by Bond Counsel to the District and executed by any one of the Mayor, the City Manager, the Finance Director or the City Clerk, or the written designee of one of the foregoing (individually, an "Authorized Officer," and collectively, the "Authorized Officers"), substantially in the form presented at this meeting, with such additions thereto and changes therein as the Authorized Officer or Officers executing the same deem necessary to cure any ambiguity or defect therein if such addition or change does not materially alter the substance or content thereof, to insert the offering price(s), interest rate(s), selling compensation, principal amount per maturity, redemption dates and prices and such other related terms and provisions as limited by Section 6 hereof, or to conform any provisions therein to the Purchase Contract and the Official Statement delivered to the purchasers of the Bonds. Approval of such changes shall be conclusively evidenced by the execution and delivery of the Bond Indenture by any one of the Authorized Officers. Capitalized terms used in this Resolution which are not defined herein have the meanings ascribed to them in the Bond Indenture.

Section 4. Execution of Bonds. The Bonds shall be executed on behalf of the District by the manual or facsimile signature of an Authorized Officer and the seal of the District or the City, or a facsimile thereof, may be impressed or imprinted thereon and shall be attested with the manual or facsimile signature of the City Clerk. The Bank of New York Mellon Trust Company, N.A., is hereby appointed to act as trustee for the Bonds.

Section 5. Approval of Covenants. The covenants set forth in the Bond Indenture to be executed in accordance with Section 3 above are hereby approved, shall be deemed to be covenants of the legislative body of the District and shall be complied with by the District and its officers.

Section 6. Approval of Purchase Contract. The form of the Purchase Contract presented at this meeting is hereby approved, and any one of the Authorized Officers is hereby authorized to execute the Purchase Contract, with such additions thereto and changes therein as the Authorized Officer executing the same deems necessary, including relating to such dates, numbers and redemption provisions as are necessary to conform the Purchase Contract to the dates, amounts, interest rates and redemption provisions that are applicable to the Bonds as of the sale date. Approval of such additions and changes shall be conclusively evidenced by the execution and delivery of the Purchase Contract; provided, however, that the Purchase Contract shall be signed only if the Bonds are purchased by the Underwriter at a true interest cost that does not exceed 6.00%, the last maturity date of the Bonds is not later than the date that is set forth in Section 2(b) above and the

discount paid to the Underwriter (exclusive of original issue discount) does not exceed the amount that is set forth in Section 2(c) above. Each of the Authorized Officers is authorized to determine the day on which the Bonds are to be priced in order to attempt to produce the lowest borrowing cost for the District and may reject any terms presented by the Underwriter if determined not to be in the best interest of the District.

Section 7. Approval of Continuing Disclosure Certificate. The form of the Continuing Disclosure Certificate presented at this meeting is hereby approved, and any one of the Authorized Officers is hereby authorized and directed to execute the Continuing Disclosure Certificate in the form hereby approved, with such additions therein and changes thereto as the Authorized Officer or Authorized Officers executing the same deem necessary to cure any defect or ambiguity therein if such change does not materially alter the substance or content thereof, with such approval to be conclusively evidenced by the execution and delivery of the Continuing Disclosure Certificate.

Section 8. Approval of Preliminary Official Statement. The form of the Preliminary Official Statement presented at this meeting is hereby approved, and the Underwriter is hereby authorized to distribute the Preliminary Official Statement to prospective purchasers of the Bonds in the form hereby approved, together with such additions thereto and changes therein as are determined to be necessary by any of the Authorized Officers to make the Preliminary Official Statement final as of its date. Each of the Authorized Officers is hereby authorized and directed to execute and deliver a certificate deeming the Preliminary Official Statement final as of its date in accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934. Each of the Authorized Officers is hereby authorized to execute a final Official Statement in the form of the Preliminary Official Statement, together with such changes as are determined necessary by the Authorized Officer executing the Official Statement to make such Official Statement complete and accurate as of its date. The Underwriter is further authorized to distribute the final Official Statement for the Bonds and any supplement thereto to the purchasers thereof upon its execution on behalf of the District as described above.

Section 10. Findings. In accordance with the requirements of Section 53345.8 of the Act, the legislative body of the District hereby determines that the aggregate appraised value of the real property in Improvement Area 2 of the District that is subject to the special tax to pay debt service on the Bonds (as determined in part by an appraisal of certain property within Improvement Area 2 of the District that will be subject to the Special Tax) is not less than three times the principal amount of the Bonds and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on property within Improvement Area 2 of the District.

Section 11. Special Services. Each of the Authorized Officers is authorized to provide for all services necessary to effect the issuance of the Bonds. Such services shall include, but not be limited to, obtaining legal services, trustee services, special tax consultant services, appraisal services and any other services deemed appropriate by an Authorized Officer. Any one of the Authorized Officers is authorized to pay for the cost of such services, together with other Costs of Issuance (as such term is defined in the Bond Indenture) from Bond proceeds.

Section 12. Approval of Bond and Disclosure Counsel. The Authorized Officers are authorized to execute a contract with Stradling Yocca Carlson & Rauth, a Professional Corporation, to act as Bond Counsel and Disclosure Counsel to the District.

Section 13. Other Actions Authorized. Each of the Authorized Officers and the other officers and staff of the City and the District who are responsible for the fiscal affairs of the District are hereby authorized and directed to take any actions and to execute and deliver any and all documents as are necessary to accomplish the issuance, sale and delivery of the Bonds in accordance with the provisions of this Resolution, and the fulfillment of the purposes of the Bonds as described in the Bond Indenture, including, but not limited to, providing certificates as to the accuracy of any information relating to the District which is included in the Official Statement and amendments to the Bond Indenture. Any document authorized herein to be signed by the City Clerk may be signed by a duly appointed deputy clerk.

Section 14. Effective Date. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED this 19th day of November, 2019, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

Joe Gunter, Mayor

ATTEST:

Patricia M. Barajas, City Clerk

EXHIBIT A

GOVERNMENT CODE SECTION 5852.1 DISCLOSURE

The following information consists of estimates that have been provided by the Underwriter and has been represented by such party to have been provided in good faith:

- (A) True Interest Cost of the Bonds: 4.00%
- (B) Finance Charge of the Bonds (Sum of all fees/charges paid to third parties): \$215,000
- (C) Net Proceeds of the Bonds to be Received (net of finance charges, reserves and capitalized interest, if any): \$1,790,000
- (D) Total Payment Amount through Maturity of the Bonds: \$3,825,000

The foregoing constitute good faith estimates only. The principal amount of the Bonds, the true interest cost of the Bonds, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to: (a) the actual date of the sale of the Bonds being different than the date assumed for purposes of such estimates; (b) the actual principal amount of Bonds sold being different from the estimated amount used for purposes of such estimates; (c) the actual amortization of the Bonds being different than the amortization assumed for purposes of such estimates; (d) the actual market interest rates at the time of sale of the Bonds being different than those estimated for purposes of such estimates; (e) other market conditions; or (f) alterations in the District's financing plan, or a combination of such factors.

The actual date of sale of the Bonds and the actual principal amount of Bonds sold will be determined by the District based on a variety of factors. The actual interest rates borne by the Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the District.

BOND INDENTURE

By and Between

**COMMUNITY FACILITIES DISTRICT NO. 2016-1 (MONTE BELLA) OF THE
CITY OF SALINAS**

and

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee**

Relating to

\$_____

**COMMUNITY FACILITIES DISTRICT NO. 2016-1 (MONTE BELLA) OF THE
CITY OF SALINAS
2019 SPECIAL TAX BONDS
(IMPROVEMENT AREA NO. 2)**

Dated as of December 1, 2019

BOND INDENTURE

THIS BOND INDENTURE, dated as of December 1, 2019 (the “**Indenture**”), by and between COMMUNITY FACILITIES DISTRICT NO. 2016-1 (MONTE BELLA) OF THE CITY OF SALINAS (the “**District**”) and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as trustee (the “**Trustee**”), governs the terms of the 2019 Special Tax Bonds (Improvement Area No. 2) and any Parity Bonds issued in accordance herewith from time to time.

RECITALS

A. The City Council of the City of Salinas, located in Monterey County, California (the “**legislative body of the District**” or the “**City**”), as the legislative body of the District, has previously undertaken proceedings and declared the necessity for the District to issue bonds pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5, of the Government Code of the State of California (the “**Act**”).

B. Based upon certain resolutions adopted by the legislative body of the District and an election held on November 29, 2016 authorizing the levy of a special tax and the issuance of bonds by the District on behalf of Improvement Area No. 2 of the District (“**Improvement Area No. 2**”), the District on behalf of Improvement Area No. 2 was authorized to issue bonds for one or more series, pursuant to the Act, in an aggregate principal amount not to exceed \$3,025,000.

C. The District desires to finance the acquisition of certain public facilities and improvements within Improvement Area No. 2 of the District.

D. In order to accomplish the acquisition of such public facilities and improvements within the District, the legislative body of the District has determined to issue the \$_____ Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas 2019 Special Tax Bonds (Improvement Area No. 2) (the “**Bonds**”).

E. The District has determined that all requirements of the Act for the issuance of the Bonds have been satisfied.

In order to establish the terms and conditions upon and subject to which the Bonds are to be issued, and in consideration of the promises and the mutual covenants contained herein and the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the District does hereby covenant and agree, for the benefit of the Owners of the Bonds and any Parity Bonds (as such term is defined herein) which may be issued hereunder from time to time, as follows:

ARTICLE I

DEFINITIONS

Unless the context otherwise requires, the following terms shall have the following meanings:

“**Account**” means any account created pursuant to this Indenture.

“**Act**” means the Mello-Roos Community Facilities Act of 1982, as amended, being Sections 53311 *et seq.* of the California Government Code.

“**Administrative Expenses**” means the administrative costs with respect to the calculation and collection of the Special Taxes, including all attorneys’ fees and other costs related thereto, the fees and expenses of the Trustee, any fees and related costs for credit enhancement for the Bonds or any Parity Bonds which are not otherwise paid as Costs of Issuance, any costs related to the District’s compliance with state and federal laws requiring continuing disclosure of information concerning the Bonds and the District, and any other costs otherwise incurred by the City staff on behalf of the District in order to carry out the purposes of the District as set forth in the Resolution of Formation and any obligation of the District hereunder.

“**Administrative Expenses Account**” means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1.

“**Administrative Expenses Cap**” means an amount equal to \$15,000 per Bond Year, or such lesser amount as may be designated in written instructions from an Authorized Representative of the District.

“**Alternative Penalty Account**” means the account by that name created and established in the Rebate Fund pursuant to Section 3.1.

“**Annual Debt Service**” means the principal amount of any Outstanding Bonds or Parity Bonds payable in a Bond Year either at maturity or pursuant to a Sinking Fund Payment and any interest payable on any Outstanding Bonds or Parity Bonds in such Bond Year, if the Bonds and any Parity Bonds are retired as scheduled.

“**Authorized Representative of the City**” means the Mayor of the City, the City Manager of the City, the Finance Director of the City or the City Clerk, or any other person or persons designated by the Mayor, the City Manager, the Finance Director or the City Clerk by a written certificate signed by the Mayor, the City Manager, the Finance Director or the City Clerk and containing the specimen signature of each such person.

“**Authorized Representative of the District**” means the Mayor of the City, the City Manager of the City, the Finance Director of the City or the City Clerk, or any other person or persons designated by the Mayor, the City Manager, the Finance Director or the City Clerk by a written certificate signed by the Mayor, the City Manager, the Finance Director or the City Clerk and containing the specimen signature of each such person, acting on behalf of the District.

“**Bond Counsel**” means an attorney at law or a firm of attorneys selected by the District of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

“**Bond Register**” means the books which the Trustee shall keep or cause to be kept on which the registration and transfer of the Bonds and any Parity Bonds shall be recorded.

“**Bondowner**” or “**Owner**” means the person or persons in whose name or names any Bond or Parity Bond is registered on the Bond Register.

“Bonds” means the Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas 2019 Special Tax Bonds (Improvement Area No. 2) issued under this Indenture.

“Bond Year” means the twelve month period commencing on September 2 of each year and ending on September 1 of the following year, except that the first Bond Year for the Bonds or an issue of Parity Bonds shall begin on the Delivery Date and end on the first September 1 which is not more than 12 months after the Delivery Date.

“Business Day” means a day which is not a Saturday or Sunday or a day of the year on which banks in New York, New York, Los Angeles, California, or the city where the corporate trust office of the Trustee is located are not required or authorized to remain closed.

“Capitalized Interest Account” means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1.

“Certificate of an Authorized Representative” means a written certificate executed by an Authorized Representative of the City or and Authorized Representative of the District, as applicable.

“City” means the City of Salinas, California.

“Code” means the Internal Revenue Code of 1986, as amended, and any Regulations, rulings, judicial decisions, and notices, announcements, and other releases of the United States Treasury Department or Internal Revenue Service interpreting and construing it.

“Continuing Disclosure Certificate” means the Continuing Disclosure Certificate of the District, dated as of the Delivery Date of the Bonds, relating to the Bonds.

“Costs of Issuance” means the costs and expenses incurred in connection with the issuance and sale of the Bonds or any Parity Bonds, including the acceptance and initial annual fees and expenses of the Trustee, legal fees and expenses, costs of printing the Bonds and Parity Bonds and the preliminary and final official statements for the Bonds and Parity Bonds, fees of financial consultants and all other related fees and expenses, as set forth in a Certificate of an Authorized Representative of the City.

“Costs of Issuance Fund” means the fund by that name established pursuant to Section 3.1.

“Delivery Date” means, with respect to the Bonds and each issue of Parity Bonds, the date on which the bonds of such issue were issued and delivered to the initial purchasers thereof.

“Depository” means The Depository Trust Company, New York, New York, and its successors and assigns as securities depository for the Bonds, or any other securities depository acting as Depository under Article II.

“District” means Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas established pursuant to the Act and the Resolution of Formation.

“Event of Default” means an event described in Section 8.1.

“Federal Securities” means any of the following: (a) Treasuries; (b) evidence of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or

trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated; and (c) pre-refunded municipal obligations rated AAA and Aaa by Standard & Poor's and Moody's, respectively (or any combination thereof).

"Fiscal Year" means the period beginning on July 1 of each year and ending on June 30 of the following year.

"Governmental Authority" means any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other person with authority to bind a party at law.

"Improvement Area No. 2" means Improvement Area No. 2 of the District as designated by the legislative body of the District in the Resolution of Formation.

"Independent Financial Consultant" means a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field, appointed and paid by the District, who, or each of whom: (a) is in fact independent and not under the domination of the District; (b) does not have any substantial interest, direct or indirect, in the District; and (c) is not connected with the District as a member, officer or employee of the District, but who may be regularly retained to make annual or other reports to the District.

"Indenture" means this Bond Indenture, together with any Supplemental Indenture approved pursuant to Article 6.

"Interest Account" means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1.

"Interest Payment Date" means each March 1 and September 1 of each year, commencing March 1, 2020; provided, however, that, if any such day is not a Business Day, interest up to the Interest Payment Date will be paid on the following Business Day.

"Maximum Annual Debt Service" means the maximum sum obtained for any Bond Year prior to the final maturity of the Bonds and any Parity Bonds by adding the following for each Bond Year: (a) the principal amount of all Outstanding Bonds and Parity Bonds payable in such Bond Year either at maturity or pursuant to a Sinking Fund Payment; and (b) the interest payable on the aggregate principal amount of all Bonds and Parity Bonds Outstanding in such Bond Year if the Bonds and Parity Bonds are retired as scheduled.

"Moody's" means Moody's Investors Service, Inc., and its successors and assigns.

"Net Taxes" means Special Taxes less amounts set aside to pay Administrative Expenses not to exceed the Administrative Expenses Cap.

"Nominee" means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Article II.

“Ordinance” means Ordinance No. 2582 adopted by the legislative body of the District on November 29, 2016, providing for the levy of the Special Tax.

“Outstanding” or **“Outstanding Bonds and Parity Bonds”** means all Bonds and Parity Bonds theretofore issued by the District, except: (a) Bonds and Parity Bonds cancelled or surrendered for cancellation in accordance with Section 10.1; (b) Bonds and Parity Bonds for the payment or redemption of which moneys shall have been deposited in trust (whether upon or prior to the maturity or the redemption date of such Bonds or Parity Bonds), provided that, if such Bonds or Parity Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in this Indenture or any applicable Supplemental Indenture for Parity Bonds; and (c) Bonds and Parity Bonds that have been surrendered to the Trustee for transfer or exchange pursuant to Section 2.9 or for which a replacement has been issued pursuant to Section 2.10.

“Parity Bonds” means all bonds, notes or other similar evidences of indebtedness hereafter issued, payable out of the Net Taxes and which, as provided in this Indenture or any Supplemental Indenture, rank on a parity with the Bonds.

“Participants” means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds or Parity Bonds as securities depository.

“Permitted Investments” means:

- (a) Federal Securities;
- (b) Bonds, debentures, notes or other evidence issued or guaranteed by any of the following federal agencies and provided that such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) U.S. Export-Import Bank (Direct obligations or fully guaranteed certificates of beneficial ownership); (ii) Farmers Home Administration (Certificates of beneficial ownership); (iii) Federal Financing Bank; (iv) Federal Housing Administration Debentures; (v) General Services Administration Participation certificates; (vi) Government National Mortgage Association (guaranteed mortgage-backed bonds or guaranteed pass-through obligations); (vii) U.S. Maritime Administration (Guaranteed Title XI financing); and (viii) U.S. Department of Housing and Urban Development (Project Notes, Local Authority Bonds, New Communities Debentures – United States government guaranteed debentures and U.S. Public Housing Notes and Bonds – United States government guaranteed public housing notes and bonds);
- (c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit United States government agencies (stripped securities are only permitted if they have been stripped by the agency itself): (i) Federal Home Loan Bank System (Senior debt obligations); (ii) Federal Home Loan Mortgage Corporation (Participation Certificates and Senior debt obligations); (iii) Federal National Mortgage Association (Mortgage-backed securities and senior debt obligations); (iv) Student Loan Marketing Association (Senior debt obligations); (v) Resolution Funding Corporation obligations; and (vi) Farm Credit System (Consolidated systemwide bonds and notes);
- (d) Money market funds that constitute “Government Funds” under Rule 2a-7 promulgated by the Securities and Exchange Commission and that are registered under the Federal Investment Company Act of 1940 the shares of which are registered under the Federal Securities Act

of 1933, and which a rating by Standard & Poor's of AA-Am-G, AAA-m or AA-m and, if rated by Moody's, a rating Aaa, Aa1 or Aa2 by Moody's, with a minimum of \$500 million in assets under management, including funds for which the Trustee or its affiliates receive and retain a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise;

(e) Certificates of deposit secured at all times by collateral described in clauses (a) and/or (b) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks of which the short-term obligations are rated A-1 or better and P1 or better by Moody's or Standard & Poor's, respectively, which may include the Trustee and its affiliates. The collateral must be held by a third party and the Trustee on behalf of the Owners of the Bonds must have a perfected first security interest in the collateral;

(f) Certificates of deposit, savings accounts, deposit accounts, bank deposit products or money market deposits which are fully insured by Federal Deposit Insurance Corporation, including BIF and SAIF, and may include those offered by the Trustee and its affiliates;

(g) Investment agreements with domestic or foreign banks, insurance companies other than a life or property casualty insurance company, or corporations the long-term debt or claims paying ability of which or, in the case of a guaranteed corporation, the long-term debt of the guarantor, or, in the case of a monoline financial guaranty insurance company, claims paying ability or financial strength, of the guarantor is rated in at least the AA category by Standard & Poor's and/or Moody's; provided that, by the terms of the investment agreement:

(i) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service on the Bonds (if the funds invested pursuant to the investment agreement are from the Reserve Account);

(ii) the invested funds are available for withdrawal without penalty or premium, upon not more than seven (7) days' prior notice;

(iii) the investment agreement shall provide that it is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof;

(iv) the District and the Trustee receive the opinion of domestic counsel (which opinion shall be addressed to the District) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the District;

(v) the investment agreement shall provide that if during its term: (1) the provider's rating by either Standard & Poor's or Moody's falls below AA- or Aa3, respectively, the provider shall, at its option, within ten (10) business days after the provider's receipt of a written request from the Trustee to satisfy the foregoing, either: (I) collateralize the investment agreement by delivering or transferring in accordance with the applicable state and federal laws (other than by means of entries on the provider's books) to the District, the Trustee or a third party acting solely as agent therefor (the "**Holder of the Collateral**") collateral free and clear of any third-party liens or claims, the market value of which collateral is maintained at one hundred five percent (105%) of securities identified in clauses (a) and (b) of this definition; or (II) assign the investment agreement and all of its obligations thereunder to, or enter into a repurchase agreement or such other agreement

with, a financial institution that is mutually acceptable to the provider and the District which is rated either in the first or second highest category by Standard & Poor's and/or Moody's; and (2) the provider's rating by either Standard & Poor's or Moody's is withdrawn or suspended or falls below A- or A3, respectively, the provider must, at the direction of the District or the Trustee, within ten (10) days of receipt of such direction, repay the principal of and accrued but unpaid interest on the invested funds, in either case with no penalty or premium to the District or the Trustee;

(vi) the investment agreement shall provide and an opinion of counsel shall be rendered, in the event that collateral is required to be pledged by the provider under the terms of the investment agreement at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this shall mean that the Holder of the Collateral is in possession of such collateral); and

(vii) the investment agreement shall provide that if during its term: (1) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the District or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be paid to the District or the Trustee, as appropriate; and (2) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc., the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be paid to the District or the Trustee, as appropriate;

(h) Commercial paper rated, at the time of purchase, Prime - 1 by Moody's and A-1 or better by Standard & Poor's having original maturity of not more than 180 days issued by a domestic corporation having assets in excess of \$500 million;

(i) Bonds or notes issued by any state or municipality which are rated by Moody's or Standard & Poor's in one of the two highest rating categories assigned by them;

(j) Federal funds or bankers acceptances with a maximum term of 270 days of any bank which has an unsecured, uninsured and unguaranteed obligation rating of Prime - 1 or A3 or better by Moody's and A-1 or better by Standard & Poor's;

(k) the Local Agency Investment Fund in the State Treasury of the State of California as permitted by the State Treasurer pursuant to Section 16429.1 of the California Government Code;

(l) forward delivery agreements or forward purchase and sale agreements with a domestic or foreign bank or corporation the long-term debt or claims paying ability of which, or in the case of a guaranteed corporation, the long-term debt of the guarantor, or, in the case of a monoline financial guaranty insurance company, claims paying ability or financial strength, of the guarantor is rated at least in the A category by Standard & Poor's and Moody's; provided that, by the terms of the agreement; the underlying investment property consists of those investments which are listed in (a), (b), (c) and (h) above; and

(m) the City's pooled investment fund invested pursuant to the City's investment policy.

“Person” means natural persons, firms, corporations, partnerships, associations, trusts, public bodies and other entities.

“Prepayments” means any amounts paid by the District to the Trustee and designated by the District as a prepayment of Special Taxes for one or more parcels in Improvement Area No. 2 made in accordance with the Rate and Method.

“Principal Account” means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1.

“Principal Office of the Trustee” means the office of the Trustee located in Los Angeles, California, or such other office or offices as the Trustee may designate from time to time, or the office of any successor Trustee where it principally conducts its business of serving as trustee under indentures pursuant to which municipal or governmental obligations are issued.

“Project” means those public facilities described in the Resolution of Formation which were acquired or constructed within and outside of Improvement Area No. 2 with the proceeds of the Bonds, including all engineering, planning and design services and other incidental expenses related to such facilities and other facilities, if any, authorized by the qualified electors within Improvement Area No. 2 from time to time.

“Project Costs” means the amounts necessary to finance the Project, to create and replenish any necessary reserve funds, to pay the initial and annual costs associated with the Bonds or any Parity Bonds, including, but not limited to, remarketing, credit enhancement, Trustee and other fees and expenses relating to the issuance of the Bonds or any Parity Bonds and the formation of the District, and to pay any other “incidental expenses” of the District, as such term is defined in the Act.

“Project Fund” means the fund by that name created and established pursuant to Section 3.1.

“Rate and Method” means the document by such name attached to the Resolution of Formation.

“Rating Agency” means Moody’s and Standard & Poor’s, or both, as the context requires.

“Rebate Account” means the account by that name created and established in the Rebate Fund pursuant to Section 3.1.

“Rebate Fund” means the fund by that name established pursuant to Section 3.1 in which there are established the Accounts described in Section 3.1.

“Rebate Regulations” means any final, temporary or proposed Regulations promulgated under Section 148(f) of the Code.

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

“Redemption Account” means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1.

“Regulations” means the regulations adopted or proposed by the Department of Treasury from time to time with respect to obligations issued pursuant to Section 103 of the Code.

“Representation Letter” means the Blanket Representation Letter from the District to the Depository as described in Article II.

“Reserve Account” means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1.

“Reserve Requirement” means, as of the date of calculation, an amount equal to the least of: (a) Maximum Annual Debt Service; (b) 125% of average Annual Debt Service on the then-Outstanding Bonds and any Parity Bonds; or (c) ten percent (10%) of the initial outstanding principal amount of the Bonds and any Parity Bonds.

“Resolution of Formation” means Resolution No. 21082 adopted by the City Council of the City on November 29, 2016, pursuant to which the City formed the District and designated Improvement Area No. 2.

“Sinking Fund Payment” means the annual payment to be deposited in the Redemption Account to redeem a portion of the Term Bonds in accordance with the schedules set forth in Section 4.1(b) and any annual sinking fund payment schedule to retire any Parity Bonds that are designated as Term Bonds.

“Six-Month Period” means the period of time beginning on the Delivery Date of each issue of Bonds or Parity Bonds, as applicable, and ending six consecutive months thereafter, and each six-month period thereafter until the latest maturity date of the Bonds and the Parity Bonds (and any obligations that refund an issue of the Bonds or Parity Bonds).

“Special Tax Fund” means the fund by that name created and established pursuant to Section 3.1.

“Special Taxes” means the taxes authorized to be levied by the District on property within Improvement Area No. 2 in accordance with the Ordinance, the Resolution of Formation, the Act and the voter approval obtained at the November 29, 2016 election in Improvement Area No. 2, including any scheduled payments and any Prepayments thereof, and the net proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and penalties and interest thereon.

“Standard & Poor’s” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, and its successors and assigns.

“Supplemental Indenture” means any supplemental indenture amending or supplementing this Indenture.

“Surplus Fund” means the fund by that name created and established pursuant to Section 3.1.

“Tax Certificate” means the certificate by that name to be executed by the District on a Delivery Date to establish certain facts and expectations and which contains certain covenants relevant to compliance with the Code.

“**Tax-Exempt**” means, with reference to a Permitted Investment, a Permitted Investment the interest earnings on which are excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Code, other than one described in Section 57(a)(5)(C) of the Code.

“**Term Bonds**” means the Bonds maturing on September 1, 20___, and any term maturities of an issue of Parity Bonds as specified in a Supplemental Indenture.

“**Treasuries**” means non-callable direct obligations of the United States of America, including United States Treasury Notes, Certificates and Bonds and State and Local Government Series.

“**Trustee**” means The Bank of New York Mellon Trust Company, N.A., a national banking association duly organized and existing under and by virtue of the laws of the United States, having a principal corporate trust office in Los Angeles, California, and its successors or assigns, or any other bank, national banking association or trust company which may at any time be substituted in its place as provided in Sections 7.2 or 7.3 and any successor thereto.

ARTICLE II

GENERAL AUTHORIZATION AND BOND TERMS

Section 2.1. Amount, Issuance, Purpose and Nature of Bonds and Parity Bonds. Under and pursuant to the Act, the Bonds in the aggregate principal amount of \$_____ shall be issued for the purpose of acquiring the Project, funding a reserve fund for the Bonds and paying Costs of Issuance. The Bonds and any Parity Bonds shall be and are limited obligations of the District and shall be payable as to the principal thereof and interest thereon and any premiums upon the redemption thereof solely from the Net Taxes and the other amounts in the Special Tax Fund (other than amounts in the Administrative Expenses Account of the Special Tax Fund). The aggregate principal amount of the Bonds and any Parity Bonds shall not exceed the total indebtedness presently authorized or subsequently authorized by the qualified electors of the District in accordance with the Act.

Section 2.2. Type and Nature of Bonds and Parity Bonds. Neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision thereof other than the District is pledged to the payment of the Bonds or any Parity Bonds. Except for the Net Taxes, no other taxes are pledged to the payment of the Bonds or any Parity Bonds. The Bonds and any Parity Bonds are neither general or special obligations of the City nor general obligations of the District, but are limited obligations of the District payable solely from certain amounts deposited by the District in the Special Tax Fund (exclusive of the Administrative Expenses Account), as more fully described herein. The District’s limited obligation to pay the principal of, premium, if any, and interest on the Bonds and any Parity Bonds from amounts in the Special Tax Fund (exclusive of the Administrative Expenses Account) is absolute and unconditional, free of deductions and without any abatement, offset, recoupment, diminution or set-off whatsoever. No Owner of the Bonds or any Parity Bonds may compel the exercise of the taxing power by the District (except as pertains to the Special Taxes) or the City or the forfeiture of any of their property. The principal of and interest on the Bonds and any Parity Bonds and premiums upon the redemption thereof, if any, are not a debt of the City, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction. The Bonds and any Parity Bonds are not a legal or equitable pledge, charge, lien or encumbrance upon any of the District’s property, or upon any of

its income, receipts or revenues except the Net Taxes and other amounts in the Special Tax Fund (exclusive of the Administrative Expenses Account) which are, under the terms of this Indenture and the Act, set aside for the payment of the Bonds, any Parity Bonds and interest thereon. Neither the members of the legislative body of the District or the City Council of the City nor any persons executing the Bonds or any Parity Bonds are liable personally on the Bonds or any Parity Bonds by reason of their issuance.

Notwithstanding anything to the contrary contained in this Indenture, the District shall not be required to advance any money derived from any source of income other than the Net Taxes for the payment of the interest on or the principal of the Bonds and any Parity Bonds, or for the performance of any covenants contained herein. The District may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose.

Section 2.3. Equality of Bonds and Parity Bonds and Pledge of Net Taxes. Pursuant to the Act and this Indenture, the Bonds and any Parity Bonds shall be equally payable from and secured by a pledge and lien upon the Net Taxes and other amounts in the Special Tax Fund (exclusive of the Administrative Expenses Account), without priority for number, date of the Bonds or Parity Bonds, date of sale, date of execution or date of delivery, and the payment of the interest on and principal of the Bonds and any Parity Bonds and any premiums upon the redemption thereof shall be exclusively paid from the Net Taxes and other amounts in the Special Tax Fund (exclusive of the Administrative Expenses Account), which are hereby set aside for the payment of the Bonds and any Parity Bonds. Amounts in the Special Tax Fund (other than the Administrative Expenses Account therein) shall constitute a trust fund held for the benefit of the Owners to be applied to the payment of the interest on and principal of the Bonds and any Parity Bonds; and, so long as any of the Bonds and any Parity Bonds or interest thereon remains Outstanding, amounts in the Special Tax Fund shall not be used for any other purpose, except as permitted by this Indenture or any Supplemental Indenture. Notwithstanding any provision contained in this Indenture to the contrary, Net Taxes deposited in the Rebate Fund and the Surplus Fund shall no longer be considered to be pledged to the Bonds or any Parity Bonds, and none of the Rebate Fund, the Surplus Fund, the Costs of Issuance Fund, the Project Fund or the Administrative Expenses Account of the Special Tax Fund shall be construed as a trust fund held for the benefit of the Owners.

Nothing in this Indenture or any Supplemental Indenture shall preclude: (a) subject to the limitations contained hereunder, the redemption prior to maturity of any Bonds or Parity Bonds subject to call and redemption, and the payment of said Bonds or Parity Bonds from proceeds of refunding bonds issued under the Act as the same now exists or as hereafter amended, or under any other law of the State of California; or (b) the issuance, subject to the limitations contained herein, of Parity Bonds which shall be payable from Net Taxes.

Section 2.4. Description of Bonds; Interest Rates. The Bonds and any Parity Bonds shall be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof. The Bonds and any Parity Bonds shall be initially issued in the form of a single certificated fully registered bond for each maturity.

The Bonds shall be designated “Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas 2019 Special Tax Bonds (Improvement Area No. 2).” The Bonds shall be dated as of their Delivery Date and shall mature and be payable on September 1 in the years and in the aggregate principal amounts and shall be subject to and shall bear interest at the rates set forth in the table below payable on each Interest Payment Date:

***Maturity Date
(September 1)***

Principal Amount

Interest Rate

20__

\$

%

*

* Term Bond.

The District and the Trustee may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner shall receive a certificated Bond evidencing the obligation of the District to make payments of principal, premium, if any, and interest pursuant to this Indenture.

Interest shall be payable on each Bond and Parity Bond from the date established in accordance with Section 2.5 below on each Interest Payment Date thereafter until the principal sum of such Bond or Parity Bond has been paid; provided, however, that if at the maturity date of any Bond or Parity Bond (or if the same is redeemable and shall be duly called for redemption, then at the date fixed for redemption) funds are available for the payment or redemption thereof in full, in accordance with the terms of this Indenture, such Bonds and Parity Bonds shall then cease to bear interest. Interest due on the Bonds and Parity Bonds shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Section 2.5. Place and Form of Payment. The Bonds and Parity Bonds shall be payable both as to principal and interest, and as to any premiums upon the redemption thereof, in lawful money of the United States of America. The principal of the Bonds and Parity Bonds and any premiums due upon the redemption thereof shall be payable upon presentation and surrender thereof at the Principal Office of the Trustee, or at the designated office of any successor Trustee. Interest on

any Bond or Parity Bond shall be payable from the Interest Payment Date next preceding the date of authentication of such Bond or Parity Bond, unless: (a) such date of authentication is an Interest Payment Date, in which event interest shall be payable from such date of authentication; (b) the date of authentication is after a Record Date but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from the Interest Payment Date immediately succeeding the date of authentication; or (c) the date of authentication is prior to the close of business on the first Record Date occurring after the issuance of such Bond or Parity Bond, in which event interest shall be payable from the dated date of such Bond or Parity Bond, as applicable; provided, however, that if at the time of authentication of such Bond or Parity Bond, interest is in default, interest on such Bond or Parity Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment on such Bond or Parity Bond, interest on such Bond or Parity Bond shall be payable from its dated date. Interest on any Bond or Parity Bond shall be paid to the person whose name shall appear in the Bond Register as the Owner of such Bond or Parity Bond as of the close of business on the Record Date. Such interest shall be paid by check of the Trustee mailed on the applicable Interest Payment Date by first class mail, postage prepaid, to such Bondowner at his or her address as it appears on the Bond Register. In addition, upon a request in writing received by the Trustee on or before the applicable Record Date from an Owner of \$1,000,000 or more in principal amount of the Bonds or of any issue of Parity Bonds, payment shall be made on the Interest Payment Date by wire transfer in immediately available funds to an account designated in writing by such Owner.

Section 2.6. Form of Bonds and Parity Bonds. The definitive Bonds may be printed from steel engraved or lithographic plates or may be typewritten. The Bonds and the certificate of authentication shall be substantially in the form set forth in Exhibit A, which form is hereby approved and adopted as the form of such Bonds and of the certificate of authentication. Each issue of Parity Bonds and the certificate of authentication therefor shall be in the form provided in the Supplemental Indenture for such issue of Parity Bonds.

Until definitive Bonds or Parity Bonds, as applicable, are prepared, the District may cause to be executed and delivered in lieu of such definitive Bonds or Parity Bonds temporary bonds in typed, printed, lithographed or engraved form and in fully registered form, subject to the same provisions, limitations and conditions as are applicable in the case of definitive Bonds or Parity Bonds, except that they may be in any denominations authorized by the District. Until exchanged for definitive Bonds or Parity Bonds, as applicable, any temporary bond shall be entitled and subject to the same benefits and provisions of this Indenture as definitive Bonds and Parity Bonds. If the District issues temporary Bonds or Parity Bonds, it shall execute and furnish definitive Bonds or Parity Bonds, as applicable, without unnecessary delay and thereupon any temporary Bond or Parity Bond may be surrendered to the Trustee at its office, without expense to the Owner, in exchange for a definitive Bond or Parity Bond of the same issue, maturity, interest rate and principal amount in any authorized denomination. All temporary Bonds or Parity Bonds so surrendered shall be cancelled by the Trustee and shall not be reissued.

Section 2.7. Execution and Authentication. The Bonds and Parity Bonds shall be signed on behalf of the District by the manual or facsimile signature of the Mayor of the City and countersigned by the manual or facsimile signature of the City Clerk of the City, or any duly appointed deputy City Clerk, in their capacity as officers of the District, and the seal of the District (or a facsimile thereof) may be impressed, imprinted, engraved or otherwise reproduced thereon, and attested by the signature of the City Clerk of the City. In case any one or more of the officers who

shall have signed or sealed any of the Bonds or Parity Bonds shall cease to be such officer before the Bonds or Parity Bonds so signed and sealed have been authenticated and delivered by the Trustee (including new Bonds or Parity Bonds delivered pursuant to the provisions hereof with reference to the transfer and exchange of Bonds or Parity Bonds or to lost, stolen, destroyed or mutilated Bonds or Parity Bonds), such Bonds and Parity Bonds shall nevertheless be valid and may be authenticated and delivered as herein provided, and may be issued as if the person who signed or sealed such Bonds or Parity Bonds had not ceased to hold such office.

Only the Bonds that bear a certificate of authentication in the form set forth in Exhibit A shall be entitled to any right or benefit under this Indenture, and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee.

Section 2.8. Bond Register. The Trustee will keep or cause to be kept, at the Principal Office of the Trustee, sufficient books for the registration and transfer of the Bonds and any Parity Bonds which shall upon reasonable prior notice be open to inspection by the District during all regular business hours, and, subject to the limitations set forth in Section 2.9 below, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register, transfer or cause to be transferred on said Bond Register, Bonds and any Parity Bonds as herein provided.

The District and the Trustee may treat the Owner of any Bond or Parity Bond whose name appears on the Bond Register as the absolute Owner thereof for any and all purposes, and the District and the Trustee shall not be affected by any notice to the contrary. The District and the Trustee may rely on the address of the Bondowner as it appears in the Bond Register for any and all purposes. It shall be the duty of the Bondowner to give written notice to the Trustee of any change in the Bondowner's address so that the Bond Register may be revised accordingly.

Section 2.9. Registration of Exchange or Transfer. Subject to the limitations set forth in the following paragraph, the registration of any Bond or Parity Bond may, in accordance with its terms, be transferred upon the Bond Register by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond or Parity Bond for cancellation at the Principal Office of the Trustee, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee and duly executed by the Bondowner or his or her duly authorized attorney.

The transferor shall also provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045. The Trustee may rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Bonds or Parity Bonds may be exchanged at the Principal Office of the Trustee for a like aggregate principal amount of Bonds or Parity Bonds for other authorized denominations of the same maturity and issue. The Trustee shall not collect from the Owner any charge for any new Bond or Parity Bond issued upon any exchange or transfer, but shall require the Bondowner requesting such exchange or transfer to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer. Whenever any Bonds or Parity Bonds shall be surrendered for registration of transfer or exchange, the District shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds or a new Parity Bond or Parity Bonds, as applicable, of the same issue and maturity,

for a like aggregate principal amount; provided that the Trustee shall not be required to register transfers or make exchanges of: (a) Bonds or Parity Bonds for a period of 15 days next preceding any selection of the Bonds or Parity Bonds to be redeemed; or (b) any Bonds or Parity Bonds chosen for redemption.

Section 2.10. Mutilated, Lost, Destroyed or Stolen Bonds or Parity Bonds. If any Bond or Parity Bond shall become mutilated, the District shall execute, and the Trustee shall authenticate and deliver, a new Bond or Parity Bond of like tenor, date, issue and maturity in exchange and substitution for the Bond or Parity Bond so mutilated, but only upon surrender to the Trustee of the Bond or Parity Bond so mutilated. Every mutilated Bond or Parity Bond so surrendered to the Trustee shall be cancelled by the Trustee pursuant to Section 10.1. If any Bond or Parity Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory to the Trustee and, if any indemnity satisfactory to the Trustee shall be given, the District shall execute and the Trustee shall authenticate and deliver a new Bond or Parity Bond, as applicable, of like tenor, maturity and issue, numbered and dated as the Trustee shall determine in lieu of and in substitution for the Bond or Parity Bond so lost, destroyed or stolen. Any Bond or Parity Bond issued in lieu of any Bond or Parity Bond alleged to be mutilated, lost, destroyed or stolen shall be equally and proportionately entitled to the benefits hereof with all other Bonds and Parity Bonds issued hereunder. The Trustee shall not treat both the original Bond or Parity Bond and any replacement Bond or Parity Bond as being Outstanding for the purpose of determining the principal amount of Bonds or Parity Bonds which may be executed, authenticated and delivered hereunder or for the purpose of determining any percentage of Bonds or Parity Bonds Outstanding hereunder, but both the original and replacement Bond or Parity Bond shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Bond or Parity Bond which has been mutilated, lost, destroyed or stolen, and which has matured, the Trustee may make payment with respect to such Bonds or Parity Bonds.

Section 2.11. Validity of Bonds and Parity Bonds. The validity of the authorization and issuance of the Bonds and any Parity Bonds shall not be affected in any way by any defect in any proceedings taken by the District for the financing or acquisition of the Project, or by the invalidity, in whole or in part, of any contracts made by the District in connection therewith, and shall not be dependent upon the completion of the Project or upon the performance by any Person of such Person's obligation with respect to the Project, and the recital contained in the Bonds or any Parity Bonds that the same are issued pursuant to the Act and other applicable laws of the State of California shall be conclusive evidence of their validity and of the regularity of their issuance.

Section 2.12. Book Entry System.

(a) Election of Book Entry System. Prior to the issuance of the Bonds and any Parity Bonds, the District may provide that such Bonds and Parity Bonds shall be initially issued as book entry bonds. If the District shall elect to deliver any Bonds or Parity Bonds in book entry form, then the District shall cause the delivery of a separate single fully registered bond (which may be typewritten) for each maturity date of such Bonds or Parity Bonds in an authorized denomination corresponding to that total principal amount of the Bonds or Parity Bonds designated to mature on such date. Upon initial issuance, the ownership of each such Bond or Parity Bond shall be registered in the Bond Register in the name of the Nominee, as nominee of the Depository, and ownership of the Bonds or Parity Bonds, or any portion thereof may not thereafter be transferred except as provided in subsection (e).

With respect to book entry Bonds or Parity Bonds, the District and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book entry bonds. Without limiting the immediately preceding sentence, the District and the Trustee shall have no responsibility or obligation with respect to: (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in book entry bonds; (ii) the delivery to any Participant or any other person, other than an Owner as shown in the Bond Register, of any notice with respect to book entry bonds, including any notice of redemption; (iii) the selection by the Depository and its Participants of the beneficial interests in book entry bonds to be redeemed in the event that the District redeems the Bonds or Parity in part; or (iv) the payment by the Depository or any Participant or any other person, of any amount of principal of, premium, if any, or interest on book entry bonds. The District and the Trustee may treat and consider the person in whose name each book entry bond is registered in the Bond Register as the absolute Owner of such book entry bond for the purpose of payment of principal of, premium and interest on such Bond or Parity Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond or Parity Bond, for the purpose of registering transfers with respect to such Bond or Parity Bonds, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest on the Bonds or Parity Bonds only to or upon the order of the respective Owner, as shown in the Bond Register, or such Owner's respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds or Parity Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Bond Register, shall receive a Bond or Parity Bond evidencing the obligation to make payments of principal of, premium, if any, and interest on the Bonds or Parity Bonds. Upon delivery by the Depository to the District and the Trustee, of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in the Indenture shall refer to such nominee of the Depository.

(b) Delivery of Representation Letter. In order to qualify the Bonds for the Depository's book entry system, the District and the Trustee (if required by the Depository) shall execute and deliver to the Depository a Representation Letter. The execution and delivery of a Representation Letter shall not in any way impose upon the District or the Trustee any obligation whatsoever with respect to persons having interests in such book entry bonds other than the Owners, as shown on the Bond Register. By executing a Representation Letter, the Trustee shall agree to take all action necessary at all times so that the Trustee will be in compliance with all representations of the Trustee in such Representation Letter. In addition to the execution and delivery of a Representation Letter, the District and the Trustee shall take such other actions, not inconsistent with the Indenture, as are reasonably necessary to qualify book entry bonds for the Depository's book entry program.

(c) Selection of Depository. In the event that: (i) the Depository determines not to continue to act as securities depository for book entry bonds; or (ii) the District determines that continuation of the book entry system is not in the best interest of the beneficial owners of the Bonds, the Parity Bonds or the District, then the District will discontinue the book entry system with the Depository. If the District determines to replace the Depository with another qualified securities depository, the District shall prepare or direct the preparation of a new single, separate, fully registered bond for each of the maturity dates of such book entry bonds, registered in the name of such successor or substitute qualified securities depository or its Nominee as provided in subsection (e). If the District fails to identify another qualified securities depository to replace the Depository, then the Bonds or Parity Bonds shall no longer be restricted to being registered in such Bond Register

in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Bonds or Parity Bonds shall designate, in accordance with the provisions of this Indenture.

(d) Payments To Depository. Notwithstanding any other provision of the Indenture to the contrary, so long as all Outstanding Bonds or Parity Bonds are held in book entry form and registered in the name of the Nominee, all payments of principal of, redemption premium, if any, and interest on such Bonds or Parity Bonds and all notices with respect thereto shall be made and given, respectively to the Nominee, as provided in the Representation Letter or as otherwise instructed by the Depository and agreed to by the Trustee notwithstanding any inconsistent provisions herein.

(e) Transfer of Bonds to Substitute Depository.

(1) The Bonds shall be initially issued as provided in Section 2.1. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except:

(i) to any successor of the Depository or its nominee, or of any substitute depository designated pursuant to clause (ii) below (a “**Substitute Depository**”); provided that any successor of the Depository or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) to any Substitute Depository, upon: (I) the resignation of the Depository or its successor (or any Substitute Depository or its successor) from its functions as depository; or (II) a determination by the District that the Depository (or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) to any person as provided below, upon: (I) the resignation of the Depository or its successor (or any Substitute Depository or its successor) from its functions as depository; or (II) a determination by the District that the Depository or its successor (or Substitute Depository or its successor) is no longer able to carry out its functions as depository.

(2) In the case of any transfer pursuant to clauses (i) or (ii) of subsection (1), upon receipt of all Outstanding Bonds by the Trustee, together with a written request of the District to the Trustee designating the Substitute Depository, a single new Bond, which the District shall prepare or cause to be prepared, shall be issued for each maturity of Bonds then Outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such written request of the District. In the case of any transfer pursuant to clause (iii) of subsection (1), upon receipt of all Outstanding Bonds by the Trustee, together with a written request of the District to the Trustee, new Bonds, which the District shall prepare or cause to be prepared, shall be issued in such denominations and registered in the names of such persons as are requested in such written request of the District, subject to the limitations of Section 2.1; provided that the Trustee shall not be required to deliver such new Bonds within a period of less than sixty (60) days from the date of receipt of such written request from the District.

(3) In the case of a partial redemption or an advance refunding of any Bonds evidencing a portion of the principal maturing in a particular year, the Depository or its successor (or any Substitute Depository or its successor) shall make an appropriate notation on such

Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee, all in accordance with the Representation Letter. The Trustee shall not be liable for such Depository's failure to make such notations or errors in making such notations and the records of the Trustee as to the Outstanding principal amount of such Bonds shall be controlling.

(4) The District and the Trustee shall be entitled to treat the person in whose name any Bond is registered as the Owner thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the District; and the District and the Trustee shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Bonds. Neither the District nor the Trustee shall have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including the Depository or its successor (or Substitute Depository or its successor), except to the Owner of any Bonds, and the Trustee may rely conclusively on its records as to the identity of the Owners of the Bonds.

(f) Transfer Outside Book Entry System. In connection with any proposed transfer outside a book entry system, the District or DTC shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045. The Trustee may rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Section 2.13. Initial Depository and Nominee. The initial Depository under this Article shall be The Depository Trust Company, New York, New York. The initial Nominee shall be Cede & Co., as Nominee of The Depository Trust Company, New York, New York.

ARTICLE III

CREATION OF FUNDS AND APPLICATION OF PROCEEDS

Section 3.1. Creation of Funds; Application of Proceeds.

(a) There are hereby created and established and shall be maintained by the Trustee the following funds and accounts:

(1) The Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas 2019 Special Tax Bonds (Improvement Area No. 2) Special Tax Fund (the "**Special Tax Fund**") (in which there shall be established and created an Interest Account, a Capitalized Interest Account, a Principal Account, a Redemption Account, a Reserve Account and an Administrative Expenses Account).

(2) The Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas 2019 Special Tax Bonds (Improvement Area No. 2) Rebate Fund (the "**Rebate Fund**") (in which there shall be established a Rebate Account and an Alternative Penalty Account).

(3) The Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas 2019 Special Tax Bonds (Improvement Area No. 2) Costs of Issuance Fund (the "**Costs of Issuance Fund**").

(4) The Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas 2019 Special Tax Bonds (Improvement Area No. 2) Surplus Fund (the “**Surplus Fund**”).

(5) The Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas 2019 Special Tax Bonds (Improvement Area No. 2) Project Fund (the “**Project Fund**”).

The amounts on deposit in the foregoing funds, accounts and subaccounts shall be held by the Trustee and the Trustee shall invest and disburse the amounts in such funds, accounts and subaccounts in accordance with the provisions of this Article 3 and shall disburse investment earnings thereon in accordance with the provisions of Section 3.11 hereof. The Trustee may, in its discretion, establish temporary funds or accounts in its books and records to facilitate such transfers.

In connection with the issuance of any Parity Bonds, the Trustee, at the direction of an Authorized Representative of the District, may create new funds, accounts or subaccounts, or may create additional accounts and subaccounts within any of the foregoing funds and accounts for the purpose of separately accounting for the proceeds of the Bonds and any Parity Bonds.

(b) The proceeds of the sale of the Bonds shall be received by the Trustee on behalf of the District and deposited and transferred as follows:

(1) \$_____ shall be transferred to the Costs of Issuance Fund to pay the Costs of Issuance of the Bonds;

(2) \$_____ shall be transferred to the Reserve Account of the Special Tax Fund to fund the Reserve Requirement;

(3) \$_____ shall be transferred to the Capitalized Interest Account to pay capitalized interest on the Bonds through September 1, 2020;

(4) \$15,000.00 shall be transferred to the Administrative Expenses Account; and

(5) \$_____ shall be transferred to the Project Fund.

The Trustee may, in its discretion, establish temporary funds or accounts in its books and records to facilitate such transfers.

Section 3.2. Deposits to and Disbursements from Special Tax Fund.

(a) Except for the portion of any Prepayment to be deposited in the Redemption Account as specified in a Certificate of an Authorized Representative, the Trustee shall, on each date on which the Special Taxes are received from the District, deposit the Special Taxes in the Special Tax Fund to be held in trust for the Owners. The Trustee shall transfer the Special Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the following Sections, in the following order of priority, to:

(1) the Administrative Expenses Account of the Special Tax Fund;

(2) the Interest Account of the Special Tax Fund;

(3) the Principal Account of the Special Tax Fund;

- (4) the Redemption Account of the Special Tax Fund;
- (5) the Reserve Account of the Special Tax Fund;
- (6) the Rebate Fund; and
- (7) the Surplus Fund.

(b) Upon the maturity of all of the Bonds and Parity Bonds and, after all principal and interest then due on the Bonds and Parity Bonds then Outstanding has been paid or provided for and any amounts owed to the Trustee have been paid in full, moneys in the Special Tax Fund and any accounts therein may be used by the District for any lawful purpose.

Section 3.3. Administrative Expenses Account of the Special Tax Fund. The Trustee shall transfer from the Special Tax Fund and deposit in the Administrative Expenses Account of the Special Tax Fund from time to time amounts necessary to make timely payment of Administrative Expenses as set forth in a Certificate of an Authorized Representative of the District; provided, however, that, except as set forth in the following sentence, the total amount transferred in a Bond Year shall not exceed the Administrative Expenses Cap until such time as there has been deposited to the Interest Account and the Principal Account an amount which, together with any amounts already on deposit therein, is sufficient to pay the interest and principal on all Bonds and Parity Bonds due in such Bond Year and to restore the Reserve Account to the Reserve Requirement, all as determined by the District. Notwithstanding the foregoing, amounts in excess of the Administrative Expenses Cap may be transferred to the Administrative Expenses Account to the extent necessary to collect delinquent Special Taxes, as directed in writing by an Authorized Representative of the District. Moneys in the Administrative Expenses Account of the Special Tax Fund may be invested in any Permitted Investments as directed in writing by an Authorized Representative of the District and shall be disbursed as directed in a Certificate of an Authorized Representative.

Section 3.4. Interest Account and Principal Account of the Special Tax Fund. The principal of (including any Sinking Fund Payment) and interest due on the Bonds and any Parity Bonds until maturity, other than principal due upon redemption under Sections 4.1(a) and (c), shall be paid by the Trustee from the Principal Account and the Interest Account of the Special Tax Fund, respectively. For the purpose of assuring that the payment of principal of (including any Sinking Fund Payment) and interest on the Bonds and any Parity Bonds will be made when due, after making the transfer required by Section 3.3, at least one Business Day prior to each March 1 and September 1, the Trustee shall, after having made any transfers required to be made from the Capitalized Interest Account to the Interest Account as described in the below proviso, make the below-described transfers from the Special Tax Fund first to the Interest Account and then to the Principal Account; provided, however, that to the extent that deposits have been made in the Interest Account or the Principal Account from the proceeds of the sale of an issue of the Bonds, any Parity Bonds, or otherwise, the transfer from the Special Tax Fund need not be made; and provided, further, that, if amounts in the Special Tax Fund (exclusive of the Reserve Account) are inadequate to make the foregoing transfers, then any deficiency shall be made up by an immediate transfer from the Reserve Account; and provided further that at least one Business Day prior to September 1, 2019, the Trustee shall transfer the amount set forth in the following table from the Capitalized Interest Account to the Interest Account before making any transfer from the Special Tax Fund to the Interest Account:

<i>Interest Payment Date</i>	<i>Amount Transferred From Capitalized Interest Account to Interest Account</i>
March 1, 2020	\$_____
September 1, 2020	

Any amount remaining in the Capitalized Interest Account on September 2, 2020 shall be transferred to the Special Tax Fund and the Capitalized Interest Account shall thereafter be closed.

(a) To the Interest Account, an amount such that the balance in the Interest Account one Business Day prior to each Interest Payment Date shall be equal to the installment of interest due on the Bonds and any Parity Bonds on said Interest Payment Date and any installment of interest due on a previous Interest Payment Date that remains unpaid. Moneys in the Interest Account shall be used for the payment of interest on the Bonds and any Parity Bonds as the same become due.

(b) To the Principal Account, an amount such that the balance in the Principal Account one Business Day prior to September 1 of each year shall equal the principal payment (including any Sinking Fund Payment) due on the Bonds and any Parity Bonds maturing on such September 1 and any principal payment due on a previous September 1 which remains unpaid. Moneys in the Principal Account shall be used for the payment of the principal (including any Sinking Fund Payment) of such Bonds and any Parity Bonds as the same become due at maturity.

Section 3.5. Redemption Account of the Special Tax Fund.

(a) After making the deposits to the Administrative Expenses Account, the Interest Account and the Principal Account of the Special Tax Fund pursuant to Sections 3.3 and 3.4, or to call Parity Bonds for optional redemption as set forth in any Supplemental Indenture for Parity Bonds, the Trustee shall transfer from the Special Tax Fund and deposit in the Redemption Account moneys available for the purpose and sufficient to pay the principal and the premiums, if any, payable on the Bonds or Parity Bonds called for optional redemption; provided, however, that amounts in the Special Tax Fund (other than the Administrative Expenses Account therein) may be applied to optionally redeem Bonds and Parity Bonds only if immediately following such redemption the amount in the Reserve Account will equal the Reserve Requirement, as determined by the District.

(b) Prepayments deposited to the Redemption Account at least 90 days before a redemption date shall be applied on the next redemption date established pursuant to Section 4.1(c) for the use of such Prepayments to the payment of the principal of, premium, and interest on the Bonds and Parity Bonds to be redeemed with such Prepayments. Prepayments received less than 90 days before a redemption date shall be applied to redeem Bonds in accordance with Section 4.1(c) on the succeeding redemption date.

(c) Moneys set aside in the Redemption Account shall be used solely for the purpose of redeeming Bonds and Parity Bonds, shall be applied on or after the redemption date to the payment of principal of and premium, if any, on the Bonds or Parity Bonds to be redeemed upon presentation and surrender (if required) of such Bonds or Parity Bonds and, in the case of an optional redemption or an extraordinary redemption from Prepayments, to pay the interest thereon; provided, however, that in lieu or partially in lieu of such call and redemption, moneys deposited in the Redemption

Account may be used to purchase Outstanding Bonds or Parity Bonds in the manner hereinafter provided. Purchases of Outstanding Bonds or Parity Bonds may be made by the District at public or private sale as and when and at such prices as the District may in its discretion determine, but only at prices (including brokerage or other expenses) not more than par plus accrued interest, plus, in the case of moneys set aside for an optional redemption or an extraordinary redemption, the premium applicable at the next following call date according to the premium schedule established pursuant to Sections 4.1(a) or 4.1(c), as applicable, or in the case of Parity Bonds the premium established in any Supplemental Indenture. Any accrued interest payable upon the purchase of Bonds or Parity Bonds may be paid from the amount reserved in the Interest Account of the Special Tax Fund for the payment of interest on the next following Interest Payment Date.

Section 3.6. Reserve Account of the Special Tax Fund. There shall be maintained in the Reserve Account of the Special Tax Fund an amount equal to the Reserve Requirement. If funded, the amounts in the Reserve Account shall be applied as follows:

(a) Moneys in the Reserve Account shall be used solely for the purpose of paying the principal of, including Sinking Fund Payments, and interest on the Bonds and any Parity Bonds when due in the event that the moneys in the Interest Account and the Principal Account of the Special Tax Fund are insufficient therefor or moneys in the Redemption Account of the Special Tax Fund are insufficient to make a Sinking Fund Payment when due, and for the purpose of making any required transfer to the Rebate Fund pursuant to Section 3.7 upon written direction from the District. If the amounts in the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund are insufficient to pay the principal of, including Sinking Fund Payments, or interest on any Bonds and Parity Bonds when due, or amounts in the Special Tax Fund are insufficient to make transfers to the Rebate Fund when required, the Trustee shall withdraw from the Reserve Account for deposit in the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund or the Rebate Fund, as applicable, moneys necessary for such purposes.

(b) Whenever moneys are withdrawn from the Reserve Account, after making the required transfers referred to in Sections 3.3, 3.4 and 3.5, the Trustee shall transfer to the Reserve Account from available moneys in the Special Tax Fund, or from any other legally available funds that the District elects to apply to such purpose, the amount needed to restore the moneys held in the Reserve Account to the Reserve Requirement. Moneys in the Special Tax Fund shall be deemed available for transfer to the Reserve Account only if the Trustee determines that such amounts will not be needed to make the deposits required to be made to the Administrative Expenses Account, the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund on or before the next September 1. If amounts in the Special Tax Fund, together with any other amounts transferred to replenish the Reserve Account, are inadequate to restore the Reserve Account to the Reserve Requirement, then the District shall include the amount necessary fully to restore the Reserve Account to the Reserve Requirement in the next annual Special Tax levy to the extent of the maximum permitted Special Tax rates.

(c) In connection with a redemption of Bonds pursuant to Section 4.1(a) or (c) or Parity Bonds in accordance with any Supplemental Indenture, or a partial defeasance of Bonds or Parity Bonds in accordance with Section 9.1, amounts in the Reserve Account may be applied to such redemption or partial defeasance so long as the amount on deposit in the Reserve Account following such redemption or partial defeasance equals the Reserve Requirement. The District shall set forth in a Certificate of an Authorized Representative the amount in the Reserve Account to be transferred to the Redemption Account on a redemption date or to be transferred pursuant to Section 9.1(c) to

partially defease Bonds, and the Trustee shall make such transfer on the applicable redemption or defeasance date, subject to the limitation in the preceding sentence.

(d) To the extent that the Reserve Account is at the Reserve Requirement as of the first day of the final Bond Year for the Bonds or an issue of Parity Bonds, amounts in the Reserve Account may be applied to pay the principal of and interest due on the Bonds and Parity Bonds, as applicable, in the final Bond Year for such issue. Moneys in the Reserve Account in excess of the Reserve Requirement that are not transferred in accordance with the preceding provisions of this section shall be withdrawn from the Reserve Account on the Business Day before each March 1 and September 1 and shall be transferred to the Interest Account of the Special Tax Fund.

(e) The Reserve Requirement may be initially satisfied in whole or part by the deposit of a reserve fund surety policy or similar instrument therein. The District will have no obligation to replace such a policy or similar instrument or to fund the Reserve Account with cash if, at any time that the Bonds are Outstanding, any rating assigned to the provider of the policy or similar instrument is downgraded, suspended or withdrawn, or amounts are not available under such policy or similar instrument other than as a result of a draw thereon.

Section 3.7. Rebate Fund.

(a) When required, the Trustee shall establish and maintain a fund separate from any other fund established and maintained hereunder designated as the Rebate Fund and shall establish a separate Rebate Account and Alternative Penalty Account therein. All money at any time deposited in the Rebate Account or the Alternative Penalty Account of the Rebate Fund shall be held by the Trustee in trust, for payment to the United States Treasury. A separate subaccount of the Rebate Account and the Alternative Penalty Account shall be established for the Bonds and each issue of Parity Bonds the interest on which is excluded from gross income for federal income tax purposes. All amounts on deposit in the Rebate Fund with respect to the Bonds or an issue of Parity Bonds shall be governed by this Section 3.7 and the Tax Certificate for such issue, unless the District obtains an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest payments on the Bonds and Parity Bonds will not be adversely affected if such requirements are not satisfied.

(1) Rebate Account. The following requirements shall be satisfied with respect to each subaccount of the Rebate Account:

(i) Annual Computation. Within 55 days of the end of each Bond Year, the District shall calculate or cause to be calculated the amount of rebatable arbitrage for the Bonds and each issue of Parity Bonds to which this Section 3.7 is applicable, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Rebate Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage described in the Tax Certificate for each issue (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and (C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the “**1½% Penalty**”) has been made), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Rebate Regulations (the “**Rebatable Arbitrage**”). The District shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section.

(ii) Annual Transfer. Within 55 days of the end of each Bond Year for which Rebataable Arbitrage must be calculated as required by the Tax Certificate for each issue, upon the written direction of an Authorized Representative of the District, an amount shall be deposited to each subaccount of the Rebate Account by the Trustee from any funds so designated by the District if and to the extent required, so that the balance in the Rebate Account shall equal the amount of Rebataable Arbitrage so calculated by or on behalf of the District in accordance with subsection (a)(1)(i) with respect to the Bonds and each issue of Parity Bonds to which this Section 3.7 is applicable. In the event that immediately following any transfer required by the previous sentence, or the date on which the District determines that no transfer is required for such Bond Year, the amount then on deposit to the credit of the applicable subaccount of the Rebate Account exceeds the amount required to be on deposit therein, upon written instructions from an Authorized Representative of the District, the Trustee shall withdraw the excess from the appropriate subaccount of the Rebate Account and then credit the excess to the Special Tax Fund.

(iii) Payment to the Treasury. The Trustee shall pay, as directed in writing by an Authorized Representative of the District, to the United States Treasury, out of amounts in each subaccount of the Rebate Account: (X) not later than 60 days after the end of: (A) the fifth Bond Year for the Bonds and each issue of Parity Bonds to which this Section 3.7 is applicable; and (B) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebataable Arbitrage calculated as of the end of such Bond Year for the Bonds and each issue of Parity Bonds, as applicable; and (Y) not later than 60 days after the payment or redemption of all of the Bonds or an issue of Parity Bonds, as applicable, an amount equal to 100% of the Rebataable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebataable Arbitrage, computed in accordance with Section 148(f) of the Code.

In the event that, prior to the time that any payment is required to be made from the Rebate Account, the amount in the Rebate Account is not sufficient to make such payment when such payment is due, the District shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to this subsection (a)(1) shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T prepared by the District, or shall be made in such other manner as provided under the Code. The Trustee may rely conclusively upon the District's determinations, calculations and certifications required by this Section. The Trustee shall have no responsibility to independently make any calculation or determination or to review the District's calculations hereunder.

(2) Alternative Penalty Account.

(i) Six-Month Computation. If the 1½% Penalty has been elected for the Bonds or an issue of Parity Bonds, within 85 days of each particular Six-Month Period, the District shall determine or cause to be determined whether the 1½% Penalty is payable (and the amount of such penalty) as of the close of the applicable Six-Month Period. The District shall obtain expert advice in making such determinations.

(ii) Six-Month Transfer. Within 85 days of the close of each Six-Month Period, the Trustee, at the written direction of an Authorized Representative of the District, shall deposit an amount in the appropriate subaccounts of the Alternative Penalty Account from any source of funds held by the Trustee pursuant to this Indenture and designated by the District in such

written directions or provided to it by the District, if and to the extent required, so that the balance in each subaccount of the Alternative Penalty Account equals the amount of 1½% Penalty due and payable to the United States Treasury determined as provided in subsection (a)(2)(i). In the event that immediately following any transfer provided for in the previous sentence, or the date on which the District determines that no transfer is required for such Bond Year, the amount then on deposit in a subaccount of the Alternative Penalty Account exceeds the amount required to be on deposit therein to make the payments required by subsection (a)(2)(iii), the Trustee, at the written direction of an Authorized Representative of the District, may withdraw the excess from the applicable subaccount of the Alternative Penalty Account and credit the excess to the Special Tax Fund.

(iii) Payment to the Treasury. The Trustee shall pay, as directed in writing by an Authorized Representative of the District, to the United States Treasury, out of amounts in a subaccount of the Alternative Penalty Account, not later than 90 days after the close of each Six-Month Period the 1½% Penalty, if applicable and payable, computed with respect to the Bonds and any issue of Parity Bonds in accordance with Section 148(f)(4) of the Code. In the event that, prior to the time that any payment is required to be made from a subaccount of the Alternative Penalty Account, the amount in such subaccount is not sufficient to make such payment when such payment is due, the District shall calculate the amount of such deficiency and direct the Trustee, in writing, to deposit an amount equal to such deficiency into such subaccount of the Alternative Penalty Account from any funds held by the Trustee pursuant to this Indenture and designated by the District in such written directions prior to the time such payment is due. Each payment required to be made pursuant to this subsection (a)(2) shall be made to the Internal Revenue Service, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T prepared by the District or shall be made in such other manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the Accounts of the Rebate Fund with respect to the Bonds or an issue of Parity Bonds after redemption and payment of such issue and after making the payments described in subsections (a)(1)(iii) or (a)(2)(iii) (whichever is applicable), may be withdrawn by the Trustee at the written direction of the District and utilized in any manner by the District.

(c) Survival of Defeasance and Final Payment. Notwithstanding anything in this Section or this Indenture to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance and final payment of the Bonds and any Parity Bonds with respect to which an Account has been created in the Rebate Fund.

(d) Amendment Without Consent of Owners. This Section 3.7 may be deleted or amended in any manner without the consent of the Owners, provided that prior to such event there is delivered to the District an opinion of Bond Counsel to the effect that such deletion or amendment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any issue of Parity Bonds issued on a tax-exempt basis.

Section 3.8. Surplus Fund. After making the transfers required by Sections 3.3, 3.4, 3.5, 3.6 and 3.7, as soon as practicable after each September 1, and in any event prior to each March 1, the Trustee shall transfer all remaining amounts in the Special Tax Fund to the Surplus Fund, unless on or prior to such date, it has received a Certificate of an Authorized Representative of the District directing that certain amounts be retained in the Special Tax Fund because the District has included such amounts as being available in the Special Tax Fund in calculating the amount of the levy of

Special Taxes for such Fiscal Year pursuant to Section 5.2(b). Moneys deposited in the Surplus Fund will be transferred by the Trustee at the direction of an Authorized Representative of the District: (a) to the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund to pay the principal of, including Sinking Fund Payments, premium, if any, and interest on the Bonds and any Parity Bonds when due in the event that moneys in the Special Tax Fund and the Reserve Account of the Special Tax Fund are insufficient therefor; (b) to the Reserve Account in order to replenish the Reserve Account to the Reserve Requirement; (c) to the Administrative Expenses Account of the Special Tax Fund to pay Administrative Expenses to the extent that the amounts on deposit in the Administrative Expenses Account of the Special Tax Fund are insufficient to pay Administrative Expenses; or (d) for any other lawful purpose of the District.

The amounts in the Surplus Fund are not pledged to the repayment of the Bonds or the Parity Bonds and may be used by the District for any lawful purpose. In the event that the District reasonably expects to use any portion of the moneys in the Surplus Fund to pay debt service on any Outstanding Bonds or Parity Bonds, the District will notify the Trustee in a Certificate of an Authorized Representative and the Trustee will segregate such amount into a separate subaccount and the moneys on deposit in such subaccount of the Surplus Fund shall be invested at the written direction of the District in Permitted Investments the interest on which is excludable from gross income under Section 103 of the Code (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals and corporations under the Code) or in Permitted Investments at a yield not in excess of the yield on the issue of Bonds or Parity Bonds to which such amounts are to be applied, unless, in the opinion of Bond Counsel, investment at a higher yield will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or any Parity Bonds which were issued on a tax-exempt basis for federal income tax purposes.

Section 3.9. Costs of Issuance Fund. The moneys in the Costs of Issuance Fund shall be disbursed by the Trustee pursuant to a Certificate of an Authorized Representative of the District, and any balance therein shall be transferred by the Trustee to the Interest Account as directed in writing by an Authorized Representative of the District or 90 days following the issuance of the Bonds, whichever is earlier. The Costs of Issuance Fund shall thereafter be closed. Each such Certificate of an Authorized Representative of the District shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

Section 3.10. Project Fund.

(a) The moneys in the Project Fund shall be applied exclusively to pay the Project Costs. Amounts for Project Costs shall be disbursed by the Trustee from the Project Fund as specified in a Project Fund Requisition, substantially in the form of Exhibit B. A properly executed Project Fund Requisition must be submitted in connection with each requested disbursement and the Trustee may rely thereon without investigating the accuracy thereof.

(b) Upon receipt of a Certificate of an Authorized Representative of the District stating that: (i) all or a specified portion of the amount remaining in the Project Fund is no longer needed to pay Project Costs; and (ii) the District has provided 30-day written notice of the District's intention to close the Project Fund to KB Home South Bay, Inc., a California corporation, and has not received an objection to closing the Project Fund from such entity within such 30-day period, the Trustee shall: (1) transfer all or such specified portion, as applicable, of the moneys remaining on deposit in the Project Fund to the Interest Account, the Principal Account or Redemption Account of the

Special Tax Fund or to the Surplus Fund, as directed in such Certificate of an Authorized Representative of the District, provided that in connection with any direction to transfer amounts to the Surplus Fund there shall have been delivered to the Trustee with such Certificate of an Authorized Representative of the District an opinion of Bond Counsel to the effect that such transfer to the Surplus Fund will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or any Parity Bonds which were issued on a tax-exempt basis for federal income tax purposes; and (2) thereafter, close the Project Fund.

Section 3.11. Investments. Moneys held in any of the funds, Accounts and subaccounts under this Indenture shall be invested at the written direction of the District in accordance with the limitations set forth below only in Permitted Investments which shall be deemed at all times to be a part of such funds, Accounts and subaccounts. Any loss resulting from such Permitted Investments shall be credited or charged to the fund, Account or subaccount from which such investment was made, and any investment earnings on a fund, Account or subaccount shall be applied as follows: (i) investment earnings on all amounts deposited in the Costs of Issuance Fund, the Special Tax Fund, the Surplus Fund, the Project Fund and the Rebate Fund and each Account therein (other than the Reserve Account of the Special Tax Fund) shall be deposited in those respective funds and Accounts; and (ii) investment earnings on all amounts deposited in the Reserve Account shall be deposited therein to be applied as set forth in Section 3.6. Moneys in the funds, Accounts and subaccounts held under this Indenture may be invested by the Trustee as directed in writing (filed by the District with the Trustee two (2) Business Days in advance of the making of the investment), from time to time, in Permitted Investments subject to the following restrictions:

(a) Moneys in the Costs of Issuance Fund, the Project Fund and the Interest Account, the Principal Account and the Redemption Account of the Special Tax Fund shall be invested only in Permitted Investments which will by their terms mature, or in the case of an investment agreement are available for withdrawal without penalty, on such dates so as to ensure the payment of principal of, premium, if any, and interest on the Bonds and any Parity Bonds as the same become due. Notwithstanding anything herein to the contrary, amounts in the Acquisition and Construction Fund or the Accounts therein three years after the Delivery Date for the Bonds and the proceeds of each issue of Parity Bonds issued on a tax-exempt basis which are remaining on deposit therein on the date which is three years following the date of issuance of such issue of Parity Bonds shall be invested by the District only in Authorized Investments the interest on which is excluded from gross income under Section 103 of the Code (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals under the Code) or in Authorized Investments at a yield not in excess of the yield on the issue of Bonds or Parity Bonds from which such proceeds were derived, unless in the opinion of Bond Counsel such restriction is not necessary to prevent interest on the Bonds or any Parity Bonds which were issued on a tax-exempt basis for federal income tax purposes from being included in gross income for federal income tax purposes.

(b) Moneys in the Reserve Account of the Special Tax Fund may be invested only in Permitted Investments which, taken together, have a weighted average maturity not in excess of five years; provided that such amounts may be invested in an investment agreement to the later of the final maturity of the Bonds or any Parity Bonds so long as such amounts may be withdrawn at any time, without penalty, for application in accordance with Section 3.6; and provided that no such Permitted Investment of amounts in the Reserve Account allocable to the Bonds or an issue of Parity Bonds shall mature later than the respective final maturity date of the Bonds or the issue of Parity Bonds, as applicable.

(c) Moneys in the Rebate Fund shall be invested only in Permitted Investments of the type described in clause (a) of the definition thereof which by their terms will mature, as nearly as practicable, on the dates such amounts are needed to be paid to the United States Government pursuant to Section 3.7, or in Permitted Investments of the type described in clause (g) of the definition thereof.

(d) In the absence of written investment directions from the District, the Trustee shall hold such moneys uninvested.

The Trustee shall sell, or present for redemption, any Permitted Investment as directed in writing by the District whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer to such funds and Accounts or from such funds and Accounts. For the purpose of determining at any given time the balance in any such funds and Accounts, any such investments constituting a part of such funds and Accounts shall be valued at their cost, except that amounts in the Reserve Account shall be valued at the market value thereof at least semiannually on or before each Interest Payment Date. In making any valuations hereunder, the Trustee may utilize such computerized securities pricing services as may be available to it, including, without limitation, those available through its regular accounting system, and conclusively rely thereon. Notwithstanding anything herein to the contrary, the Trustee shall not be responsible for any loss from investments, sales or transfers undertaken in accordance with the provisions of this Indenture.

The Trustee or an affiliate may act as principal or agent in the making or disposing of any investment and shall be entitled to its customary fee for such investment. The Trustee may sell, or present for redemption, any Permitted Investment so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Permitted Investment is credited, and, subject to the provisions of Section 7.4, the Trustee shall not be liable or responsible for any loss resulting from such investment. For investment purposes, the Trustee may commingle the funds and accounts established hereunder, but shall account for each separately.

The District acknowledges that, to the extent that regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the District periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

ARTICLE IV

REDEMPTION OF BONDS AND PARITY BONDS

Section 4.1. Redemption of Bonds.

(a) Optional Redemption. The Bonds are subject to redemption prior to their stated maturity dates at the option of the District on ____ 1, 20__ or any Interest Payment Date thereafter, from such maturities as selected by the District (and by lot within any one maturity), in integral multiples of \$5,000, from moneys derived by the District from any source, at a redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed), together with accrued interest to the date of redemption, as follows:

<i>Redemption Date</i>	<i>Redemption Price</i>
September 1, 20__ and March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and any Interest Payment Date thereafter	100

In the event that the District elects to redeem Bonds as provided above, the District shall, at least 45 days prior to the redemption date, give written notice to the Trustee of its election to so redeem, the redemption date and the principal amount of the Bonds, among maturities, to be redeemed. In the event of redemption pursuant to Section 4.1(a) or (c), the District shall provide the Trustee with a revised sinking fund schedule giving effect to the redemption so completed.

(b) Mandatory Sinking Fund Redemption. The Term Bonds maturing on September 1, 20__ (the "20__ Term Bonds") shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Redemption Account, on September 1, 20__, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 20__ Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed 20__ Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

TERM BONDS MATURING SEPTEMBER 1, 20__

<i>Redemption Date</i> <i>(September 1)</i>	<i>Principal Amount</i>
	\$

*

* Maturity.

If, during the Fiscal Year immediately preceding one of the redemption dates specified above, the District purchases Bonds, at least 45 days prior to the redemption date the District shall notify the Trustee as to the principal amount purchased and the amount of Bonds so purchased shall be credited at the time of purchase, to the extent of the full principal amount thereof, to reduce such upcoming Sinking Fund Payment for the Bonds so purchased. All Bonds purchased pursuant to this subsection shall be cancelled pursuant to Section 10.1.

In the event of a partial optional redemption or extraordinary redemption of the Bonds, each of the remaining Sinking Fund Payments for such Bonds, as described above, will be reduced, as nearly as practicable, on a pro rata basis, in integral multiples of \$5,000, as directed by the District.

(c) Extraordinary Redemption.

The Bonds are subject to extraordinary redemption as a whole, or in part by lot, on any Interest Payment Date, and shall be redeemed by the Trustee, from Prepayments deposited to the Redemption Account pursuant to Section 3.5(b), plus amounts transferred from the Reserve Account pursuant to Section 3.6(c), among maturities as directed in writing by the District, at the following

redemption prices, expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the redemption date:

<i>Redemption Date</i>	<i>Redemption Price</i>
Any Interest Payment Date from (and including) September 1, 20__, through (and including) March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and any Interest Payment Date thereafter	100

The District shall notify the Trustee of any extraordinary prepayment at least 45 days prior to the Interest Payment Date on which such prepayment shall occur.

(d) The redemption provisions for Parity Bonds shall be set forth in a Supplemental Indenture.

Section 4.2. Selection of Bonds and Parity Bonds for Redemption. If less than all of the Bonds or Parity Bonds Outstanding are to be redeemed, the portion of any Bond or Parity Bond of a denomination of more than \$5,000 to be redeemed shall be in the principal amount of \$5,000 or an integral multiple thereof. The Trustee shall promptly notify the District in writing of the Bonds or Parity Bonds, or portions thereof, selected for redemption.

Section 4.3. Notice of Redemption. When Bonds or Parity Bonds are due for redemption under Section 4.1 or the terms of a Supplemental Indenture, respectively, the Trustee shall give notice, in the name of the District, of the redemption of such Bonds or Parity Bonds; provided, however, that a notice of a redemption to be made from other than from Sinking Fund Payments shall be conditioned on there being on deposit on the redemption date sufficient money to pay the redemption price of the Bonds or Parity Bonds to be redeemed. Such notice of redemption shall: (a) specify the CUSIP numbers (if any), the bond numbers and the maturity date or dates of the Bonds or Parity Bonds selected for redemption, except that where all of the Bonds or all of an issue of Parity Bonds are subject to redemption, or all of the Bonds or Parity Bonds of one maturity, are to be redeemed, the bond numbers of such issue need not be specified; (b) state the date fixed for redemption and surrender of the Bonds or Parity Bonds to be redeemed; (c) state the redemption price; (d) state the place or places where the Bonds or Parity Bonds are to be redeemed; (e) in the case of Bonds or Parity Bonds to be redeemed only in part, state the portion of such Bond or Parity Bond that is to be redeemed; (f) state the date of issue of the Bonds or Parity Bonds as originally issued; (g) state the rate of interest borne by each Bond or Parity Bond being redeemed; and (h) state any other descriptive information needed to identify accurately the Bonds or Parity Bonds being redeemed as shall be specified by the Trustee. Such notice shall further state that on the date fixed for redemption, there shall become due and payable on each Bond, Parity Bond or portion thereof called for redemption, the principal thereof, together with any premium, and interest accrued to the redemption date, and that from and after such date, interest thereon shall cease to accrue and be payable. At least 20 days but no more than 60 days prior to the redemption date, the Trustee shall mail a copy of such notice, by first class mail, postage prepaid, to the respective Owners thereof at their addresses appearing on the Bond Register. The actual receipt by the Owner of any Bond or Parity Bond or the original purchaser of any Bond or Parity Bond of notice of such redemption shall not be a condition precedent to redemption, and neither the failure to receive nor any defect in such notice shall affect the validity of the proceedings for the redemption of such Bonds or Parity Bonds,

or the cessation of interest on the redemption date. A certificate by the Trustee that notice of such redemption has been given as herein provided shall be conclusive as against all parties, and the Owner shall not be entitled to show that he or she failed to receive notice of such redemption.

In addition to the foregoing notice, further notice shall be given by the Trustee as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. In addition to providing any notice of redemption to the Bondowners, if the Bonds are held in book-entry form, each further notice of redemption shall be sent not later than the date that notice of redemption is mailed to the Bondowners by registered or certified mail or overnight delivery service to the Depository and by electronic notice to the Municipal Securities Rulemaking Board.

Upon the payment of the redemption price of any Bonds and Parity Bonds being redeemed, each check or other transfer of funds issued for such purpose shall to the extent practicable bear the CUSIP number (if any) identifying, by issue and maturity, the Bonds and Parity Bonds being redeemed with the proceeds of such check or other transfer.

With respect to any notice of optional redemption or extraordinary redemption of Bonds or Parity Bonds, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such Bonds or Parity Bonds to be redeemed and that, if such moneys shall not have been so received, said notice shall be of no force and effect and the Trustee shall not be required to redeem such Bonds or Parity Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made, and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Section 4.4. Partial Redemption of Bonds or Parity Bonds. Upon surrender by the Owner of a Bond, at the option of such Owner, for mandatory redemption at the Principal Office of the Trustee, payment of such mandatory redemption of the principal amount of a Bond will be paid to such Owner. Upon surrender of any Bond or Parity Bond to be redeemed in part only, the District shall execute and the Trustee shall authenticate and deliver to the Bondowner, at the expense of the District, a new Bond or Bonds or a new Parity Bond or Parity Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered, with the same interest rate and the same maturity or, in the case of surrender of a Parity Bond, a new Parity Bond or Parity Bonds subject to the foregoing limitations. Such mandatory redemption shall be valid upon payment of the amount thereby required to be paid to such Owner, and the District and the Trustee shall be released and discharged from all liability to the extent of such payment.

Section 4.5. Effect of Notice and Availability of Redemption Money. Notice of redemption having been duly given, as provided in Section 4.3, and the amount necessary for the redemption having been made available for that purpose and being available therefor on the date fixed for such redemption:

(a) the Bonds and Parity Bonds, or portions thereof, designated for redemption shall, on the date fixed for redemption, become due and payable at the redemption price thereof as provided in this Indenture or in any Supplemental Indenture with respect to any Parity Bonds, anything in this Indenture or in the Bonds or the Parity Bonds to the contrary notwithstanding;

(b) upon presentation and surrender thereof at the Principal Office of the Trustee, the redemption price of such Bonds and Parity Bonds shall be paid to the Owners thereof;

(c) as of the redemption date, the Bonds or the Parity Bonds, or portions thereof so designated for redemption shall be deemed to be no longer Outstanding and such Bonds or Parity Bonds, or portions thereof, shall cease to bear further interest; and

(d) as of the date fixed for redemption, no Owner of any of the Bonds, Parity Bonds or portions thereof so designated for redemption shall be entitled to any of the benefits of this Indenture or any Supplemental Indenture, or to any other rights, except with respect to payment of the redemption price and interest accrued to the redemption date from the amounts so made available.

ARTICLE V

COVENANTS AND WARRANTY

Section 5.1. Security. The District shall preserve and protect the security pledged hereunder to the Bonds and any Parity Bonds against all claims and demands of all persons.

Section 5.2. Covenants. So long as any of the Bonds or Parity Bonds issued hereunder are Outstanding and unpaid, the District makes the following covenants with the Bondowners under the provisions of the Act and this Indenture (to be performed by the District or its proper officers, agents or employees), which covenants are necessary and desirable to secure the Bonds and Parity Bonds and tend to make them more marketable; provided, however, that said covenants do not require the District to expend any funds or moneys other than the Special Taxes and other amounts deposited to the Special Tax Fund:

(a) Punctual Payment; Against Encumbrances. The District covenants that it will receive all Special Taxes in trust for the Owners and will instruct the City Finance Director to deposit all Special Taxes with the Trustee immediately upon their apportionment to the District, and the District shall have no beneficial right or interest in the amounts so deposited except as provided by this Indenture. All such Special Taxes shall be disbursed, allocated and applied solely to the uses and purposes set forth herein, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the District.

The District covenants that it will duly and punctually pay or cause to be paid the principal of and interest on every Bond and Parity Bond issued hereunder, together with the premium, if any, thereon on the date, at the place and in the manner set forth in the Bonds and the Parity Bonds and in accordance with this Indenture to the extent that Net Taxes and other amounts pledged hereunder are available therefor, and that the payments into the funds and Accounts created hereunder will be made, all in strict conformity with the terms of the Bonds, any Parity Bonds, this Indenture and any Supplemental Indenture, and that it will faithfully observe and perform all of the conditions, covenants and requirements of this Indenture and all Supplemental Indentures and of the Bonds and any Parity Bonds issued hereunder.

The District will not mortgage or otherwise encumber, pledge or place any charge upon any of the Net Taxes except as provided in this Indenture, and will not issue any obligation or security having a lien or charge upon the Net Taxes superior to or on a parity with the Bonds, other than Parity Bonds. Nothing herein shall prevent the District from issuing or incurring indebtedness that is

payable from a pledge of Net Taxes which is subordinate in all respects to the pledge of Net Taxes to repay the Bonds and the Parity Bonds.

(b) Levy of Special Tax. Beginning in Fiscal Year 2019-20 and continuing so long as any Bonds or Parity Bonds issued under this Indenture are Outstanding, the legislative body of the District covenants to levy the Special Tax in an amount sufficient, together with other amounts on deposit in the Special Tax Fund and available for such purpose, to pay: (i) the principal of and interest on the Bonds and any Parity Bonds when due; (ii) the Administrative Expenses; and (iii) any amounts required to replenish the Reserve Account of the Special Tax Fund to the Reserve Requirement. The District further covenants that it will take no actions that would discontinue or cause the discontinuance of the Special Tax levy or the District's authority to levy the Special Tax for so long as the Bonds and any Parity Bonds are Outstanding.

(c) Commence Foreclosure Proceedings. The District covenants for the benefit of the Owners of the Bonds and any Parity Bonds that it will: (i) commence judicial foreclosure proceedings against parcels with delinquent Special Taxes in excess of \$10,000 by the October 1 following the close of each Fiscal Year in which such Special Taxes were due; (ii) commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the October 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Tax levied and the amount on deposit in the Reserve Account is at less than the Reserve Requirement; and (iii) diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid.

The District covenants that it will deposit the net proceeds of any foreclosure to the Special Tax Fund and will apply such proceeds remaining after the payment of Administrative Expenses to make current payments of principal of and interest on the Bonds and any Parity Bonds, to bring the amount on deposit in the Reserve Account up to the Reserve Requirement and to pay any delinquent installments of principal or interest due on the Bonds and any Parity Bonds.

(d) Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Net Taxes or other funds in the Special Tax Fund (other than the Administrative Expenses Account therein), or which might impair the security of the Bonds or any Parity Bonds then Outstanding; provided, however, that nothing herein contained shall require the District to make any such payments so long as the District shall in good faith contest the validity of any such claims.

(e) Books and Accounts. The District will keep proper books of records and accounts, separate from all other records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the Project, the levy of the Special Tax and the deposits to the Special Tax Fund. Such books of records and accounts shall at all times during business hours be subject to the inspection of the Trustee, the Owners of not less than 10% of the principal amount of the Bonds or the Owners of not less than 10% of any issue of Parity Bonds then Outstanding or their representatives authorized in writing.

(f) Federal Tax Covenants. Notwithstanding any other provision of this Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest on the Bonds and any Parity Bonds issued on a tax-exempt basis for federal income tax purposes will not be adversely affected for federal income tax purposes, the District covenants to comply with all applicable

requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(1) Private Activity. The District will take no action or refrain from taking any action or make any use of the proceeds of the Bonds or any Parity Bonds or of any other moneys or property which would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be “private activity bonds” within the meaning of Section 141 of the Code;

(2) Arbitrage. The District will make no use of the proceeds of the Bonds or any Parity Bonds or of any other amounts or property, regardless of the source, and will not take any action or refrain from taking any action which will cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be “arbitrage bonds” within the meaning of Section 148 of the Code;

(3) Federal Guaranty. The District will make no use of the proceeds of the Bonds or any Parity Bonds and will not take or omit to take any action that would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

(4) Information Reporting. The District will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code;

(5) Hedge Bonds. The District will make no use of the proceeds of the Bonds or any Parity Bonds or any other amounts or property, regardless of the source, and will not take any action or refrain from taking any action that would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds and any applicable Parity Bonds;

(6) Miscellaneous. The District will take no action or refrain from taking any action inconsistent with its expectations stated in the Tax Certificate executed on the Delivery Date by the District in connection with the Bonds and any issue of Parity Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein;

(7) Other Tax-Exempt Issues. The District will not use proceeds of other tax-exempt securities to redeem any Bonds or Parity Bonds without first obtaining the written opinion of Bond Counsel that doing so will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds issued on a tax-exempt basis; and

(8) Subsequent Opinions. If the District obtains a subsequent opinion of Bond Counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation (“SYCR”), where such opinion is required in connection with a change or amendment to this Indenture or the procedures set forth in the Tax Certificate, it will obtain an opinion substantially to the effect originally delivered by SYCR that interest on the Bonds and Parity Bonds which are the subject of such change or amendment is excluded from gross income for federal income tax purposes.

(g) Reduction of Maximum Special Taxes. The District hereby finds and determines that, historically, delinquencies in the payment of special taxes authorized pursuant to the Act in community facilities districts in Southern California have from time to time been at levels that required the levy of special taxes at the maximum authorized rates in order to make timely payment of principal of and interest on the outstanding indebtedness of such community facilities districts. For this reason, the District hereby determines that a reduction in the maximum Special Tax rates authorized to be levied on parcels in the District below the levels provided in this Section 5.2(g) would interfere with the timely retirement of the Bonds and Parity Bonds. The District determines it to be necessary in order to preserve the security for the Bonds and Parity Bonds to covenant, and, to the maximum extent that the law permits it to do so, the District hereby does covenant, that it shall not initiate proceedings to reduce the maximum Special Tax rates for the District.

(h) Covenants to Defend. The District covenants that, in the event that any initiative is adopted by the qualified electors in the District which purports to reduce the maximum Special Tax below the levels specified in Section 5.2(g) above or to limit the power of the District to levy the Special Taxes for the purposes set forth in Section 5.2(b) above, it will commence and pursue legal action in order to preserve its ability to comply with such covenants.

(i) Limitation on Right to Tender Bonds. The District hereby covenants that it will not adopt any policy pursuant to Section 53341.1 of the Act permitting the tender of Bonds or Parity Bonds in full payment or partial payment of any Special Taxes unless the District shall have first received a certificate from an Independent Financial Consultant that the acceptance of such a tender will not result in the District having insufficient Special Tax revenues to pay the principal of and interest on the Bonds and Parity Bonds when due.

(j) Continuing Disclosures. The District covenants to comply with the terms of the Continuing Disclosure Certificate and with the terms of any continuing disclosure agreement executed by the District with respect to any Parity Bonds in order to assist the underwriter thereof in complying with Rule 15(c)2-12 adopted by the Securities and Exchange Commission.

(k) Further Assurances. The District shall make, execute and deliver any and all such further agreements, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the Bonds and any Parity Bonds of the rights and benefits provided in this Indenture.

ARTICLE VI

AMENDMENTS TO INDENTURE

Section 6.1. Supplemental Indentures or Orders Not Requiring Bondowner Consent. The District may from time to time, and at any time, without notice to or consent of any of the Bondowners, adopt Supplemental Indentures for any of the following purposes:

(a) to cure any ambiguity, to correct or supplement any provisions herein which may be inconsistent with any other provision herein or to make any other provision with respect to matters or questions arising under this Indenture or in any additional resolution or order, provided that such action is not materially adverse to the interests of the Bondowners;

(b) to add to the covenants and agreements of and the limitations and the restrictions upon the District contained in this Indenture, other covenants, agreements, limitations and restrictions to be observed by the District which are not contrary to or inconsistent with this Indenture as theretofore in effect or which further secure Bond or Parity Bond payments;

(c) to provide for the issuance of any Parity Bonds, and to provide the terms and conditions under which such Parity Bonds may be issued, subject to and in accordance with the provisions of this Indenture;

(d) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, or to comply with the Code or regulations issued thereunder, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Owners of the Bonds or any Parity Bonds then Outstanding;

(e) subject to the provisions of Section 5.2(g), to modify, alter or amend the Rate and Method in any manner so long as such changes do not reduce the maximum Special Taxes that may be levied in each year on property within Improvement Area No. 2 of the District to an amount which is less than 110% of the principal and interest due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such amendment; or

(f) to modify, alter, amend or supplement this Indenture in any other respect which is not materially adverse to the Bondowners.

Section 6.2. Supplemental Indentures or Orders Requiring Bondowner Consent.

Exclusive of the Supplemental Indentures described in Section 6.1, the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding shall have the right to consent to and approve the adoption by the District of such Supplemental Indentures as shall be deemed necessary or desirable by the District for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture; provided, however, that nothing herein shall permit, or be construed as permitting: (a) an extension of the maturity date of the principal, or the payment date of interest on, any Bond or Parity Bond; (b) a reduction in the principal amount of, or redemption premium on, any Bond or Parity Bond or the rate of interest thereon; (c) a preference or priority of any Bond or Parity Bond over any other Bond or Parity Bond; or (d) a reduction in the aggregate principal amount of the Bonds and Parity Bonds the Owners of which are required to consent to such Supplemental Indenture, without the consent of the Owners of all Bonds and Parity Bonds then Outstanding.

If at any time the District shall desire to adopt a Supplemental Indenture, which pursuant to the terms of this Section shall require the consent of the Bondowners, the District shall so notify the Trustee and shall deliver to the Trustee a copy of the proposed Supplemental Indenture. The Trustee shall, at the expense of the District, cause notice of the proposed Supplemental Indenture to be mailed, by first class mail, postage prepaid, to all Bondowners at their addresses as they appear in the Bond Register. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the Principal Office of the Trustee for inspection by all Bondowners. The failure of any Bondowners to receive such notice shall not affect the validity of such Supplemental Indenture when consented to and approved by the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding as required by

this Section. Whenever at any time within one year after the date of the first mailing of such notice, the Trustee shall receive an instrument or instruments purporting to be executed by the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding, which instrument or instruments shall refer to the proposed Supplemental Indenture described in such notice, and shall specifically consent to and approve the adoption thereof by the District substantially in the form of the copy referred to in such notice as on file with the Trustee, such proposed Supplemental Indenture, when duly adopted by the District, shall thereafter become a part of the proceedings for the issuance of the Bonds and any Parity Bonds. In determining whether the Owners of a majority of the aggregate principal amount of the Bonds and Parity Bonds have consented to the adoption of any Supplemental Indenture, Bonds or Parity Bonds that are owned by the District, or by any person directly or indirectly controlling or controlled by or under the direct or indirect common control with the District, shall be disregarded and shall be treated as though they were not Outstanding for the purpose of any such determination.

Upon request of the Trustee, the District shall specify in an Certificate of an Authorized Representative of the District to the Trustee those Bonds disqualified pursuant to this Section and the Trustee may conclusively rely on such certificate.

Upon the adoption of any Supplemental Indenture and the receipt of consent to any such Supplemental Indenture from the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds and Parity Bonds in instances where such consent is required pursuant to the provisions of this Section, this Indenture shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the District and all Owners of Outstanding Bonds and Parity Bonds shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

Section 6.3. Notation of Bonds or Parity Bonds; Delivery of Amended Bonds or Parity Bonds. After the effective date of any action taken as hereinabove provided, the District may determine that the Bonds or any Parity Bonds may bear a notation, by endorsement in form approved by the District, as to such action, and in that case upon demand of the Owner of any Outstanding Bond or Parity Bond at such effective date and presentation of such Owner's Bond or Parity Bond for the purpose at the Principal Office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation as to such action shall be made on such Bonds or Parity Bonds. If the District shall so determine, new Bonds or Parity Bonds so modified as, in the opinion of the District, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Outstanding Bond or Parity Bond at such effective date such new Bonds or Parity Bonds shall be exchanged at the Principal Office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, without cost to each Owner of Outstanding Bonds or Parity Bonds, upon surrender of such Outstanding Bonds or Parity Bonds.

In executing, or accepting the additional trusts created by any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an opinion of counsel stating that the execution of such Supplemental Indenture is authorized or permitted by this Indenture and complies with the terms hereof. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

ARTICLE VII

TRUSTEE

Section 7.1. Trustee. The Bank of New York Mellon Trust Company, N.A., shall be the Trustee for the Bonds and any Parity Bonds unless and until another Trustee is appointed by the District hereunder. The District may, at any time, appoint a successor Trustee satisfying the requirements of Section 7.2 for the purpose of receiving all money that the District is required to deposit with the Trustee hereunder and to allocate, use and apply the same as provided in this Indenture.

The Trustee is hereby authorized to and shall mail by first class mail, postage prepaid, or wire transfer in accordance with Section 2.5, interest payments to the Bondowners, to select Bonds and Parity Bonds for redemption, and to maintain the Bond Register. The Trustee is hereby authorized to pay the principal of and premium, if any, on the Bonds and Parity Bonds when the same are duly presented to it for payment at maturity or on call and redemption, to provide for the registration of transfer and exchange of Bonds and Parity Bonds presented to it for such purposes, to provide for the cancellation of Bonds and Parity Bonds and to provide for the authentication of Bonds and Parity Bonds, and shall perform all other duties assigned to or imposed on it as provided in this Indenture. The Trustee shall keep accurate records of all funds administered by it and all Bonds and Parity Bonds paid, discharged and cancelled by it.

The Trustee is hereby authorized to redeem the Bonds and Parity Bonds when duly presented for payment at maturity, or on redemption prior to maturity. The Trustee shall cancel all Bonds and Parity Bonds upon payment thereof in accordance with the provisions of Section 10.1.

The District shall from time to time, subject to any agreement between the District and the Trustee then in force, pay to the Trustee compensation for its services, reimburse the Trustee for all of its advances and expenditures, including, but not limited to, advances to and fees and expenses of independent accountants or counsel employed by it in the exercise and performance of its powers and duties hereunder, and indemnify and save the Trustee, its officers, directors, employees and agents, harmless against costs, claims, expenses and liabilities, including, without limitation, fees and expenses of its attorneys, not arising from its own negligence or willful misconduct which it may incur in the exercise and performance of its powers and duties hereunder. The foregoing obligation of the District to indemnify the Trustee shall survive the removal or resignation of the Trustee or the discharge of the Bonds.

Section 7.2. Removal of Trustee. The District may at any time at its sole discretion, and shall at the direction of a majority of the Owners, remove the Trustee initially appointed, and any successor thereto, by delivering to the Trustee a 30-day written notice of its decision to remove the Trustee. The District shall appoint a successor or successors thereto, provided that any such successor shall be a bank, national banking association or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least \$100,000,000, and subject to supervision or examination by federal or state authority. If any bank, national banking association or trust company appointed as a successor publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such bank, national banking association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. Any removal of the Trustee and appointment of a successor Trustee shall

become effective only upon acceptance of appointment by the successor Trustee and notice being sent by the successor Trustee to the Bondowners of the successor Trustee's identity and address.

Section 7.3. Resignation of Trustee. The Trustee may at any time resign by giving written notice to the District and by giving to the Owners notice of such resignation, which notice shall be mailed to the Owners at their addresses appearing in the registration books at the Principal Office of the Trustee. Upon receiving such notice of resignation, the District shall promptly appoint a successor Trustee satisfying the criteria in Section 7.2 by an instrument in writing. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Bondowner (on behalf of itself and all other Bondowners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee.

Section 7.4. Liability of Trustee. The recitals of fact and all promises, covenants and agreements contained herein and in the Bonds and any Parity Bonds shall be taken as statements, promises, covenants and agreements of the District, and the Trustee assumes no responsibility for the correctness of the same and makes no representations as to the validity or sufficiency of this Indenture, the Bonds or any Parity Bonds, and shall incur no responsibility in respect thereof, other than in connection with its duties or obligations specifically set forth herein, in the Bonds and any Parity Bonds, or in the certificate of authentication assigned to or imposed upon the Trustee. The Trustee shall be under no responsibility or duty with respect to the issuance of the Bonds or any Parity Bonds for value. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, Bond, Parity Bond, facsimile transmission, electronic mail or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel to the District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered hereunder in good faith and in accordance therewith.

The Trustee shall not be bound to recognize any person as the Owner of a Bond or Parity Bond unless and until such Bond or Parity Bond is submitted for inspection, if required, and title thereto is satisfactorily established, if disputed.

Whenever in the administration of its duties under this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof is specifically prescribed herein) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a written certificate of the District, and such certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee shall have no duty or obligation whatsoever to enforce the collection of Special Taxes or other funds to be deposited with it hereunder, or as to the correctness of any amounts received, but its liability shall be limited to the proper accounting for such funds as it shall actually receive. No provision in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of its rights or powers.

The Trustee shall not be deemed to have knowledge of any default or Event of Default until an officer at the Trustee's corporate trust office who is responsible for the administration of its duties hereunder shall have actual knowledge thereof or the Trustee shall have received written notice thereof at its corporate trust office.

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

The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("**Instructions**") given pursuant to this Indenture and delivered using Electronic Means. ("**Electronic Means**" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder). The District shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("**Authorized Officers**") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the District whenever a person is to be added or deleted from the listing. If the District elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The District understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The District shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the District and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the District. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding the fact that such directions conflict or are inconsistent with a subsequent written instruction. The District agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions

to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the District; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct.

All immunities, indemnifications and releases from liability granted herein to the Trustee will extend to the directors, employees, officers and agents thereof.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Owners pursuant to the provisions of this Indenture unless such Owners shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby.

The Trustee shall not be responsible for or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder either directly or by or through attorneys or agents, shall not be liable for the acts or omissions of such attorneys or agents appointed with due care, and shall be entitled to rely on advice of counsel concerning all matters of trust and its duty hereunder.

The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Bonds.

The Trustee shall not be required to determine the legality of any investments.

Section 7.5. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

ARTICLE VIII

EVENTS OF DEFAULT; REMEDIES

Section 8.1. Events of Default. Any one or more of the following events shall constitute an “Event of Default”:

(a) default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond or Parity Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) default in the due and punctual payment of the interest on any Bond or Parity Bond when and as the same shall become due and payable; or

(c) except as described in subsections (a) or (b), default by the District in the observance of any of the agreements, conditions or covenants on its part contained in this Indenture, the Bonds or any Parity Bonds, and such default shall have continued for a period of 30 days after the District shall have been given notice in writing of such default by the Trustee or the Owners of 25% in aggregate principal amount of the Outstanding Bonds and Parity Bonds; provided, however, that such default shall not constitute an Event of Default hereunder if the District shall commence to cure such default within said 30-day period and thereafter diligently and in good faith proceed to cure such default within a reasonable period of time not to exceed 90 days after such notice.

The Trustee agrees to give notice to the Owners as soon as practicable upon the occurrence of an Event of Default under subsections (a) or (b) above and within 30 days of the Trustee’s knowledge of an event of default under subsection (c) above.

Section 8.2. Remedies of Owners. Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Bonds and Parity Bonds, and to enforce any rights of the Trustee under or with respect to this Indenture, including:

(a) by mandamus or other suit or proceeding at law or in equity to enforce the Trustee’s rights against the District and any of the members, officers and employees of the District, and to compel the District or any such members, officers or employees to perform and carry out their duties under the Act and their agreements with the Owners as provided in this Indenture;

(b) by suit in equity to enjoin any actions or things which are unlawful or violate the rights of the Owners; or

(c) by a suit in equity to require the District and its members, officers and employees to account as the trustee of an express trust.

If an Event of Default shall have occurred and be continuing and if requested so to do by the Owners of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds and Parity Bonds and if indemnified to its satisfaction, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Article VIII, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Owners of the Bonds and Parity Bonds.

No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

Section 8.3. Application of Revenues and Other Funds After Default. All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of this Indenture relating to the Bonds and Parity Bonds shall be applied by the Trustee in the following order upon presentation of the several Bonds and Parity Bonds:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of this Article VIII, including reasonable compensation to its agents, attorneys and counsel, and to the payment of all other outstanding fees and expenses of the Trustee; and

Second, to the payment of the whole amount of interest on and principal of the Bonds and Parity Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds and Parity Bonds; provided, however, that in the event that such amounts shall be insufficient to pay the full amount of such interest and principal, then such amounts shall be applied in the following order of priority:

(a) first to the payment of all installments of interest on the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing,

(b) second, to the payment of all installments of principal, including Sinking Fund Payments, of the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing; and

(c) third, to the payment of interest on overdue installments of principal and interest on the Bonds and Parity Bonds on a pro rata basis based on the total amount then due and owing.

Section 8.4. Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of twenty-five percent (25%) in aggregate principal amount of the Bonds and Parity Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds and Parity Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds and Parity Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other such litigation. Any suit, action or proceeding that any Owner of Bonds or Parity Bonds shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds and Parity Bonds similarly situated and the Trustee is hereby appointed (and the

successive respective Owners of the Bonds and Parity Bonds issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney in fact of the respective Owners of the Bonds and Parity Bonds for the purposes of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds and Parity Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

Section 8.5. Appointment of Receivers. Upon the occurrence of an Event of Default hereunder, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners of the Bonds and Parity Bonds under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Net Taxes and other amounts pledged hereunder, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 8.6. Non-Waiver. Nothing in this Article VIII or in any other provision of this Indenture, or in the Bonds or the Parity Bonds, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the interest on and principal of the Bonds and Parity Bonds to the respective Owners of the Bonds and Parity Bonds at the respective dates of maturity, as herein provided, out of the Net Taxes and other moneys herein pledged for such payment.

A waiver of any default or breach of duty or contract by the Trustee or any Owners shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission of the Trustee or any Owner of any of the Bonds or Parity Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy conferred upon the Trustee or the Owners by the Act or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Owners, as the case may be.

Section 8.7. Limitations on Rights and Remedies of Owners. No Owner of any Bond or Parity Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless: (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds and Parity Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds and Parity Bonds of any remedy hereunder; it being understood and intended that no one or more Owners of Bonds and Parity Bonds shall have any right in any manner whatever by their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds and Parity Bonds.

The right of any Owner of any Bond and Parity Bond to receive payment of the principal of and interest and premium (if any) on such Bond and Parity Bond as herein provided or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

Section 8.8. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, the District, the Trustee and the Owners shall be restored to their former positions and rights hereunder, respectively, with regard to the property subject to this Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

ARTICLE IX

DEFEASANCE AND PARITY BONDS

Section 9.1. Defeasance. If the District shall pay or cause to be paid, or there shall otherwise be paid, to the Owner of an Outstanding Bond or Parity Bond the interest due thereon and the principal thereof, at the times and in the manner stipulated in this Indenture or any Supplemental Indenture, then the Owner of such Bond or Parity Bond shall cease to be entitled to the pledge of Net Taxes, and, other than as set forth below, all covenants, agreements and other obligations of the District to the Owner of such Bond or Parity Bond under this Indenture and any Supplemental Indenture relating to such Parity Bond shall thereupon cease, terminate and become void and be discharged and satisfied. In the event of a defeasance of all Outstanding Bonds and Parity Bonds pursuant to this Section, the Trustee shall execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the District's general fund all money or securities held by it pursuant to this Indenture which are not required for the payment of the principal of, premium, if any, and interest due on such Bonds and Parity Bonds.

Any Outstanding Bond or Parity Bond shall be deemed to have been paid within the meaning expressed in the first paragraph of this Section if such Bond or Parity Bond is paid in any one or more of the following ways:

(a) by paying or causing to be paid the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, money which, together with the amounts then on deposit in the Special Tax Fund (exclusive of the Administrative Expenses Account) and available for such purpose, is fully sufficient to pay the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same shall become due and payable; or

(c) by depositing with the Trustee or another escrow bank appointed by the District, in trust, Federal Securities, in which the District may lawfully invest its money, in such amount as will be sufficient, together with the interest to accrue thereon and moneys then on deposit in the Special Tax Fund (exclusive of the Administrative Expenses Account) and available for such purpose,

together with the interest to accrue thereon, to pay and discharge the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same shall become due and payable.

If paid as provided above, then, at the election of the District, and notwithstanding that any Outstanding Bonds and Parity Bonds shall not have been surrendered for payment, all obligations of the District under this Indenture and any Supplemental Indenture with respect to such Bond or Parity Bond shall cease and terminate, except for the obligation of the Trustee to pay or cause to be paid to the Owners of any such Bond or Parity Bond not so surrendered and paid, all sums due thereon and except for the covenants of the District contained in Section 5.2(f) or any covenants in a Supplemental Indenture relating to compliance with the Code. Notice of such election shall be filed with the Trustee not less than ten days prior to the proposed defeasance date, or such shorter period of time as may be acceptable to the Trustee. In connection with a defeasance under clauses (b) or (c) above, there shall be provided to the District a verification report from an independent nationally recognized certified public accountant stating its opinion as to the sufficiency of the moneys or securities deposited with the Trustee or the escrow bank to pay and discharge the principal of, premium, if any, and interest on all Outstanding Bonds and Parity Bonds to be defeased in accordance with this Section, as and when the same shall become due and payable, and an opinion of Bond Counsel (which may rely upon the opinion of the certified public accountant) to the effect that the Bonds or Parity Bonds being defeased have been legally defeased in accordance with this Indenture and any applicable Supplemental Indenture.

Upon a defeasance, the Trustee, upon request of the District, shall release the rights of the Owners of such Bonds and Parity Bonds that have been defeased under this Indenture and any Supplemental Indenture and execute and deliver to the District all such instruments as may be desirable to evidence such release, discharge and satisfaction. In the case of a defeasance hereunder of all Outstanding Bonds and Parity Bonds, the Trustee shall pay over or deliver to the District any funds held by the Trustee at the time of a defeasance that are not required for the purpose of paying and discharging the principal of or interest on the Bonds and Parity Bonds when due. The Trustee shall, at the written direction of the District, mail, first class, postage prepaid, a notice to the Bondowners whose Bonds or Parity Bonds have been defeased, in the form directed by the District, stating that the defeasance has occurred.

Section 9.2. Conditions for the Issuance of Parity Bonds and Other Additional Indebtedness. The District may at any time after the issuance and delivery of the Bonds hereunder issue Parity Bonds payable from the Net Taxes and other amounts deposited in the Special Tax Fund (other than in the Administrative Expenses Account therein) and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds theretofore issued hereunder or under any Supplemental Indenture, solely for the purpose of refunding Bonds or other Parity Bonds. Parity Bonds may be issued subject to the following additional specific conditions, which are hereby made conditions precedent to the issuance of any such Parity Bonds:

(a) The District shall be in compliance with all covenants set forth in this Indenture and any Supplemental Indenture then in effect, and a certificate of the District to that effect shall have been filed with the Trustee; provided, however, that Parity Bonds may be issued notwithstanding the fact that the District is not in compliance with all such covenants so long as immediately following the issuance of such Parity Bonds the District will be in compliance with all such covenants.

(b) The issuance of such Parity Bonds shall have been duly authorized pursuant to the Act and all applicable laws, and the issuance of such Parity Bonds shall have been provided for by a Supplemental Indenture duly adopted by the District which shall specify the following:

- (1) the authorized principal amount of such Parity Bonds;
- (2) the date and the maturity date or dates of such Parity Bonds; provided that:
(i) each maturity date shall fall on a September 1; (ii) all such Parity Bonds of like maturity shall be identical in all respects, except as to number; and (iii) fixed serial maturities or Sinking Fund Payments, or any combination thereof, shall be established to provide for the retirement of all such Parity Bonds on or before their respective maturity dates;
- (3) the description of the Parity Bonds, the place of payment thereof and the procedure for execution and authentication;
- (4) the denominations and method of numbering of such Parity Bonds;
- (5) the amount and due date of each mandatory Sinking Fund Payment, if any, for such Parity Bonds;
- (6) the amount, if any, to be deposited from the proceeds of such Parity Bonds in the Reserve Account of the Special Tax Fund to increase the amount therein to the Reserve Requirement;
- (7) the form of such Parity Bonds; and
- (8) such other provisions as are necessary or appropriate and not inconsistent with this Indenture.

(c) The Trustee shall have received the following documents or money or securities, all of such documents dated or certified, as the case may be, as of the Delivery Date of such Parity Bonds by the Trustee (unless the Trustee shall accept any of such documents bearing a prior date):

- (1) a certified copy of the Supplemental Indenture authorizing the issuance of such Parity Bonds;
- (2) a written request of the District as to the delivery of such Parity Bonds;
- (3) an opinion of Bond Counsel to the effect that: (i) the District has the right and power under the Act to adopt this Indenture and the Supplemental Indentures relating to such Parity Bonds, and this Indenture and all such Supplemental Indentures have been duly and lawfully adopted by the District, are in full force and effect and are valid and binding upon the District and enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights); (ii) this Indenture creates the valid pledge which it purports to create of the Net Taxes and other amounts as provided in this Indenture, subject to the application thereof to the purposes and on the conditions permitted by this Indenture; and (iii) such Parity Bonds are valid and binding limited obligations of the District, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights) and the terms of this Indenture and all Supplemental Indentures thereto and entitled

to the benefits of this Indenture and all such Supplemental Indentures, and such Parity Bonds have been duly and validly authorized and issued in accordance with the Act (or other applicable laws) and this Indenture and all such Supplemental Indentures; and a further opinion of Bond Counsel to the effect that, assuming compliance by the District with certain tax covenants, the issuance of the Parity Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds theretofore issued on a tax-exempt basis, or the exemption from State of California personal income taxation of interest on any Outstanding Bonds and Parity Bonds theretofore issued;

(4) a certificate of the District containing such statements as may be reasonably necessary to show compliance with the requirements of this Indenture;

(5) a certificate of an Independent Financial Consultant or Participating Underwriter (as such term is defined in the Continuing Disclosure Certificate related to such Parity Bonds, or, if none, in the Continuing Disclosure Certificate related to the Bonds) certifying that in each Bond Year the Annual Debt Service on the Bonds and Parity Bonds to remain Outstanding following the issuance of the Parity Bonds proposed to be issued is less than the Annual Debt Service on the Bonds and Parity Bonds Outstanding prior to the issuance of such Parity Bonds; and

(6) such further documents, money and securities as are required by the provisions of this Indenture and the Supplemental Indenture providing for the issuance of such Parity Bonds.

ARTICLE X

MISCELLANEOUS

Section 10.1. Cancellation of Bonds and Parity Bonds. All Bonds and Parity Bonds surrendered to the Trustee for payment upon maturity or for redemption shall be upon payment therefor, and any Bond or Parity Bond purchased by the District as authorized herein and delivered to the Trustee for such purpose shall be, cancelled forthwith and shall not be reissued. The Trustee shall destroy such Bonds and Parity Bonds, as provided by law, and, upon request of the District, furnish to the District a certificate of such destruction.

Section 10.2. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Indenture to be signed or executed by Bondowners may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Owners in person or by their attorneys appointed by an instrument in writing for that purpose, or by the bank, trust company or other depository for such Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of Bonds or Parity Bonds shall be sufficient for the purposes of this Indenture (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his or her attorney of any such instrument and of any instrument appointing any such attorney, may be proved by a signature guarantee of any bank or trust company located within the United States of America. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such signature guarantee shall also constitute sufficient proof of his authority.

(b) As to any Bond or Parity Bond, the person in whose name the same shall be registered in the Bond Register shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of any such Bond or Parity Bond, and the interest thereon, shall be made only to or upon the order of the registered Owner thereof or his or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond or Parity Bond and the interest thereon to the extent of the sum or sums to be paid. Neither the District nor the Trustee shall be affected by any notice to the contrary.

Nothing contained in this Indenture shall be construed as limiting the Trustee or the District to such proof, it being intended that the Trustee or the District may accept any other evidence of the matters herein stated which the Trustee or the District may deem sufficient. Any request or consent of the Owner of any Bond or Parity Bond shall bind every future Owner of the same Bond or Parity Bond in respect of anything done or suffered to be done by the Trustee or the District in pursuance of such request or consent.

Section 10.3. Unclaimed Moneys. Anything in this Indenture to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Outstanding Bonds and Parity Bonds that remains unclaimed for two years after the date when such Outstanding Bonds or Parity Bonds have become due and payable, if such money was held by the Trustee at such date, or for two years after the date of deposit of such money if deposited with the Trustee after the date when such Outstanding Bonds or Parity Bonds become due and payable, shall be repaid by the Trustee to the District, as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the payment of such Outstanding Bonds or Parity Bonds; provided, however, that, before being required to make any such payment to the District, the Trustee, at the expense of the District, shall cause to be mailed by first-class mail, postage prepaid, to the registered Owners of such Outstanding Bonds or Parity Bonds at their addresses as they appear on the registration books of the Trustee a notice that said money remains unclaimed and that, after a date named in said notice, which date shall not be less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the District.

Section 10.4. Provisions Constitute Contract. The provisions of this Indenture shall constitute a contract between the District and the Bondowners and the provisions hereof shall be construed in accordance with the laws of the State of California.

In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and, should said suit, action or proceeding be abandoned, or be determined adversely to the Bondowners or the Trustee, then the District, the Trustee and the Bondowners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

After the issuance and delivery of the Bonds, this Indenture shall be irrevocable, but shall be subject to modifications to the extent and in the manner provided in this Indenture, but to no greater extent and in no other manner.

Section 10.5. Future Contracts. Nothing herein contained shall be deemed to restrict or prohibit the District from making contracts or creating bonded or other indebtedness payable from a pledge of the Net Taxes which is subordinate to the pledge hereunder, or which is payable from the

general fund of the District or from taxes or any source other than the Net Taxes and other amounts pledged hereunder.

Section 10.6. Further Assurances. The District will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds or any Parity Bonds the rights and benefits provided in this Indenture.

Section 10.7. Severability. If any covenant, agreement or provision, or any portion thereof, contained in this Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Indenture and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Indenture, the Bonds and any Parity Bonds issued pursuant hereto shall remain valid and the Bondowners shall retain all valid rights and benefits accorded to them under the laws of the State of California.

Section 10.8. Notices. Any notices required to be given to the District with respect to the Bonds or this Indenture shall be mailed, first class, postage prepaid, or personally delivered to the Finance Director of the City of Salinas, 200 Lincoln Avenue, Salinas, California 93901, and all notices to the Trustee in its capacity as Trustee shall be mailed, first class, postage prepaid, or personally delivered to The Bank of New York Mellon Trust Company, N.A., 400 South Hope Street, Suite 500, Los Angeles, California 90071; Attention: Corporate Trust Department.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the District has caused this Indenture to be signed by the Mayor of the City, acting as the legislative body of the District and attested thereto by the City Clerk of the City, and the Trustee, in token of its acceptance of the trust created hereunder, has caused this Indenture to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

COMMUNITY FACILITIES DISTRICT NO. 2016-1
(MONTE BELLA) OF THE CITY OF SALINAS

By: _____
Mayor of the City of Salinas, California, acting
as the legislative body of Community Facilities
District No. 2016-1 (Monte Bella) of the City of
Salinas

ATTEST:

City Clerk of the City of Salinas,
California, acting as the legislative body
of Community Facilities District No.
2016-1 (Monte Bella) of the City of
Salinas

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By: _____
Authorized Officer

EXHIBIT A

FORM OF 2019 SPECIAL TAX BOND

R-1

\$ _____

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS SUCH TERM IS DEFINED IN THE INDENTURE) TO THE BOND REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF MONTEREY**

**COMMUNITY FACILITIES DISTRICT NO. 2016-1 (MONTE BELLA) OF THE
CITY OF SALINAS
2019 SPECIAL TAX BONDS
(IMPROVEMENT AREA NO. 2)**

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____ %	September 1, 20__	December __, 2019	[794895] _____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ MILLION _____ THOUSAND DOLLARS AND NO/100 DOLLARS

COMMUNITY FACILITIES DISTRICT NO. 2016-1 (MONTE BELLA) OF THE CITY OF SALINAS (the "District") which was formed by the City of Salinas (the "City") and is situated in the County of Monterey, State of California, FOR VALUE RECEIVED, hereby promises to pay, solely from certain amounts held under the Indenture (as such term is defined herein), to the Registered Owner named above, or registered assigns, on the Maturity Date set forth above, unless redeemed prior thereto as hereinafter provided, the Principal Amount set forth above, and to pay interest on such Principal Amount from the Interest Payment Date (as such term is defined herein) next

preceding the date of authentication hereof, unless: (i) the date of authentication is an Interest Payment Date, in which event interest shall be payable from such date of authentication; (ii) the date of authentication is after a Record Date (as such term is defined herein) but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from the Interest Payment Date immediately succeeding the date of authentication; or (iii) the date of authentication is prior to the close of business on the first Record Date in which event interest shall be payable from the Dated Date set forth above. Notwithstanding the foregoing, if at the time of authentication of this Bond interest is in default, interest on this Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment, interest on this Bond shall be payable from the Dated Date set forth above. Interest will be paid semiannually on March 1 and September 1 of each year, commencing March 1, 2020 (each, an "Interest Payment Date") at the Interest Rate set forth above, until the Principal Amount hereof is paid or made available for payment.

The principal of and premium, if any, on this Bond are payable to the Registered Owner hereof in lawful money of the United States of America upon presentation and surrender of this Bond at the Principal Office of the Trustee, initially The Bank of New York Mellon Trust Company, N.A. (the "Trustee"). Interest on this Bond shall be paid on each Interest Payment Date by check of the Trustee mailed by first class mail, postage prepaid, or in certain circumstances described in the Indenture by wire transfer to an account within the United States of America, to the Registered Owner hereof appearing on the registration books maintained by the Trustee as of the close of business on the fifteenth day of the month preceding the month in which the Interest Payment Date occurs (the "Record Date") at such Registered Owner's address as it appears on the registration books maintained by the Trustee.

Capitalized terms used herein and not defined shall have the meanings given them in the Indenture.

This Bond is one of a duly authorized issue of "Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas 2019 Special Tax Bonds (Improvement Area No. 2)" (the "Bonds") issued in the aggregate principal amount of \$_____ pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Sections 53311, *et seq.*, of the California Government Code (the "Act") for the purpose of financing the cost of acquisition of certain public facilities and improvements within Improvement Area No. 2 of the District, funding a reserve account and paying certain costs related to the issuance of the Bonds. The issuance of the Bonds and the terms and conditions thereof are provided for by a resolution adopted by the City Council of the City, acting in its capacity as the legislative body of the District (the "Legislative Body") on [November 19], 2019 and a Bond Indenture dated as of December 1, 2019, by and between the District and the Trustee executed in connection therewith (the "Indenture"), and this reference incorporates the Indenture herein, and by acceptance hereof the Registered Owner of this Bond assents to said terms and conditions. The Indenture is executed under and this Bond is issued under, and both are to be construed in accordance with, the laws of the State of California.

Pursuant to the Act and the Indenture, the principal of, premium, if any, and interest on this Bond are payable solely from the portion of the annual special taxes authorized under the Act to be levied and collected within Improvement Area No. 2 of the District (the "Special Taxes") and certain other amounts pledged to the repayment of the Bonds as set forth in the Indenture. Any amounts for the payment hereof shall be limited to the Special Taxes pledged and collected or foreclosure

proceeds received following a default in payment of the Special Taxes and other amounts deposited to the Special Tax Fund (other than the Administrative Expenses Account therein) established under the Indenture, except to the extent that other provision for payment has been made by the Legislative Body, as may be permitted by law. The District has covenanted for the benefit of the owners of the Bonds that under certain circumstances described in the Indenture it will commence and diligently pursue to completion foreclosure proceedings in the event of delinquencies of Special Tax installments levied for payment of principal and interest on the Bonds.

The Bonds are subject to redemption prior to their stated maturity dates at the option of the District on ____ 1, 20__ or any Interest Payment Date thereafter, from such maturities as selected by the District (and by lot within any one maturity), in integral multiples of \$5,000, from moneys derived by the District from any source, at a redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed), together with accrued interest to the date of redemption, as follows:

<i>Redemption Date</i>	<i>Redemption Price</i>
September 1, 20__ and March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and any Interest Payment Date thereafter	100

In the event that the District elects to redeem Bonds as provided above, the District shall, at least 45 days prior to the redemption date, give written notice to the Trustee of its election to so redeem, the redemption date and the principal amount of the Bonds, among maturities, to be redeemed. In the event of optional or extraordinary redemption pursuant to the Indenture, the District shall provide the Trustee with a revised sinking fund schedule giving effect to the redemption so completed.

The Term Bonds maturing on September 1, 20__ (the “20__ Term Bonds”) shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Redemption Account, on September 1, 20__, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 20__ Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed 20__ Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

TERM BONDS MATURING SEPTEMBER 1, 20__

<i>Redemption Date</i> <i>(September 1)</i>	<i>Principal Amount</i>
	\$

*

* Maturity.

If, during the Fiscal Year immediately preceding one of the redemption dates specified above, the District purchases Bonds, at least 45 days prior to the redemption date the District shall notify the Trustee as to the principal amount purchased and the amount of Bonds so purchased shall be credited at the time of purchase, to the extent of the full principal amount thereof, to reduce such upcoming Sinking Fund Payment for the Bonds so purchased. All Bonds purchased pursuant to the Indenture will shall be cancelled pursuant to the Indenture.

In the event of a partial optional redemption or extraordinary redemption of the Bonds, each of the remaining Sinking Fund Payments for such Bonds, as described above, will be reduced, as nearly as practicable, on a pro rata basis, in integral multiples of \$5,000, as directed by the District.

The Bonds are subject to extraordinary redemption as a whole, or in part by lot, on any Interest Payment Date, and shall be redeemed by the Trustee, from Prepayments deposited to the Redemption Account pursuant to the Indenture, plus amounts transferred from the Reserve Account pursuant to the Indenture, among maturities as directed in writing by the District, at the following redemption prices, expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the redemption date:

<i>Redemption Date</i>	<i>Redemption Price</i>
Any Interest Payment Date from (and including) September 1, 20__, through (and including) March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and any Interest Payment Date thereafter	100

The District shall notify the Trustee of any extraordinary prepayment at least 45 days prior to the Interest Payment Date on which such prepayment shall occur.

Notice of redemption with respect to the Bonds to be redeemed shall be mailed to the registered owners thereof not less than 20 nor more than 60 days prior to the redemption date by first class mail, postage prepaid, to the addresses set forth in the registration books. Neither a failure of the Registered Owner hereof to receive such notice nor any defect therein will affect the validity of the proceedings for redemption. All Bonds or portions thereof so called for redemption will cease to accrue interest on the specified redemption date, provided that funds for the redemption are on deposit with the Trustee on the redemption date. Thereafter, the registered owners of such Bonds shall have no rights except to receive payment of the redemption price upon the surrender of the Bonds.

This Bond shall be registered in the name of the Registered Owner hereof, as to both principal and interest, and the District and the Trustee may treat the Registered Owner hereof as the absolute owner for all purposes and shall not be affected by any notice to the contrary.

The Bonds are issuable only in fully registered form in the denomination of \$5,000 or any integral multiple thereof and may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same issue and maturity, all as more fully set forth in the Indenture. This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Principal Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, upon surrender and

cancellation of this Bond. Upon such transfer, a new registered Bond of authorized denomination or denominations for the same aggregate principal amount of the same issue and maturity will be issued to the transferee in exchange therefor. Notwithstanding the foregoing, an Owner may only transfer the Bonds so long as all Outstanding Bonds are transferred together to a new Owner who has delivered an Investor Letter to the District.

The Trustee shall not be required to register transfers or make exchanges of: (i) any Bonds for a period of 15 days next preceding any selection of the Bonds to be redeemed; or (ii) any Bonds chosen for redemption.

The rights and obligations of the District and of the registered owners of the Bonds may be amended at any time, and in certain cases without notice to or the consent of the registered owners, to the extent and upon the terms provided in the Indenture.

THE BONDS DO NOT CONSTITUTE OBLIGATIONS OF THE CITY OF SALINAS OR OF THE DISTRICT FOR WHICH THE CITY OF SALINAS OR THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE, OR HAS LEVIED OR PLEDGED, GENERAL OR SPECIAL TAXES, OTHER THAN THE SPECIAL TAXES REFERENCED HEREIN. THE BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE FROM THE PORTION OF THE SPECIAL TAXES AND OTHER AMOUNTS PLEDGED UNDER THE INDENTURE BUT ARE NOT A DEBT OF THE CITY OF SALINAS, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR RESTRICTION.

This Bond shall not become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Trustee.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the District, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

IN WITNESS WHEREOF, the District has caused this Bond to be dated as of the Dated Date, to be signed on behalf of the District by the Mayor of the City by his facsimile signature and attested by the facsimile signature of the City Clerk of the City.

Mayor of the City of Salinas, California, acting
as the legislative body of Community Facilities
District No. 2016-1 (Monte Bella) of the City of
Salinas

ATTEST:

City Clerk of the City of Salinas, California,
acting in its capacity as the legislative body of
Community Facilities District No. 2016-1
(Monte Bella) of the City of Salinas

[FORM OF TRUSTEE'S CERTIFICATE
OF AUTHENTICATION AND REGISTRATION]

This is one of the Bonds described in the within-defined Indenture.

Dated: December __, 2019

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By: _____
Authorized Signatory

[FORM OF LEGAL OPINION]

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

City Clerk of the City of Salinas, California, acting in
its capacity as the legislative body of Community
Facilities District No. 2016-1 (Monte Bella) of the
City of Salinas

[FORM OF ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfers unto

(Name, Address, and Tax Identification or Social Security Number of Assignee)

the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney,
to transfer the same on the Registration Books of the Trustee with full power of substitution in the
premises.

Dated: _____

Signature Guaranteed:

Note: Signature(s) must be guaranteed by an
eligible guarantor institution.

Note: The signature(s) on this Assignment must
correspond with the name(s) as written on the
face of the within Bond in every particular
without alteration or enlargement or any change
whatsoever.

EXHIBIT B

FORM OF PROJECT FUND REQUISITION

\$_____
COMMUNITY FACILITIES DISTRICT NO. 2016-1 (MONTE BELLA) OF THE
CITY OF SALINAS
2019 SPECIAL TAX BONDS
(IMPROVEMENT AREA NO. 2)

The Bank of New York Mellon Trust Company, N.A. (the “**Trustee**”), is hereby requested to pay from The Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas 2019 Special Tax Bonds (Improvement Area No. 2) Project Fund (the “**Project Fund**”), established by the Bond Indenture, dated as of December 1, 2019, by and between the Trustee and Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas (the “**District**”), the amount specified to the payee named below for payment of the Project Costs set forth below.

Payee:

Address:

Purpose:

Amount: \$

The amount is due and payable under a purchase order, invoice, contract or other authorization and has not formed the basis of any prior request for payment. The conditions for the release of this amount from the Project Fund, including those conditions in Section 3.10 of the Indenture have been satisfied.

There has not been filed with nor served upon the District notice of any lien, right to lien or attachment upon, or stop notice or claim affecting the right to receive payment of the amount specified above which has not been released or will not be released simultaneously with the payment of such amount, other than materialmen’s or mechanic’s liens accruing by mere operation of law.

Dated: _____

COMMUNITY FACILITIES DISTRICT NO. 2016-1
(MONTE BELLA) OF THE CITY OF SALINAS

By: _____

Name: _____

Title: _____

Table of Contents

Page

ARTICLE I

DEFINITIONS

ARTICLE II

GENERAL AUTHORIZATION AND BOND TERMS

Section 2.1.	Amount, Issuance, Purpose and Nature of Bonds and Parity Bonds	10
Section 2.2.	Type and Nature of Bonds and Parity Bonds.....	10
Section 2.3.	Equality of Bonds and Parity Bonds and Pledge of Net Taxes.....	11
Section 2.4.	Description of Bonds; Interest Rates	11
Section 2.5.	Place and Form of Payment	12
Section 2.6.	Form of Bonds and Parity Bonds.....	13
Section 2.7.	Execution and Authentication.....	13
Section 2.8.	Bond Register.....	14
Section 2.9.	Registration of Exchange or Transfer	14
Section 2.10.	Mutilated, Lost, Destroyed or Stolen Bonds or Parity Bonds.....	15
Section 2.11.	Validity of Bonds and Parity Bonds	15
Section 2.12.	Book Entry System	15
Section 2.13.	Initial Depository and Nominee.....	18

ARTICLE III

CREATION OF FUNDS AND APPLICATION OF PROCEEDS

Section 3.1.	Creation of Funds; Application of Proceeds.....	18
Section 3.2.	Deposits to and Disbursements from Special Tax Fund	19
Section 3.3.	Administrative Expenses Account of the Special Tax Fund.....	20
Section 3.4.	Interest Account and Principal Account of the Special Tax Fund	20
Section 3.5.	Redemption Account of the Special Tax Fund	21
Section 3.6.	Reserve Account of the Special Tax Fund.....	22
Section 3.7.	Rebate Fund	23
Section 3.8.	Surplus Fund	25
Section 3.9.	Costs of Issuance Fund	26
Section 3.10.	Project Fund	26
Section 3.11.	Investments	27

ARTICLE IV

REDEMPTION OF BONDS AND PARITY BONDS

Section 4.1.	Redemption of Bonds	28
Section 4.2.	Selection of Bonds and Parity Bonds for Redemption	30
Section 4.3.	Notice of Redemption	30
Section 4.4.	Partial Redemption of Bonds or Parity Bonds.....	31

Table of Contents
(continued)

	<u>Page</u>
Section 4.5. Effect of Notice and Availability of Redemption Money	31

ARTICLE V

COVENANTS AND WARRANTY

Section 5.1. Security	32
Section 5.2. Covenants.....	32

ARTICLE VI

AMENDMENTS TO INDENTURE

Section 6.1. Supplemental Indentures or Orders Not Requiring Bondowner Consent.....	35
Section 6.2. Supplemental Indentures or Orders Requiring Bondowner Consent.....	36
Section 6.3. Notation of Bonds or Parity Bonds; Delivery of Amended Bonds or Parity Bonds	37

ARTICLE VII

TRUSTEE

Section 7.1. Trustee.....	38
Section 7.2. Removal of Trustee.....	38
Section 7.3. Resignation of Trustee	39
Section 7.4. Liability of Trustee	39
Section 7.5. Merger or Consolidation	41

ARTICLE VIII

EVENTS OF DEFAULT; REMEDIES

Section 8.1. Events of Default	42
Section 8.2. Remedies of Owners	42
Section 8.3. Application of Revenues and Other Funds After Default.....	43
Section 8.4. Power of Trustee to Control Proceedings	43
Section 8.5. Appointment of Receivers	44
Section 8.6. Non-Waiver.....	44
Section 8.7. Limitations on Rights and Remedies of Owners	44
Section 8.8. Termination of Proceedings.....	45

ARTICLE IX

DEFEASANCE AND PARITY BONDS

Section 9.1. Defeasance	45
Section 9.2. Conditions for the Issuance of Parity Bonds and Other Additional Indebtedness.....	46

Table of Contents
(continued)

Page

ARTICLE X

MISCELLANEOUS

Section 10.1.	Cancellation of Bonds and Parity Bonds	48
Section 10.2.	Execution of Documents and Proof of Ownership	48
Section 10.3.	Unclaimed Moneys	49
Section 10.4.	Provisions Constitute Contract.....	49
Section 10.5.	Future Contracts.....	49
Section 10.6.	Further Assurances.....	50
Section 10.7.	Severability	50
Section 10.8.	Notices	50
Signatures	S-1
EXHIBIT A	FORM OF 2019 SPECIAL TAX BOND	A-1
EXHIBIT B	FORM OF PROJECT FUND REQUISITION	B-1

\$ _____
**COMMUNITY FACILITIES DISTRICT NO. 2016-1 (MONTE BELLA) OF THE
CITY OF SALINAS
2019 SPECIAL TAX BONDS
(IMPROVEMENT AREA NO. 2)**

BOND PURCHASE AGREEMENT

December ____, 2019

Community Facilities District No. 2016-1 (Monte Bella)
City of Salinas
200 Lincoln Avenue
Salinas, California 93901

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated, as underwriter (the “**Underwriter**”), acting not as a fiduciary or agent for you, but on behalf of itself, offers to enter into this Bond Purchase Agreement (this “**Purchase Agreement**”) with Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas (the “**Community Facilities District**”) on behalf of Improvement Area No. 2 (the “**Improvement Area**”), which upon acceptance will be binding upon the Underwriter and the Community Facilities District. The agreement of the Underwriter to purchase the Bonds (as hereinafter defined) is contingent upon the Community Facilities District satisfying all of the obligations imposed upon it under this Purchase Agreement. This offer is made subject to the Community Facilities District’s acceptance by the execution of this Purchase Agreement and its delivery to the Underwriter at or before 11:59 P.M., local time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Community Facilities District at any time prior to the acceptance hereof by the Community Facilities District. All capitalized terms used herein, which are not otherwise defined, shall have the meaning provided for such terms in the Bond Indenture, dated as of December 1, 2019 (the “**Indenture**”), by and between the Community Facilities District and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”).

1. Purchase, Sale and Delivery of the Bonds.

Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein: (i) the Underwriter hereby agrees to purchase from the Community Facilities District and the Community Facilities District hereby agrees to sell to the Underwriter all (but not less than all) of the \$_____ aggregate principal amount of the Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas 2019 Special Tax Bonds (Improvement Area No. 2) (the “**Bonds**”), dated the Closing Date (as hereinafter defined), bearing interest at the rates and maturing on the dates and in the principal amounts set forth in Exhibit A hereto. The purchase price for the Bonds shall be \$_____ (being 100% of the aggregate principal amount thereof, plus net original issue premium of \$_____ and less an Underwriter’s discount of \$_____).

The Underwriter agrees to make a bona fide public offering of all of the Bonds initially at the public offering prices (or yields) set forth in Exhibit A attached hereto and incorporated

herein by reference. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds subject to Section 2 hereof, provided that the Underwriter shall not change the interest rates set forth in Exhibit A. The Bonds may be offered and sold to certain dealers at prices lower than such initial offering prices.

The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable from the Net Taxes as provided in the Indenture, the Preliminary Official Statement (as hereinafter defined), and the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 et seq. of the Government Code of the State of California) (the “**Community Facilities District Act**”). The issuance of the Bonds has been duly authorized by the City Council of the City of Salinas (the “**City**”), as the legislative body for the Community Facilities District (for and on behalf of the Improvement Area within the Community Facilities District), pursuant to a resolution (the “**Community Facilities District Resolution of Issuance**”) adopted on November 19, 2019.

The net proceeds of the Bonds will be used to (i) finance the acquisition of certain public facilities and improvements authorized to be financed by the Improvement Area; (ii) fund a deposit to the Reserve Account; (iii) fund capitalized interest on the Bonds through March 1, 2020; and (iv) pay the costs of issuance of the Bonds.

The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable from special taxes pledged thereto as provided in the Indenture (the “**Special Taxes**”).

A. The Community Facilities District hereby acknowledges that the Underwriter is entering into this Purchase Agreement in reliance on the representations, warranties and agreements made by the Community Facilities District herein, and the Community Facilities District shall take all action necessary to enforce its rights hereunder for the benefit of the Underwriter and shall immediately notify the Underwriter if it becomes aware that any representation, warranty or agreement made by the Community Facilities District herein is incorrect in any material respect.

The Community Facilities District acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm’s-length commercial transaction between the Community Facilities District and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and not as the agent or fiduciary of the Community Facilities District, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the Community Facilities District with respect to (a) the offering of the Bonds or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the Community Facilities District on other matters) or (b) any other obligations to the Community Facilities District with respect to the offering contemplated hereby, except the obligations expressly set forth in this Purchase Agreement or otherwise imposed by law, (iv) the Underwriter has financial interests that differ from those of the Community Facilities District and (v) the Community Facilities District has consulted their own legal, financial and other advisors to the extent it has deemed appropriate in connection with this transaction. The Community Facilities District acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter disclosure under Rule G-17 of the Municipal Securities Rulemaking Board (“**MSRB**”).

B. Pursuant to the authorization of the Community Facilities District, the Underwriter has distributed copies of the Preliminary Official Statement dated November ____, 2019, relating to the Bonds, which, together with the cover page, inside cover page and appendices thereto is herein called the “**Preliminary Official Statement.**” By its acceptance of this Purchase Agreement, the Community Facilities District hereby ratifies the use by the Underwriter of the Preliminary Official Statement, and the Community Facilities District agrees to execute a final official statement relating to the Bonds (the “**Official Statement**”) which will consist of the Preliminary Official Statement with such changes as may be made thereto, with the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel (“**Bond Counsel**”), Stradling Yocca Carlson & Rauth, a Professional Corporation, Disclosure Counsel (“**Disclosure Counsel**”), and the Underwriter, and to provide copies thereof to the Underwriter as set forth herein. The Community Facilities District hereby authorizes and requires the Underwriter to use and promptly distribute, in connection with the offer and sale of the Bonds, the Preliminary Official Statement, the Official Statement and any supplement or amendment thereto. The Community Facilities District further authorizes the Underwriter to use and distribute, in connection with the offer and sale of the Bonds, the Indenture, the Continuing Disclosure Certificate executed by the Community Facilities District in connection with the Bonds (the “**District Continuing Disclosure Certificate**”), this Purchase Agreement and all information contained herein, and all other documents, certificates and statements furnished by or on behalf of the Community Facilities District to the Underwriter in connection with the transactions contemplated by this Purchase Agreement.

C. To assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “**Rule**”), the Community Facilities District will undertake pursuant to the District Continuing Disclosure Certificate, in the form attached as an appendix to the Official Statement, to provide annual reports and notices of certain enumerated events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement. Concurrently, KB Home South Bay Inc., a California corporation (the “**Developer**”), and Trustee will enter into a Continuing Disclosure Certificate (the “**Developer Continuing Disclosure Certificate**”), dated the date of delivery of the Bonds, for the benefit of the owners of the Bonds. Pursuant to the Developer Continuing Disclosure Certificate, the Developer will undertake to provide certain data regarding the Developer’s activities in the District for a limited period. The forms of the District Continuing Disclosure Certificate and Developer Continuing Disclosure Certificate are attached as Appendices D-1 and D-2, respectively, to the Official Statement.

D. Except as the Underwriter and the Community Facilities District may otherwise agree, the Community Facilities District will deliver to the Underwriter, at the offices of Bond Counsel in Newport Beach, California, or at such other location as may be mutually agreed upon by the Underwriter and the Community Facilities District, the documents hereinafter mentioned; and the Community Facilities District will deliver to the Underwriter through the facilities of The Depository Trust Company (“**DTC**”), the Bonds, in definitive form (all Bonds bearing CUSIP numbers), duly executed by the Community Facilities District and authenticated by the Trustee in the manner provided for in the Indenture and the Community Facilities District Act at 8:00 a.m. California time, on December ____, 2019 (the “**Closing Date**”), and the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth above by wire transfer, payable in federal or other immediately available funds (such delivery and payment being herein referred to as the “**Closing**”). The Bonds shall be in fully registered book-entry form (which may be typewritten) and shall be registered in the name of Cede & Co., as nominee of DTC.

2. Establishment of Issue Price.

A. The Underwriter agrees to assist the Community Facilities District in establishing the issue price of the Bonds and shall execute and deliver to the Community Facilities District at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit E, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Community Facilities District and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

B. Except as otherwise set forth in Exhibit A attached hereto, the Community Facilities District will treat the first price at which 10% of each maturity of the Bonds (the “**10% test**”), identified under the column “10% Test Satisfied” in Exhibit A, is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the Community Facilities District the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the Community Facilities District the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the public.

C. The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the “**initial offering price**”), or at the corresponding yield or yields, set forth in Exhibit A attached hereto, except as otherwise set forth therein. Exhibit A also sets forth, identified under the column “Subject to Hold the Offering Price Rule,” as of the date of this Purchase Agreement, the maturities, if any, of the Bonds for which the Underwriter represents that (i) the 10% test has been satisfied (assuming orders are confirmed by the close of the business day immediately following the date of this Purchase Agreement) and (ii) the 10% test has not been satisfied and for which the Community Facilities District and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Community Facilities District to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “**hold-the-offering-price rule**”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

1. the close of the fifth (5th) business day after the sale date; or
2. the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the Community Facilities District when it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

D. The Underwriter confirms that:

(i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter,

(B) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires

E. The Community Facilities District acknowledges that, in making the representation set forth in this section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires.

F. The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public

(each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

1. “public” means any person other than an underwriter or a related party;

2. “underwriter” means (A) any person that agrees pursuant to a written contract with the Community Facilities District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public);

3. a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

4. “sale date” means the date of execution of this Purchase Agreement by all parties.

3. Representations, Warranties and Covenants of the Community Facilities District. The Community Facilities District represents, warrants and covenants to the Underwriter on behalf of itself and the City that:

A. The City is duly organized and validly existing as a charter city under the Constitution and laws of the State of California and has duly authorized the formation of the Community Facilities District pursuant to resolutions duly adopted by the City Council (the “**Community Facilities District Formation Resolution**” and, together with the Community Facilities District Resolution of Issuance, the “**Community Facilities District Resolutions**”) and the Community Facilities District Act. The City Council, as the legislative body of the City and the Community Facilities District, has duly adopted the Community Facilities District Formation Resolution, and has caused to be recorded in the real property records of the County of Monterey, notice of special tax lien, and any required amendments thereof (collectively, the “**Notice of Special Tax Lien**”) (the Community Facilities District Formation Resolution and Notice of Special Tax Lien being collectively referred to herein as the “**Formation Documents**”), and has duly adopted a Community Facilities District Resolution of Issuance on behalf of the Improvement Area. Each of its Formation Documents remains in full force and effect as of the date hereof and has not been amended. The Community Facilities District is duly organized and validly existing as a Community Facilities District under the laws of the State of California. The Community Facilities District has, and at the Closing Date will have, as the case may be, full legal right, power and authority: (i) to execute, deliver and perform its obligations under this Purchase Agreement, the District Continuing Disclosure Certificate and the Indenture, and to carry out all transactions contemplated by each of such agreements; (ii) to issue, sell and deliver the Bonds as provided herein; and (iii) to carry out, give effect to and

consummate the transactions contemplated by the Formation Documents, the Indenture, the Bonds, the District Continuing Disclosure Certificate, this Purchase Agreement and the Official Statement.

This Purchase Agreement, the Indenture, the Bonds and the District Continuing Disclosure Certificate are collectively referred to herein as the “**Community Facilities District Documents**.”

B. The Community Facilities District and the City, as applicable, have each complied, and will at the Closing Date be in compliance in all material respects, with the Formation Documents and the Community Facilities District Documents, and any immaterial noncompliance by the Community Facilities District and the City, if any, will not impair the ability of the Community Facilities District and the City, as applicable, to carry out, give effect to or consummate the transactions contemplated by the foregoing. From and after the date of issuance of the Bonds, the Community Facilities District will continue to comply with the covenants of the Community Facilities District contained in the Community Facilities District Documents.

C. The information in the Preliminary Official Statement and in the Official Statement relating to the Community Facilities District and the Bonds (other than information under the caption “UNDERWRITING,” Appendices D-2, F and G, information provided by KB Home South Bay Inc., a California corporation (the “**Developer**”), the Appraiser and the Special Tax Consultant (as such terms are defined herein) and statements pertaining to the book entry system, as to which no view is expressed), is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and, upon delivery and up to and including 25 days after the End of the Underwriting Period (as defined in paragraph (D) below), the Official Statement will be amended and supplemented so as to contain no misstatement of any material fact or omission of any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading.

D. Up to and including 25 days after the End of the Underwriting Period (as defined below), the Community Facilities District will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld. The Community Facilities District will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise materially affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds. As used herein, the term “**End of the Underwriting Period**” means the later of such time as: (i) the Bonds are delivered to the Underwriter; or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the End of the Underwriting Period shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be written notice delivered to the Community Facilities District at or prior to the Closing Date, and shall specify a date (other than the Closing Date) to be deemed the “End of the Underwriting Period.”

E. Except as described in the Preliminary Official Statement and Official Statement, the Community Facilities District is not, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or

administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, and the performance of its obligations under the Community Facilities District Documents and compliance with the provisions of each thereof, or the performance of the conditions precedent to be performed by the Community Facilities District pursuant to this Purchase Agreement, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, in any manner which would materially and adversely affect the performance by the Community Facilities District of its obligations under the Community Facilities District Documents or the performance of the conditions precedent to be performed by the Community Facilities District pursuant to this Purchase Agreement.

F. Except as may be required under the “blue sky” or other securities laws of any jurisdiction, all approvals, consents, authorizations, elections and orders of, or filings or registrations with, any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Community Facilities District of its obligations under the Community Facilities District Documents, and the performance of the conditions precedent to be performed by the Community Facilities District pursuant to this Purchase Agreement, have been or will be obtained at the Closing Date and are or will be in full force and effect at the Closing Date.

G. The Community Facilities District Documents conform as to form and tenor to the descriptions thereof contained in the Official Statement.

H. The Bonds are payable from the Special Tax of the Improvement Area, as set forth in the Indenture, the levy of which has been duly and validly authorized pursuant to the Community Facilities District Act and the Special Taxes within the Improvement Area will be fixed and levied in an amount which, together with other available funds, is required for the payment of the principal of, and interest on, the Bonds when due and payable, all as provided in the Indenture. The Community Facilities District has covenanted to cause the Special Taxes to be levied and collected at the same time and in the same manner as ordinary *ad valorem* property taxes.

I. The Indenture creates a valid pledge of, first lien upon and security interest in, the Net Taxes, and in the moneys in the Special Tax Fund (other than the Administrative Expense Account) established pursuant to the Indenture, on the terms and conditions set forth in the Indenture.

J. Except as disclosed in the Preliminary Official Statement, there are, to the best of the Community Facilities District's knowledge, no entities with outstanding assessment liens against any of the properties within the Improvement Area or which are senior to or on a parity with the Special Taxes of the Improvement Area referred to in paragraph (I) hereof.

K. The information contained in the Preliminary Official Statement and in the Official Statement (other than statements therein pertaining to the Developer, DTC and its book-entry system, as to which no view is expressed) is true and correct in all material respects and such information does not and shall not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

L. The Preliminary Official Statement was deemed final by a duly authorized officer of the Community Facilities District prior to its delivery to the Underwriter, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of the Rule. The Community Facilities District hereby covenants and agrees that, within seven (7) business days from the date hereof, or upon reasonable written notice from the Underwriter within sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, the Community Facilities District shall cause a final printed form of the Official Statement to be delivered to the Underwriter in sufficient quantity to comply with paragraph (b)(4) of the Rule and Rules G-12, G-15, G-32 and G-36 of the Municipal Securities Rulemaking Board.

M. At the time of acceptance hereof there is and as of the Closing there will be no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body (collectively and individually, an “**Action**”) pending (notice of which has been served on the Community Facilities District) or to the best knowledge of the Community Facilities District or the City threatened, in which any such Action: (i) in any way questions the existence of the Community Facilities District or the titles of the officers of the Community Facilities District to their respective offices; (ii) affects, contests or seeks to prohibit, restrain or enjoin the issuance or delivery of the Bonds or the payment or collection of Special Taxes or any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contests or affects the validity of the Community Facilities District Documents or the consummation of the transactions on the part of the Community Facilities District contemplated thereby; (iii) contests the exemption of interest on the Bonds from federal or State income taxation or contests the powers of the Community Facilities District which may result in any material adverse change relating to the financial condition of the Community Facilities District; or (iv) contests the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserts that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and as of the time of acceptance hereof there is and, as of the Closing Date, there will be no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this sentence.

N. Any certificate signed on behalf of the Community Facilities District by any officer or employee of the Community Facilities District authorized to do so shall be deemed a representation and warranty by the Community Facilities District to the Underwriter on behalf of itself and the Community Facilities District as to the statements made therein.

O. At or prior to the Closing the Community Facilities District will have duly authorized, executed and delivered the District Continuing Disclosure Certificate in substantially the form attached as Appendix D-1 to the Official Statement. Based upon a review of its previous undertakings, and except as disclosed in the Preliminary Official Statement, the Community Facilities District has not failed to comply in all respects with any previous

undertakings with regard to the Rule to provide annual reports or notices of enumerated events in the last five years.

P. The Community Facilities District will apply the proceeds of the Bonds in accordance with the Indenture and as described in the Official Statement.

Q. Until such time as moneys have been set aside in an amount sufficient to pay all then outstanding Bonds at maturity or to the date of redemption if redeemed prior to maturity, plus unpaid interest thereon and premium, if any, to maturity or to the date of redemption if redeemed prior to maturity, the Community Facilities District will faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Indenture.

R. Between the date of this Purchase Agreement and the date of Closing, the Community Facilities District will not offer or issue any bonds, notes or other obligations for borrowed money not previously disclosed to the Underwriter.

The Community Facilities District hereby approves the preparation and distribution of the Official Statement, consisting of the Preliminary Official Statement with such changes as are noted thereon and as may be made thereto, with the approval of Bond Counsel, Disclosure Counsel and the Underwriter, from time to time prior to the Closing Date.

The Community Facilities District hereby ratifies any prior use of and authorizes the future use by the Underwriter, in connection with the offering and sale of the Bonds, of the Preliminary Official Statement, the Official Statement, this Purchase Agreement and all information contained herein, and all other documents, certificates and written statements furnished by the Community Facilities District to the Underwriter in connection with the transactions contemplated by this Purchase Agreement.

The execution and delivery of this Purchase Agreement by the Community Facilities District shall constitute a representation by the Community Facilities District to the Underwriter that the representations and warranties contained in this Section 3 with respect to the Community Facilities District are true as of the date hereof.

4. Conditions to the Obligations of the Underwriter. The obligation of the Underwriter to accept delivery of and pay for the Bonds on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations and warranties on the part of the Community Facilities District contained herein, to the accuracy in all material respects of the statements of the officers and other officials of the Community Facilities District made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by the Community Facilities District of its obligations to be performed hereunder at or prior to the Closing Date, and in reliance upon the representations and covenants of the Developer contained in the certificates delivered as of the Closing Date, and to the following additional conditions:

A. At the Closing Date, the Community Facilities District Resolutions and the Community Facilities District Documents shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and there shall have been taken in connection therewith, with the issuance of the Bonds and with the Bonds, and with the transactions contemplated thereby, and by this Purchase Agreement, all such actions as, in the opinion of Bond Counsel, shall be necessary and appropriate.

B. At the Closing Date, except as described in the Preliminary Official Statement, the City shall not be, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the City is a party or is otherwise subject or bound, and the performance of the conditions precedent to be performed hereunder will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the City is a party or is otherwise subject or bound, in any manner which would materially and adversely affect the performance of the conditions precedent to be performed by the City hereunder.

C. At the Closing Date, except as described in the Official Statement, the Community Facilities District shall not be, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, and the performance by the Community Facilities District of its obligations under the Bonds, the Community Facilities District Resolutions, the Indenture, and any other instruments contemplated by any of such documents, and compliance with the provisions of each thereof, or the performance of the conditions precedent to be performed hereunder, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, in any manner which would materially and adversely affect the performance by the Community Facilities District of its obligations under the Indenture, the Bonds or the performance of the conditions precedent to be performed by the Community Facilities District hereunder.

D. The information contained in the Official Statement is, as of the Closing Date and as of the date of any supplement or amendment thereto pursuant hereto, true and correct in all material respects and does not, as of the Closing Date or as of the date of any supplement or amendment thereto, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

E. Between the date hereof and the Closing Date, the market price or marketability, at the initial offering prices set forth on the inside cover page of the Official Statement, of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds, shall not have been materially adversely affected, in the judgment of the Underwriter (evidenced by a written notice to the Community Facilities District terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds), by reason of any of the following:

1. Legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America or recommended to the Congress by the President of the United States, the Department of the Treasury, the Internal Revenue Service, or any member of Congress, or favorably reported for passage to either House of Congress by any committee of such House to which such legislation had been referred for consideration, or a decision rendered by a court established under Article III of the Constitution of the United States of America or by the Tax Court of the United States of America, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Treasury Department of the United States of America or the Internal Revenue Service, with the purpose or effect, directly or indirectly, of imposing federal income taxation upon such interest as would be received by any owners of the Bonds beyond the extent to which such interest is subject to taxation as of the date hereof;

2. Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise is or would be in violation of the federal securities laws as amended and then in effect;

3. A general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction;

4. The introduction, proposal or enactment of any amendment to the Federal or California Constitution or any action by any Federal or California court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the Community Facilities District, its property, income, securities (or interest thereon), the validity or enforceability of Special Taxes, or the ability of the Community Facilities District to issue the Bonds as contemplated by the Indenture and the Official Statement;

5. Any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or in the Official Statement, or has the effect that the Preliminary Official Statement or the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

6. Any national securities exchange, the Comptroller of the Currency, or any other governmental authority, shall impose as to the Bonds, or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those

now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

7. There shall have occurred (1) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war, (2) any other calamity or crisis in the financial markets of the United States or elsewhere, (3) the sovereign debt rating of the United States is downgraded by any major credit rating agency or a payment default occurs on United States Treasury obligations, or (4) a default with respect to the debt obligations of, or the institution of proceedings under any federal bankruptcy laws by or against, any state of the United States or any city, county or other political subdivision located in the United States having a population of over 500,000, the effect of which on the financial markets of the United States will be such as in the Underwriter's reasonable judgment, makes it impracticable for the Underwriter to market the Bonds or enforce contracts for the sale of the Bonds; or

8. Except as disclosed in or contemplated by the Official Statement, any material adverse change in the affairs of the City or Community Facilities District shall have occurred; or

9. Any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Official Statement (other than any statement provided by the Underwriter) or is not reflected in the Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the Community Facilities District refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds; or

10. A general banking moratorium shall have been declared by federal or State authorities having jurisdiction and be in force; or

11. A material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred; or

12. Any new restriction on transactions in securities materially affecting the market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a charge to the net capital requirements of, underwriters shall have been established by the New York Stock Exchange, the SEC, any other federal or State agency or the Congress of the United States, or by Executive Order; or

13. A decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Bonds, or any document relating to the issuance, offering or sale of the Bonds, is or would be in violation of any provision of the federal securities laws at the Closing Date, including the Securities Act of 1933, the Securities Exchange Act of 1934 and the Trust Indenture Act of 1939; or

14. Any proceeding shall have been commenced or be threatened in writing by the Securities and Exchange Commission against the City or the Community Facilities District; or

15. The commencement of any Action.

F. At or prior to the Closing Date, the Underwriter shall have received a counterpart original or certified copy of the following documents, in each case satisfactory in form and substance to the Underwriter:

1. The Official Statement, executed on behalf of the Community Facilities District by an authorized officer;

2. The Indenture, duly executed and delivered by the Community Facilities District and the Trustee;

3. The Community Facilities District Resolution, the Community Facilities District Documents and the Formation Documents, together with a certificate dated as of the Closing Date of the City Clerk to the effect that the Community Facilities District Resolutions are true, correct and complete copies of the ones duly adopted by the City Council;

4. The District Continuing Disclosure Certificate, in substantially the form attached as Appendix D-1 to the Official Statement, executed and delivered by an authorized officer the Community Facilities District;

5. An unqualified approving opinion for the Bonds, dated the Closing Date and addressed to the Community Facilities District, of Bond Counsel, to the effect that the Bonds are the valid, legal and binding obligations of the Community Facilities District and that the interest thereon is excluded from gross income for federal income tax purposes and exempt from personal income taxes of the State of California, in substantially the form included as Appendix E to the Official Statement, together with a letter of Bond Counsel, dated the Closing Date and addressed to the Underwriter, to the effect that such opinion addressed to the Community Facilities District may be relied upon by the Underwriter to the same extent as if such opinion was addressed to it;

6. A supplemental opinion or opinions, dated the Closing Date and addressed to the Underwriter, of Bond Counsel, to the effect that:

(i) this Purchase Agreement and the District Continuing Disclosure Certificate have been duly authorized, executed and delivered by the Community Facilities District and, assuming due authorization, execution and delivery by the other parties thereto, constitute the legal, valid and binding agreements of the Community Facilities District and are enforceable in accordance with their respective terms, except to the extent that enforceability may be limited by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting creditors' rights generally or by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases and by limitations on legal remedies against public agencies in the State;

(ii) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended; and

(iii) the information contained in the Official Statement on the cover and under the captions "THE BONDS" (other than the captions "Debt Service Schedule" and "Book-Entry Only System"), "SOURCES OF PAYMENT FOR THE BONDS," "TAX EXEMPTION" AND "LEGAL MATTERS" and in Appendices C and E to the Official Statement, are accurate insofar as such statements purport to summarize certain provisions of the Bonds, the Indenture, Bond Counsel's final approving opinion, and the Community Facilities District Act;

7. A letter of Stradling Yocca Carlson & Rauth, P.C. ("**Disclosure Counsel**"), addressed to the City and the Underwriter, to the effect that during the course of serving as Disclosure Counsel in connection with the issuance of the Bonds and without having undertaken to determine independently or assuming any responsibility for the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement or Official Statement, no information came to the attention of the attorneys in such firm rendering legal services in connection with the issuance of the Bonds that would lead them to believe that the Preliminary Official Statement or Official Statement (excluding therefrom the financial statements, any financial or statistical data, or forecasts, charts, numbers, estimates, projections, assumptions or expressions of opinion included in the Preliminary Official Statement or Official Statement, information regarding DTC, and the appendices to the Preliminary Official Statement or Official Statement, as to which no opinion need be expressed), as of the respective dates thereof or the Closing Date, contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

8. A certificate dated the Closing Date and signed by an authorized representative of the Community Facilities District or an authorized designee, on behalf of the Community Facilities District to the effect that: (i) the representations and warranties made by the Community Facilities District contained herein are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (ii) to the best knowledge of such officer, no event has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; (iii) the Community Facilities District has complied with all the agreements and satisfied all the conditions on its part to be satisfied under this Purchase Agreement, the Community Facilities District Resolutions, the Community Facilities District Documents and the Official Statement at or prior to the Closing Date; and (iv) all information in the Official Statement relating to the Community Facilities District (other than information therein provided by the Special Tax Consultant) is true and correct in all material respects as of the date of the Official Statement and as of the Closing Date;

9. An opinion of the City Attorney dated the date of Closing and addressed to the Underwriter and the City, to the effect that:

(i) The City is a municipal corporation and charter city, duly organized and existing under the Constitution and laws of the State of California and the Community Facilities District is a community facilities district, duly organized and existing under the laws of the State of California;

(ii) The Community Facilities District Resolutions have been duly adopted at meetings of the City Council, which were called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout,

and the Community Facilities District Resolutions are in full force and effect and have not been modified, amended, rescinded or repealed since the respective dates of their adoption;

(iii) The Community Facilities District Documents and the Official Statement have been duly authorized, executed and delivered by the City and the Community Facilities District Documents constitute the legal, valid and binding obligations of the Community Facilities District enforceable against the Community Facilities District in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, to the application of equitable principles where equitable remedies are sought and to the exercise of judicial discretion in appropriate cases;

(iv) Except as may be stated in the Official Statement, there is no action, suit, proceeding or investigation before or by any court, public board or body pending (notice of which has been served on the City or the Community Facilities District) or, to such counsel's knowledge, threatened wherein an unfavorable decision, ruling or finding would: (a) affect the creation, organization, existence or powers of the City, or the titles of its members and officers to their respective offices; or (b) affect the validity of the Community Facilities District Documents or restrain or enjoin the repayment of the Bonds or in any way contest or affect the validity of the Community Facilities District Documents or contest the authority of the City to enter into or perform its obligations under any of the Community Facilities District Documents, questions the right of the Community Facilities District to use Special Taxes levied within the Improvement Area for the repayment of the Bonds or affects in any manner the right or ability of the Community Facilities District to collect the Special Taxes or pledge the Net Taxes levied within the Improvement Area for the repayment of the Bonds;

10. A certificate dated the Closing Date from BBG Inc. (the "**Appraiser**"), along with a copy of the Appraiser's appraisal report in the form attached to the Official Statement as Appendix G, to the effect that: (i) the statements in the Official Statement provided by the Appraiser concerning the appraised value of the property in the Improvement Area and all information supplied by it for use in the Official Statement were as of the date of the Official Statement and are as of the Closing Date true and correct, and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading and (ii) no events or occurrences have been ascertained by the Appraiser or have come to the Appraiser's attention that would materially change the opinion set forth in the Appraisal;

11. A certificate dated the Closing Date from Harris & Associates (the "**Special Tax Consultant**") to the effect that: (i) the Special Tax if collected in the maximum amounts permitted pursuant to the Rate and Method of Apportionment of Special Taxes of the Improvement Area as of the Closing Date would generate at least 110% of the annual debt service payable with respect to the related issue of Bonds plus budgeted administrative expenses in each year, based on such assumptions and qualifications as shall be acceptable to the Underwriter; and (ii) the description of the Rate and Method of Apportionment of Special Taxes of the Improvement Area that is set forth in the Official Statement and the statements in the Official Statement provided by the Special Tax Consultant concerning Special Taxes in the Improvement Area and all information supplied by it for use in the Official Statement were as of the date of the Official Statement and are as of the Closing Date true and correct, and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading;

12. Certified copies of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the execution of the Indenture and the authentication of the Bonds;

13. A certificate of the Trustee, dated the Closing Date, to the effect that: (i) the Trustee is authorized to carry out corporate trust powers, and has full power and authority to perform its duties under the Indenture; (ii) the Trustee is duly authorized to execute and deliver the Indenture, to accept the obligations created by the Indenture and to authenticate the Bonds pursuant to the terms of the Indenture; (iii) no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the authentication of the Bonds or the consummation by the Trustee of the other transactions contemplated to be performed by the Trustee in connection with the authentication of the Bonds and the acceptance and performance of the obligations created by the Indenture; and (iv) to the best of its knowledge, compliance with the terms of the Indenture will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties;

14. An opinion of counsel to the Trustee dated the Closing Date, addressed to the Underwriter, and the Community Facilities District to the effect that the Trustee is a national banking association duly organized and validly existing under the laws of the United States having full power and being qualified to enter into, accept and agree to the provisions of the Indenture, and that such document has been duly authorized, executed and delivered by the Trustee, and, assuming due execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of the Trustee, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors' rights in general and except as such enforceability may be limited by the application of equitable principles if equitable remedies are sought and the Bonds have been duly authenticated by the Trustee;

15. A certificate of the Community Facilities District dated the Closing Date, in a form acceptable to Bond Counsel and the Underwriter, that the Bonds are not arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended;

16. A Letter of Representations from the Developer, dated the date of printing the Preliminary Official Statement, in the substance set forth in Exhibit B;

17. A Closing Certificate of the Developer, dated the date of the Closing, in the substance set forth in Exhibit C, or as such Closing Certificate may be modified with the approval of the Underwriter and Disclosure Counsel;

18. Opinion or opinions of counsel to the Developer, dated the date of the Closing, addressed to the Underwriter and the Community Facilities District, in the substance set forth in Exhibit D hereto;

19. An executed copy of the Developer Continuing Disclosure Certificate, in substantially the form attached to the Official Statement as Appendix D-2;

20. An opinion of Jones Hall, A Professional Law Corporation, counsel to the Underwriter ("**Underwriter's Counsel**"), dated the date of Closing and addressed to the Underwriter in form and substance acceptable to the Underwriter; and

21. Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the material representations and warranties of the Community Facilities District contained herein, and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Community Facilities District at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the Community Facilities District in connection with the transactions contemplated hereby and by the Indenture and the Official Statement.

If the Community Facilities District shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds contained in this Purchase Agreement, or if the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Community Facilities District nor the Underwriter shall be under any further obligation hereunder, except that the respective obligations of the Underwriter and the Community Facilities District set forth in Section 5 hereof shall continue in full force and effect.

5. Expenses. Whether or not the transactions contemplated by this Purchase Agreement are consummated, the Underwriter shall be under no obligation to pay, and the Community Facilities District shall pay only from the proceeds of the Bonds, or any other legally available funds of the City, or the Community Facilities District, but only as the Community Facilities District and such other party providing such services may agree, all expenses and costs of the Community Facilities District incident to the performance of its obligations in connection with the authorization, execution, sale and delivery of the Bonds to the Underwriter, including, without limitation, printing costs, rating agency fees and charges, initial fees of the Trustee, including fees and disbursements of their counsel, if any, fees and disbursements of Bond Counsel, Disclosure Counsel and other professional advisors employed by the City, fees and disbursements of Underwriter's Counsel, costs of preparation, printing, signing, transportation, delivery and safekeeping of the Bonds and for expenses (included in the expense component of the spread) incurred by the Underwriter on behalf of the City's employees that are incidental to implementing this Purchase Agreement, including, but not limited to, meals and transportation of those employees.

The Underwriter shall pay all out-of-pocket expenses of the Underwriter, including, without limitation, advertising expenses, the California Debt and Investment Advisory Commission fee, CUSIP Services Bureau charges, regulatory fees imposed on new securities issuers and any and all other expenses incurred by the Underwriter in connection with the public offering and distribution of the Bonds.

6. Notices. Any notice of other communication to be given to the Community Facilities District or the Community Facilities District under this Purchase Agreement may be given by delivering the same in writing to the City of Salinas, 200 Lincoln Avenue, Salinas, California 93901, Attention: Finance Director; any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Stifel, Nicolaus & Company, Incorporated, One Montgomery Street, 35th Floor, San Francisco, California 94104, Attention: Public Finance Department.

7. Parties In Interest. This Purchase Agreement is made solely for the benefit of the Community Facilities District and Underwriter (including any successors or assignees of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof.

8. Survival of Representations and Warranties. The representations and warranties of the Community Facilities District under this Purchase Agreement shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations and statements of the Community Facilities District and regardless of delivery of and payment for the Bonds.

9. Execution in Counterparts. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

10. Effective. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Community Facilities District and shall be valid and enforceable as of the time of such acceptance.

11. No Prior Agreements. This Purchase Agreement supersedes and replaces all prior negotiations, agreements and understanding among the parties hereto in relation to the sale of the Bonds by the Community Facilities District.

12. Governing Law. This Purchase Agreement shall be governed by the laws of the State of California.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

13. Effective Date. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Community Facilities District and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

**STIFEL, NICOLAUS & COMPANY,
INCORPORATED**

By: _____
Its: Authorized Officer

The foregoing is hereby agreed to and accepted as of the date first above written:

**COMMUNITY FACILITIES DISTRICT
NO. 2016-1 (MONTE BELLA) OF THE
CITY OF SALINAS**

By: _____
Authorized Officer

Time of Execution: _____ p.m. California time

EXHIBIT A

**COMMUNITY FACILITIES DISTRICT NO. 2016-1 (MONTE BELLA) OF THE
CITY OF SALINAS
2019 SPECIAL TAX BONDS
(IMPROVEMENT AREA NO. 2)**

MATURITY SCHEDULE

<u>Maturity (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>10% Test Satisfied*</u>	<u>10% Test Not Satisfied</u>	<u>Subject to Hold-The- Offering- Price Rule</u>
-----------------------------------	-----------------------------	--------------------------	--------------	--------------	--------------------------------	---------------------------------------	--

(T) Term Bond.

(C) Priced to optional call at 10_% on September 1, 20__.

* At the time of execution of this Purchase Agreement and assuming orders are confirmed by the close of the business day immediately following the date of this Purchase Agreement.

EXHIBIT B

**COMMUNITY FACILITIES DISTRICT NO. 2016-1 (MONTE BELLA) OF THE
CITY OF SALINAS
2019 SPECIAL TAX BONDS
(IMPROVEMENT AREA NO. 2)**

LETTER OF REPRESENTATIONS – KB HOME SOUTH BAY INC.

November __, 2019

Community Facilities District No. 2016-1 (Monte Bella) of the
City of Salinas
200 Lincoln Avenue
Salinas, California 93901

Stifel, Nicolaus & Company, Incorporated
One Montgomery Street, 35th Floor
San Francisco, California 94104

Ladies and Gentlemen:

Reference is made to the Community Facilities District No. 2016-1 (Monte Bella) City of the Salinas 2019 Special Tax Bonds (Improvement Area No. 2) (the “**Bonds**”) and to the Bond Purchase Agreement to be entered into in connection therewith (the “**Bond Purchase Agreement**”). This Letter of Representations – KB Home South Bay Inc. (the “**Letter of Representations**”) is delivered pursuant to and in satisfaction of Section 4(F)(17) of the Bond Purchase Agreement. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Bond Purchase Agreement.

The undersigned certifies that he or she is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of KB Home South Bay Inc. (the “**Developer**”), and the undersigned, on behalf of the Developer, further certifies as follows:

1. The Developer is duly organized and validly existing under the laws of the State of Delaware, qualified to transact business in the State of California and has all requisite right, power and authority (i) to execute and deliver this Letter of Representations and execute and deliver the Developer Continuing Disclosure Certificate to be executed by the Developer at Closing (the “**Developer Continuing Disclosure Certificate**”) and (ii) to develop (i.e., construct homes) its property in Improvement Area No. 2 (the “**Improvement Area**”) of Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas (the “**Community Facilities District**”) as described in the Preliminary Official Statement.

2. As set forth in the Preliminary Official Statement, title to a certain portion of the property within the Improvement Area is held in the name of the Developer (herein, the “**Property**”). The undersigned, on behalf of the Developer, makes the representations herein with respect to all such Property. Except as otherwise described in the Preliminary Official Statement, the Developer is and the Developer’s current expectations are that the

Developer shall remain the party responsible for the development of the Property. The Developer has not entered into an agreement for development or management of the Property by any other entity, except such subcontracts, consultant agreements and similar agreements for land development activities associated with the Developer's development plan as are entered into in the ordinary course of business.

3. The Developer agrees to execute at Closing the Developer Continuing Disclosure Certificate substantially in the form attached as an appendix to the Preliminary Official Statement, with such additional changes as may be agreed to by the Developer.

4. Except as set forth in the Preliminary Official Statement, no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, regulatory agency, or public board or body is pending against the Developer (with proper service of process to the Developer having been accomplished) or, to the Actual Knowledge of the Undersigned,¹ is pending against any current Affiliate² (with proper service of process to such Affiliate having been accomplished) or to the Actual Knowledge of the Undersigned is threatened in writing against the Developer or any such Affiliate (a) to restrain or enjoin the collection of Special Taxes levied on the Property by the Community Facilities District or other sums pledged or to be pledged to pay the principal of and interest on the Bonds (e.g., the Reserve Account of the Special Tax Fund established under the Indenture), (b) to restrain or enjoin the development of the Property as described in the Preliminary Official Statement, (c) in any way contesting or affecting the validity of the Special Taxes, or (d) which, if successful, is reasonably likely to materially and adversely affect the Developer's ability to develop and sell the Property as described in the Preliminary Official Statement or to pay the Special Taxes Property levied against the portion of the Property then-owned by the Developer (to the extent the responsibility of the Developer) prior to delinquency.

1 "Actual Knowledge of the Undersigned" means, as of the date of signing this Letter of Representations, the knowledge that the individual signing on behalf of the Developer currently has or has obtained through (i) interviews with such current officers and responsible employees of the Developer and its Affiliates as the undersigned has determined are reasonably likely, in the ordinary course of their respective duties, to have knowledge of the matters set forth in this Letter of Representations, and/or (ii) review of documents that were reasonably available to the undersigned and which the undersigned has reasonably deemed necessary for the undersigned to sign this Letter of Representations. The undersigned has not conducted any extraordinary inspection or inquiry other than such inspections or inquiries as are prudent and customary in connection with the ordinary course of the Developer's current business and operations. The individual signing this Letter of Representations has not contacted any individuals who are no longer employed by or associated with the Developer or its Affiliates.

2 "Affiliate" means, with respect to the Developer, any other Person (i) who directly, or indirectly through one or more intermediaries, is currently controlling, controlled by or under common control with the Developer, and (ii) for whom information, including financial information or operating data, concerning such Person is material to potential investors in their evaluation of the Improvement Area and investment decision regarding the Bonds (i.e., information regarding such Person's assets or funds that would materially affect the Developer's ability to develop the Property as described in the Preliminary Official Statement or to pay its Special Taxes on the portion of the Property then-owned by the Developer (to the extent the responsibility of the Developer) prior to delinquency). "Person" means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof. For purposes hereof, the term "control" (including the terms "controlling," "controlled by" or "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

5. To the Actual Knowledge of the Undersigned, execution and delivery of the Developer Continuing Disclosure Certificate, and the performance by the Developer of its obligations under the Developer Continuing Disclosure Certificate, will not conflict with or constitute a breach of or default under any loans, lines of credit, agreements, or other contractual or financial obligations of the Developer, or any applicable law, regulation, judgment or decree.

6. As of the date of the Preliminary Official Statement, to the Actual Knowledge of the Undersigned, the information contained therein solely with respect to the Developer, its Affiliates, the proposed development of the Property, ownership of the Property, the Developer's development plan, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, other loans of such Affiliates) as set forth under the section of the Preliminary Official Statement captioned "IMPROVEMENT AREA NO. 2 – General Description", "—Summary of Development", "—Description of Authorized Facilities," and "—The Developer," and "CONTINUING DISCLOSURE – Property Owner" (excluding therefrom in all cases information regarding the Appraisal Report, market value ratios and annual special tax ratios, and information which is identified as having been provided by a source other than the Developer), is true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

7. Except as described in the Preliminary Official Statement, there are no material loans outstanding and unpaid and no material lines of credit of the Developer or its Affiliates, that are secured by an interest in the Property. Neither the Developer nor, to the Actual Knowledge of the Undersigned, any of its Affiliates is currently in material default on any loans, lines of credit or other obligation related to the development of the Property or any other project which default is reasonably likely to materially and adversely affect the Developer's ability to develop the Property as described in the Preliminary Official Statement or to pay the Special Taxes due with respect to the Property prior to delinquency or to perform its obligations under the Developer Continuing Disclosure Certificate.

8. To the Actual Knowledge of the Undersigned, the Developer is not aware that any of the Property has a current liability with respect to the presence of a substance presently classified as hazardous under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 or applicable California law or is adversely affected by the presence of endangered or threatened species or habitat for endangered or threatened species.

9. The Developer covenants that, while the Bonds or any refunding obligations related thereto are outstanding, the Developer and its Affiliates which it controls will not bring any action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body, that in any way seeks to challenge or overturn the formation of the Improvement Area, to challenge the adoption of the ordinance of the Community Facilities District levying Special Taxes within the Improvement Area, to invalidate the Improvement Area or any of the Bonds or any refunding bonds related thereto, or to invalidate the special tax liens imposed under Section 3115.5 of the Streets and Highways Code based on recordation of the notices of special tax lien relating thereto. The foregoing covenant shall not prevent the Developer and its Affiliates in any way from

bringing any other action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body including, without limitation, (a) an action or suit contending that the Special Tax has not been levied in accordance with the methodologies contained in the Rate and Method of Apportionment of Special Taxes pursuant to which Special Taxes are levied, (b) an action or suit with respect to the application or use of the Special Taxes levied and collected or (c) an action or suit to enforce the obligations of the City and/or the Community Facilities District under the Community Facilities District Resolutions, the Indenture, or any other agreements among the Developer or an Affiliate, the City and/or the Community Facilities District or to which the Developer or an Affiliate is a beneficiary.

10. The Developer consents to the issuance of the Bonds. The Developer acknowledges and agrees that the proceeds of the Bonds will be used as described in the Preliminary Official Statement.

11. The Developer intends to comply with the provision of the Mello-Roos Community Facilities Act of 1982, as amended relating to the Notice of Special Tax described in Government Code Section 53341.5 in connection with the sale of the Property, or portions thereof.

12. To the Actual Knowledge of the Undersigned, the Developer is able to pay its bills as they become due and no legal proceedings are pending against the Developer (with proper service of process having been accomplished) or, to the Actual Knowledge of the Undersigned, threatened in writing in which the Developer may be adjudicated as bankrupt or discharged from any and all of its debts or obligations, or granted an extension of time to pay its debts or obligations, or be allowed to reorganize or readjust its debts, or be subject to control or supervision of the Federal Deposit Insurance Corporation.

13. To the Actual Knowledge of the Undersigned, Affiliates of the Developer are able to pay their bills as they become due and no legal proceedings are pending against any Affiliate of the Developer (with proper service of process having been accomplished) or to the Actual Knowledge of the Undersigned, threatened in writing in which the Affiliates of the Developer may be adjudicated as bankrupt or discharged from any or all of their debts or obligations, or granted an extension of time to pay their debt or obligations, or be allowed to reorganize or readjust their debts or obligations, or be subject to control or supervision of the Federal Deposit Insurance Corporation which could have a materially adverse impact on the ability of the Developer to develop its Property as described in the Official Statement or to pay the Special Taxes with respect to the portion of the Property then-owned by the Developer (to the extent the responsibility of the Developer) prior to delinquency.

14. To the Actual Knowledge of the Undersigned, during the last five years, neither the Developer nor any current Affiliate has, during the period of its ownership, been delinquent to any material extent in the payment of any *ad valorem* property tax, special assessment or special tax on property in California owned by the Developer or any such Affiliate (during the period of their ownership) included within the boundaries of a community facilities district or an assessment district in California that (a) caused a draw on a reserve fund relating to such assessment district or community facilities district financing or (b) resulted in a foreclosure action being commenced against the delinquent Developer or Affiliate by a court filing.

15. The Developer has not filed for the reassessment of the assessed value of any portions of the Property, other than in connection with the sale of homes to individual homebuyers.

16. To the Actual Knowledge of the Undersigned, there are no claims, disputes, suits, actions or contingent liabilities by and among the Developer, its Affiliates or any contractors working on the development of the Property which are reasonably likely to materially and adversely affect the Developer's ability to develop the Property as described in the Preliminary Official Statement or to pay the Special Taxes levied against the portion of the Property then-owned by the Developer (to the extent the responsibility of the Developer) prior to delinquency.

17. Based upon the current development plans, including, without limitation, the current budget and subject to economic conditions and risks generally inherent in the development of real property, including, but not limited to, the risks described in the Preliminary Official Statement under the section entitled "SPECIAL RISK FACTORS," the Developer presently anticipates that it will have sufficient funds to develop the Property as described in the Preliminary Official Statement and to pay the Special Taxes levied against the portion of the Property then-owned by the Developer (to the extent the responsibility of the Developer) prior to delinquency and does not anticipate that the City or the Community Facilities District will be required to resort to a draw on the Reserve Account of the Special Tax Fund for payment of principal of or interest on the Bonds due to the Developer's nonpayment of Special Taxes. However, neither the Developer nor any of its Affiliates are obligated to pay the Special Taxes or to make any additional capital contribution or loan to the Developer at any time, and the Developer reserves the right to change its respective development plan and financing plan for the Property at any time without notice, and there is no recourse against the Developer for the failure to pay the Special Taxes other than the filing of a foreclosure action.

18. An appraisal of the taxable properties within the Improvement Area, dated September 27, 2019 (the "**Appraisal Report**"), with a date of value of September 15, 2019 (the "**Date of Value**"), was prepared by BBG Inc. (the "**Appraiser**"). The Appraisal Report estimates the market value of the appraised taxable properties within the Improvement Area as of the Date of Value. To Actual Knowledge of the Undersigned, all information submitted by, or on behalf of and authorized by, the Developer to the Appraiser and contained in the sections of the Appraisal Report highlighted in yellow or circled in Exhibit B attached hereto, was true and correct in all material respects as of the Date of Value.

19. Solely as to the limited information described in the sections of the Preliminary Official Statement set forth in paragraph 6 above, the Developer agrees to indemnify and hold harmless, to the extent permitted by law, the City, the Community Facilities District and the Underwriter, and their officials and employees, and each Person, if any, who controls any of the foregoing within the meaning of Section 15 of the Securities Act of 1933, as amended, or of Section 20 of the Securities Exchange Act of 1934, as amended (each, an "**Indemnified Party**" and, collectively, the "**Indemnified Parties**"), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject under any statute or at law or in equity and shall reimburse any such Indemnified Party for any reasonable legal or other expense reasonably incurred by it in connection with investigating any such claim against it and defending any such action, insofar as and solely to the extent such losses, claims, damages, liabilities or actions, or legal or other expenses arise out of or are based upon any untrue statement of a material

fact or the omission of a material fact by the Developer in the above-referenced information in the Preliminary Official Statement, as of the dates indicated in the Preliminary Official Statement, necessary to make the statements made by the Developer contained therein, in light of the circumstances under which they were made not misleading. This indemnity provision shall not be construed as a limitation on any other liability which the Developer may otherwise have to any Indemnified Party, *provided* that in no event shall the Developer be obligated for double indemnification, or for the negligence or willful misconduct of an Indemnified Party.

If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any Indemnified Party in respect of which indemnification may be sought pursuant to the above paragraph, such Indemnified Party shall promptly notify the Developer in writing; provided that the failure to notify the Developer shall not relieve it from any liability that it may have hereunder except to the extent that it has been materially prejudiced by such failure; and provided, further, that the failure to notify the Developer shall not relieve it from any liability that it may have to an Indemnified Party otherwise than under the above paragraph unless such liability was also conditioned upon such notice. If any such proceeding shall be brought or asserted against an Indemnified Party and it shall have notified the Developer thereof, the Developer shall retain counsel reasonably satisfactory to the Indemnified Party and approved thereby to represent the Indemnified Party in such proceeding and shall pay the fees and expenses of such counsel related to such proceeding, as incurred. In any such proceeding, any Indemnified Party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (i) the Developer and the Indemnified Party shall have mutually agreed to the contrary; (ii) the Developer has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Party; (iii) the Indemnified Party shall have reasonably concluded that there may be legal defenses available to it that are different from or in addition to those available to the Developer such that a material conflict of interest exists for such counsel; or (iv) the named parties in any such proceeding (including any impleaded parties) include both the Developer and the Indemnified Party and representation of both parties by the same counsel would be inappropriate due to actual differing interest between them. It is understood and agreed that the Developer shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Parties, and that all such fees and expenses, to the extent reasonable, shall be paid or reimbursed as they are incurred. Any such separate firm shall be designated in writing by such Indemnified Parties. The Developer shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Developer agrees to indemnify each Indemnified Party from and against any loss or liability by reason of such settlement or judgment. The Developer shall not, without the written consent of the Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Party is a party and indemnification could have been sought hereunder by such Indemnified Party, unless such settlement (x) includes an unconditional release of such Indemnified Party, in form and substance reasonably satisfactory to such Indemnified Party, from all liability on claims that are the subject matter of such proceeding and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Party.

20. If between the date hereof and the Closing Date any event relating to or affecting the Developer, its Affiliates, ownership of the Property, the Developer's development plan,

the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, other loans of such Affiliates) shall occur of which the Developer has actual knowledge which would cause the information under the sections of the Preliminary Official Statement indicated in paragraph 6 hereof, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Developer shall notify the City, the Community Facilities District and the Underwriter and if in the opinion of counsel to the City or the Underwriter such event requires the preparation and publication of a supplement or amendment to the information described in the sections of the Preliminary Official Statement referenced in paragraph 6 hereof, the Developer shall reasonably cooperate with the City and the Community Facilities District in the preparation of an amendment or supplement to the Preliminary Official Statement in form and substance satisfactory to counsel to the City, the Community Facilities District and to the Underwriter.

21. The Developer agrees to deliver a closing certificate dated the date of issuance of the Bonds at the time of issuance of the Bonds in substantially the form attached as Exhibit A.

22. On behalf of the Developer, I have reviewed the contents of this Letter of Representations and have met with counsel to the Developer for the purpose of discussing the meaning of the contents of this Letter of Representations. The Developer acknowledges and understands that a variety of state and federal securities laws, including, but not limited to the Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, as amended, may apply to the Developer and that under some circumstances, certification as to the matters set forth in this Letter of Representations, without additional disclosures or other action, may not fully discharge all duties and obligations of the Developer under such securities laws.

The undersigned has executed this Letter of Representations solely in his or her capacity as an authorized officer or representative of the Developer and he or she will have no personal liability arising from or relating to this Letter of Representations. Any liability arising from or relating to this Letter of Representations may only be asserted against the Developer.

KB HOME SOUTH BAY INC.,
A California corporation

By: _____

Name: _____

Title: _____

[EXECUTION PAGE OF LETTER OF REPRESENTATIONS –
KB HOME SOUTH BAY INC.]

EXHIBIT C

**COMMUNITY FACILITIES DISTRICT NO. 2016-1 (MONTE BELLA) OF THE
CITY OF SALINAS
2019 SPECIAL TAX BONDS
(IMPROVEMENT AREA NO. 2)**

CLOSING CERTIFICATE – – KB HOME SOUTH BAY INC.

December ____, 2019

Community Facilities District No. 2016-1 (Monte Bella) of the
City of Salinas
200 Lincoln Avenue
Salinas, California 93901

Stifel, Nicolaus & Company, Incorporated
One Montgomery Street, 35th Floor
San Francisco, California 94104

Ladies and Gentlemen:

Reference is made to the above-captioned bonds (the “**Bonds**”) and to the Bond Purchase Agreement, dated December ____, 2019 (the “**Bond Purchase Agreement**”), entered into in connection therewith. This Closing Certificate – KB Home South Bay Inc. (the “**Closing Certificate**”) is delivered pursuant to the Bond Purchase Agreement. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Letter of Representations – KB Home South Bay Inc. (the “**Letter of Representations**”), dated November ____, 2019, delivered by KB Home South Bay Inc. (the “**Developer**”).

The undersigned certifies that he or she is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of the Developer, and the undersigned, on behalf of the Developer, further certifies as follows:

1. The Developer has received the final Official Statement relating to the Bonds, dated December ____, 2019 (the “**Official Statement**”). To the Actual Knowledge of the Undersigned, each statement, representation and warranty made in the Letter of Representations is true and correct in all material respects on and as of the date hereof with the same effect as if made on the date hereof, except that all references therein to the Preliminary Official Statement shall be deemed to be references to the final Official Statement.

2. To the Actual Knowledge of the Undersigned, no event has occurred since the date of the Preliminary Official Statement affecting the statements and information described in paragraph 6 of the Letter of Representations (and subject to the limitations and exclusions contained in paragraph 6 of the Letter of Representations) relating to the Developer, its Affiliates, ownership of the Property, the Developer’s development plan, the Developer’s financing plan, the Developer’s lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer’s development plan or the Developer’s

financing plan, other loans of such Affiliates), which should be disclosed in the Official Statement for the purposes for which it is to be used in order to make such statements and information contained in the Official Statement not misleading in any material respect.

3. The Developer has duly authorized the execution and delivery of the Developer Continuing Disclosure Certificate, is duly authorized to perform the obligation on its part to be performed thereunder, and the Developer Continuing Disclosure Certificate constitutes the legal, valid and binding obligation of the Developer, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization, arrangement, moratorium, fraudulent conveyance and other similar laws affecting the rights of creditors and certain equitable, legal or statutory principles affecting enforcement of contractual rights generally, regardless of whether such enforcement is considered in a proceeding of law or equity.

4. For the period through 25 days after the **"End of the Underwriting Period"** as defined in the Bond Purchase Agreement to mean the Closing Date unless the Underwriter gives notice to the contrary, if any event relating to or affecting the Developer, its Affiliates, the proposed development of the Property, ownership of the Property, the Developer's development plan, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, other loans of such Affiliates) shall occur as a result of which it is necessary, in the opinion of the Underwriter or counsel to the City or the Community Facilities District, to amend or supplement the Official Statement in order to make the information described in the sections of the Official Statement referenced in paragraph 6 of the Letter of Representations not misleading in the light of the circumstances existing at the time it was delivered to a purchaser, the Developer shall reasonably cooperate with the City, the Community Facilities District and the Underwriter in the preparation and publication of a supplement or amendment to the to the information described in the section of the Official Statement referenced in paragraph 6 of the Letter of Representations, in form and substance satisfactory to the Underwriter and counsel to the City and the Community Facilities District which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading.

The undersigned has executed this Closing Certificate solely in his or her capacity as an authorized officer or representative of the Developer and he or she will have no personal liability arising from or relating to this Closing Certificate. Any liability arising from or relating to this Closing Certificate may only be asserted against the Developer.

KB HOME SOUTH BAY INC.,
A California corporation

By: _____

Name: _____

Title: _____

[EXECUTION PAGE OF CLOSING CERTIFICATE – KB HOME SOUTH BAY INC.]

EXHIBIT B

**COMMUNITY FACILITIES DISTRICT NO. 2016-1 (MONTE BELLA) OF THE
CITY OF SALINAS
2019 SPECIAL TAX BONDS
(IMPROVEMENT AREA NO. 2)**

DEVELOPER PROVIDED INFORMATION IN APPRAISAL REPORT

See attached.

EXHIBIT D

**COMMUNITY FACILITIES DISTRICT NO. 2016-1 (MONTE BELLA) OF THE
CITY OF SALINAS
2019 SPECIAL TAX BONDS
(IMPROVEMENT AREA NO. 2)**

FORM OF OPINION OF COUNSEL TO DEVELOPER

[Closing Date]

1. The Developer is a corporation, duly formed, validly existing and in good standing under the laws of the States of California, and has full corporate power and authority to enter into the Developer Continuing Disclosure Certificate.

2. Except as disclosed in the Preliminary Official Statement and Official Statement and to our actual knowledge, based solely on computerized litigation searches and representations of the Developer, there are no legal or governmental actions, proceedings, inquiries or investigations pending or threatened or to which the Property is subject, which, if determined adversely to the Developer, would individually or in the aggregate (a) have a material adverse effect on the financial position or results of operations of the Developer, considered as a whole, or (b) materially and adversely affect the ability of the Developer to complete the proposed development of the Property.

3. The Developer has duly and validly executed and delivered the Developer Continuing Disclosure Certificate, and the Developer Continuing Disclosure Certificate constitutes the legal, valid and binding obligations of the Developer.

4. Without having undertaken to determine independently the accuracy, completeness, or fairness of the statements contained in the Preliminary Official Statement or Official Statement, but based solely on (i) our limited capacity as special counsel to the Developer, (ii) the representations of the Developer and/or its officers, employees and/or consultants, and our reliance thereon, and (iii) our review of the Preliminary Official Statement and the Official Statement, no facts have come to our attention that would lead us to believe that the information in the section of the Preliminary Official Statement or Official Statement relating to the Developer and its organization, ownership, activities, properties and financing plan, and its proposed development of the Property, as set forth under the sections of the Preliminary Official Statement captioned "IMPROVEMENT AREA NO. 2 – General Description", "—Summary of Development", "—Description of Authorized Facilities," "—The Developer," and "CONTINUING DISCLOSURE – Developer" (excluding therefrom in all cases information regarding the Appraisal Report, market value ratios and annual special tax ratios, and information which is identified as having been provided by a source other than the Developer), contains any untrue statement of a material fact or omits any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

EXHIBIT E

\$ _____
**COMMUNITY FACILITIES DISTRICT NO. 2016-1 (MONTE BELLA) OF THE
CITY OF SALINAS
2019 SPECIAL TAX BONDS
(IMPROVEMENT AREA NO. 2)**

FORM OF ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Stifel, Nicolaus & Company, Incorporated (“Stifel”) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned bonds (the “Bonds”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) Stifel offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement, dated December ____, 2019, by and between Stifel and Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas (the “Community Facilities District”), Stifel has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which Stifel has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Issuer* means Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is December ____, 2019.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Stifel's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Stradling Yocca Carlson & Rauth, a Professional Corporation in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

STIFEL, NICOLAUS & COMPANY,
INCORPORATED

By: _____

Name: _____

By: _____

Name: _____

Dated: _____, 2019

SCHEDULE A

**SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL OFFERING PRICES OF
THE HOLD-THE-OFFERING-PRICE MATURITIES**

(To be attached)

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate, dated December __, 2019 (the “**Disclosure Agreement**”) is executed and delivered by Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas (the “**Issuer**”) in connection with the issuance of the Issuer’s \$_____ 2019 Special Tax Bonds (Improvement Area No. 2) (the “**Bonds**”). The Bonds are being issued pursuant to a Bond Indenture, dated as of December 1, 2019 (the “**Bond Indenture**”), by and between the Issuer and The Bank of New York Mellon Trust Company, N.A. The Issuer covenants as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Bond Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Annual Report**” means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“**Beneficial Owner**” means any person which: (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Bonds for federal income tax purposes.

“**City**” means the City of Salinas, California.

“**Disclosure Representative**” means the City Manager of the City, the Finance Director of the City, or the designee thereof, or such other officer or employee as the Issuer shall designate in writing from time to time.

“**Dissemination Agent**” means, initially, the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“**Financial Obligation**” means: (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule and the issuer thereof has entered into a continuing disclosure undertaking for such municipal securities.

“**Fiscal Year**” means the period from July 1 to June 30, or any other period selected by the Issuer as its fiscal year.

“**Improvement Area**” means Improvement Area No. 2 of the Issuer.

“Listed Events” means any of the events listed in Section 5(a) and (b) of this Disclosure Agreement.

“MSRB” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“Official Statement” means the Official Statement relating to the Bonds, dated December __, 2019.

“RMA” means the Rate and Method of Apportionment of Special Tax approved by the qualified electors of the Improvement Area.

“Rule” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” means the State of California.

“Underwriter” means the original underwriters of the Bonds that are required to comply with the Rule in connection with the offering of the Bonds.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or, upon delivery of the Annual Report to the Dissemination Agent (if other than the Issuer), shall cause the Dissemination Agent to, not later than April 1 of each year, commencing April 1, 2020, provide to the MSRB an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement; provided that the first Annual Report due by April 1, 2020 shall consist solely of the Official Statement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) Not later than fifteen (15) business days prior to each April 1, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB in a timely manner in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to April 1 the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Issuer, certify to the Issuer that the Annual Report has been filed with the MSRB pursuant to this Disclosure Agreement, and stating, to the extent that it can confirm such filing of the Annual Report, the date that it was filed.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Issuer, if any have been prepared, for the most recent Fiscal Year of the Issuer then ended. If the audited financial statements are being prepared and are not available by the time that the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain any available unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. Audited financial statements, if any, of the Issuer shall be audited by such auditor as shall then be required or permitted by State law or the Bond Indenture. Audited financial statements, if prepared by the Issuer, shall be prepared in accordance with generally accepted accounting principles as prescribed for governmental units by the Governmental Accounting Standards Board; provided, however, that the Issuer may from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the Issuer shall modify the basis upon which its financial statements are prepared, the Issuer shall provide a notice of such modification to EMMA, including a reference to the specific federal or state law or regulation specifically describing the legal requirements for the change in accounting basis. The financial statements of the City shall be filed to the extent that the Issuer does not prepare audited financial statements, but the financial statements of the City shall not be deemed to be the financial statements of the Issuer unless such audited financial statements contain specific information as to the Issuer, its revenues, expenses and account balances. If the City's audited financial statements contain specific information as to the Issuer, its revenues, expenses and account balances, the Issuer's Annual Report shall contain or incorporate by reference the City's audited financial statements. If the City's audited financial statements contain specific information as to the Issuer, its revenues, expenses and account balances, but are not available at the time required for filing, unaudited financial statements of the City that contain specific information as to the Issuer, its revenues, expenses and account balances shall be submitted with the Annual Report and the City's audited financial statements shall be submitted once available.

(b) To the extent not contained in the audited financial statements filed pursuant to subsection (a):

(i) The total dollar amount of delinquencies in the Improvement Area as of each October 1 preceding to the April 1 Annual Report due date and, in the event that the total delinquencies within the Improvement Area as of such October 1 in any year exceed 5% of the Special Tax for the previous year, delinquency information for each parcel, including the amounts of delinquencies, length of delinquency and status of any foreclosure of each such parcel.

(ii) The amount of prepayments of the Special Tax with respect to the Improvement Area for the prior Fiscal Year.

(iii) A land ownership summary listing property owners responsible for more than 5% of the annual Special Tax levy, as shown on the Monterey County Assessor's last equalized tax roll prior to each September preceding the April 1 Annual Report due date.

(iv) The principal amount of the Bonds outstanding and the balance in the Reserve Account (along with a statement of the Reserve Requirement) as of each September 30 preceding the April 1 Annual Report due date.

(v) The total assessed value (per the Monterey County Assessor's records) of all parcels currently subject to the Special Tax within the Improvement Area, showing the total assessed valuation for all parcels within the Improvement Area and with separate columns showing the assessed value of improved and unimproved parcels. Parcels are considered improved if there is an assessed value for the improvements in the Monterey County Assessor's records.

(vi) An updated table in substantially the form of Table [6] in the Official Statement entitled "Estimated Value-to-Lien Ratios Allocated by Property Ownership" based upon the most recent information available, provided that assessed values shown on the Monterey County Assessor's most recent equalized tax roll prior to each September preceding the April 1 Annual Report due date may be substituted for appraised values.

(vii) Any changes to the RMA since the filing of the prior Annual Report.

(viii) A copy of the annual information required to be filed by the City with the California Debt and Investment Advisory Commission pursuant to the Mello-Roos Community Facilities Act of 1982, as amended and relating generally to outstanding Issuer bond amounts, fund balances, assessed values, special tax delinquencies and foreclosure information.

(ix) In addition to any of the information expressly required to be provided under paragraphs (i) through (viii) of this Section, the Issuer shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Any or all of the items listed above may be included by specific reference to other documents, including official statements for debt issues of the Issuer or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

- (i) Principal and interest payment delinquencies.
- (ii) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (iii) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (iv) Substitution of credit or liquidity providers, or their failure to perform.
- (v) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB).

- (vi) Tender offers.
- (vii) Defeasances.
- (viii) Rating changes.
- (ix) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.¹
- (x) Bankruptcy, insolvency, receivership or similar proceedings.

Note: For the purposes of the event identified in subparagraph (xi), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not more than ten (10) Business Days after occurrence:

(i) Unless described in Section 5(a)(v), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds.

(ii) Modifications to the rights of Bondholders.

(iii) Bond calls.

(iv) Release, substitution or sale of property securing repayment of the Bonds.

(v) Non-payment related defaults.

(vi) The consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

(vii) Appointment of a successor or additional trustee or the change of the name of a trustee.

¹ The Issuer shall interpret the events identified in Section 5(a)(ix) in accordance with Release No. 34-83885 adopted by the Securities and Exchange Commission on August 20, 2018 and or any future guidance or releases provided by the Securities and Exchange Commission.

(viii) Incurrence of a Financial Obligation of the Issuer or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders.²

(c) If the Issuer determines that knowledge of the occurrence of a Listed Event under subsection (b) would be material under applicable federal securities laws, and if the Dissemination Agent is other than the Issuer, the Issuer shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to file a notice of such occurrence with the MSRB in an electronic format as prescribed by the MSRB in a timely manner not more than ten (10) Business Days after the event. Notwithstanding the foregoing, notice of Listed Events described in subsection (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected Bonds pursuant to the Bond Indenture.

(d) If the Issuer determines that a Listed Event under subsection (b) would not be material under applicable federal securities laws and if the Dissemination Agent is other than the Issuer, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence.

(e) The Issuer hereby agrees that the undertaking set forth in this Disclosure Agreement is the responsibility of the Issuer and, if the Dissemination Agent is other than the Issuer, the Dissemination Agent shall not be responsible for determining whether the Issuer's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the form or content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement. The Dissemination Agent may resign by providing thirty days' written notice to the Issuer and the Trustee. The Dissemination Agent shall have no duty to review any information provided to it by the Issuer. The Dissemination Agent shall have no duty to prepare any information report, nor shall the Dissemination Agent be responsible for filing any report not provided to it by the Issuer in a timely manner and in a form suitable for filing.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule, and provided further that the Dissemination Agent shall have first consented to any amendment that modifies or increases its duties or obligations hereunder. In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable,

² The Issuer shall interpret the events identified in Section 5(b)(viii) in accordance with Release No. 34-83885 adopted by the Securities and Exchange Commission on August 20, 2018 and or any future guidance or releases provided by the Securities and Exchange Commission.

a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (a) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a); and (b) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or to include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure by the Issuer to comply with any provision of this Disclosure Agreement, any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Bond Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

No Owner or Beneficial Owner may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the Issuer satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the Issuer shall have refused to comply therewith within a reasonable time.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Issuer for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. In performing its duties hereunder, the Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Owners, or any other party. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given to the Dissemination Agent (if other than the Issuer) at such address provided by the Dissemination to the Issuer, and to the Issuer as follows:

Disclosure Representative: City of Salinas
200 Lincoln Avenue
Salinas, California 93901
Attention: Finance Director

SECTION 13. Beneficiaries. This Disclosure Agreement inures solely to the benefit of the Issuer, the Dissemination Agent, the Underwriter and the Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Signature. This Disclosure Agreement has been executed by the undersigned on the date hereof, and such signature binds the Issuer to the undertaking herein provided.

COMMUNITY FACILITIES DISTRICT NO. 2016-1
(MONTE BELLA) OF THE CITY OF SALINAS

By: _____
Its: City Manager of the City of Salinas

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER __, 2019

NEW ISSUE - BOOK-ENTRY ONLY

UNRATED

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described in this Official Statement, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See the caption "TAX EXEMPTION."

County of Monterey

State of California

\$1,955,000*

**COMMUNITY FACILITIES DISTRICT NO. 2016-1 (MONTE BELLA) OF THE
CITY OF SALINAS
2019 SPECIAL TAX BONDS
(IMPROVEMENT AREA NO. 2)**

Dated: Date of Delivery

Due: September 1, as shown on the inside front cover page

The Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas 2019 Special Tax Bonds (Improvement Area No. 2) are being issued: (i) to finance the acquisition of certain public facilities and improvements authorized to be financed by Improvement Area No. 2 of the District; (ii) to fund a deposit to the Reserve Account; (iii) to capitalize interest on the Bonds through September 1, 2020; and (iv) to pay the costs of issuance of the Bonds. Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas has been formed by and is located in the City of Salinas, California.

The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the Government Code of the State of California), and pursuant to a Bond Indenture, dated as of December 1, 2019, by and between the District and The Bank of New York Mellon Trust Company, N.A., as trustee. The Bonds are special obligations of the District and are payable solely from revenues derived from certain annual Special Taxes to be levied on and collected from the owners of certain taxable land within Improvement Area No. 2 of the District and from certain other funds pledged under the Indenture, all as further described in this Official Statement. The Special Taxes are to be levied according to the rate and method of apportionment approved by the City Council of the City and the qualified electors within Improvement Area No. 2 of the District. See the caption "SOURCES OF PAYMENT FOR THE BONDS—Special Taxes." The City Council of the City is the legislative body of the District.

The Bonds are issuable in fully registered form and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Individual purchases may be made in integral multiples of \$5,000 and will be in book-entry form only. Purchasers of the Bonds will not receive certificates representing their beneficial ownership in the Bonds but will receive credit balances on the books of their respective nominees. The Bonds will not be transferable or exchangeable except for transfer to another nominee of DTC or as otherwise described in this Official Statement. Interest on the Bonds will be payable on March 1 and September 1 of each year, commencing March 1, 2020. Principal of and interest on the Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants, who are obligated to remit such payments to the Beneficial Owners of the Bonds. See the captions "THE BONDS—General Provisions" and "THE BONDS—Book-Entry Only System."

Neither the faith and credit nor the taxing power of the City of Salinas, the County of Monterey, the State of California or any political subdivision of the State other than the District is pledged to the payment of the Bonds. Except for the Net Taxes, no other taxes are pledged to the payment of the Bonds. The Bonds are limited obligations of the District payable solely from Net Taxes and certain other amounts held under the Indenture, as more fully described in this Official Statement.

The Bonds are subject to optional redemption, mandatory sinking fund redemption and extraordinary redemption from Special Tax Prepayments prior to maturity. See the caption "THE BONDS—Redemption."

CERTAIN EVENTS COULD AFFECT THE ABILITY OF THE DISTRICT TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS WHEN DUE. THE PURCHASE OF THE BONDS INVOLVES SIGNIFICANT INVESTMENT RISKS, AND THE BONDS ARE NOT SUITABLE INVESTMENTS FOR MANY INVESTORS. SEE THE CAPTION "SPECIAL RISK FACTORS" FOR A DISCUSSION OF CERTAIN RISK FACTORS THAT SHOULD BE CONSIDERED, IN ADDITION TO THE OTHER MATTERS SET FORTH IN THIS OFFICIAL STATEMENT, IN EVALUATING THE INVESTMENT QUALITY OF THE BONDS.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

MATURITY SCHEDULE
(See Inside Cover Page)

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, and subject to certain other conditions. Stradling Yocca Carlson & Rauth, a Professional Corporation, is serving as Disclosure Counsel with respect to the Bonds. Certain legal matters will be passed on for the City and the District by the City Attorney, for the Underwriter by Jones Hall, A Professional Law Corporation, San Francisco, California, for the Trustee by its counsel and for the Developer by its in-house counsel. It is anticipated that the Bonds in book-entry form will be available for delivery in book-entry form through the facilities of DTC on or about December __, 2019.

STIFEL

* Preliminary; subject to change.

Dated: December __, 2019

\$1,955,000*
COMMUNITY FACILITIES DISTRICT NO. 2016-1 (MONTE BELLA) OF THE
CITY OF SALINAS
2019 SPECIAL TAX BONDS
(IMPROVEMENT AREA NO. 2)

MATURITY SCHEDULE

Base CUSIP[†]

<i>Maturity Date</i> <i>(September 1)</i>	<i>Principal</i> <i>Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP[†]</i>
	\$	%	%		

* Preliminary; subject to change.

[†] CUSIP[®] is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright[®] 2019 CUSIP Global Services. All rights reserved. CUSIP[®] data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP[®] numbers are provided for convenience of reference only. None of the District, the City nor the Underwriter takes any responsibility for the accuracy of such numbers.

CITY OF SALINAS, CALIFORNIA

CITY COUNCIL

Joe Gunter, *Mayor*
Scott Davis, *Council Member*
Tony Barrera, *Council Member*
Steve McShane, *Council Member*
Gloria De La Rosa, *Council Member*
Christie Cromeenes, *Council Member*
John “Tony” Villegas, *Council Member*

CITY STAFF

Ray E. Corpuz, Jr., *City Manager*
Matt N. Pressey, CPA, *Finance Director*
David Jacobs, *Public Works Director*
Patricia M. Barajas, *City Clerk*
Christopher A. Callihan, *City Attorney*

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

Stradling Yocca Carlson & Rauth, a Professional Corporation
Newport Beach, California

Special Tax Consultant

Harris & Associates
Irvine, California

Appraiser

BBG Inc.
Sacramento, California

Trustee

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

Except where otherwise indicated, all information contained in this Official Statement has been provided by the District and the City. No dealer, broker, salesperson or other person has been authorized by the District or the City to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the District or the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness. The Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of this information.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget,” “believe,” “anticipate” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the caption “IMPROVEMENT AREA NO. 2.”

The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described in this Official Statement to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City does not plan to issue any updates or revisions to the forward-looking statements set forth in this Official Statement. In evaluating such statements, potential investors should specifically consider the various factors that could cause actual events or results to differ materially from those indicated by such forward-looking statements.

In connection with the offering of the Bonds, the Underwriter may overallocate or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers and dealer banks and banks acting as agent and others at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and the Underwriter may change those public offering prices from time to time.

The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in such act, and have not been registered or qualified under the securities laws of any state.

The City maintains a website. However, the information presented on such website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

TABLE OF CONTENTS

INTRODUCTION	1	Payment of the Special Tax is Not a Personal	
General	1	Obligation of the Owners	40
The District	1	Land Values	40
Appraisal	2	Billing of Special Taxes	41
Sources of Payment for the Bonds	3	Value-to-Lien Ratios	41
Description of the Bonds	4	IRS Audit of Tax-Exempt Bond Issues	41
Tax Matters	5	FDIC/Federal Government Interests in Properties	42
Professionals Involved in the Offering	5	Bankruptcy and Foreclosure	43
Continuing Disclosure	5	No Acceleration Provision	44
Bond Owners' Risks	5	Loss of Tax Exemption	44
Other Information	5	Limitations on Remedies	45
THE PROJECT	6	Limited Secondary Market	45
General	6	Proposition 218	45
Estimated Sources and Uses of Funds	6	Ballot Initiatives	46
THE BONDS	7	Tax Cuts and Jobs Act	46
General Provisions	7	Potential Early Redemption of Bonds from	
Book-Entry Only System	7	Prepayments or Other Sources	47
Authority for Issuance	7	CONTINUING DISCLOSURE	47
Redemption	8	District	47
Registration, Transfer and Exchange	11	Developer	47
Debt Service Schedule	11	LEGAL MATTERS	48
SOURCES OF PAYMENT FOR THE BONDS	13	TAX EXEMPTION	48
Limited Obligations	13	NO LITIGATION	50
Special Taxes	13	NO RATING	50
Reserve Account of the Special Tax Fund	18	UNDERWRITING	50
Issuance of Parity Bonds Solely for Refunding		FINANCIAL INTERESTS	50
Purposes	19	PENDING LEGISLATION	50
No Acceleration	20	ADDITIONAL INFORMATION	50
IMPROVEMENT AREA NO. 2	20		
General Description	20	APPENDIX A RATE AND METHOD OF	
Status of Development	21	APPORTIONMENT OF	
Summary of Development	24	SPECIAL TAX	A-1
Description of Authorized Facilities	24	APPENDIX B SUPPLEMENTAL	
The Developer	24	INFORMATION	
Estimated Direct and Overlapping Indebtedness	27	CONCERNING THE CITY	
Expected Tax Burden	28	OF SALINAS AND THE	
Estimated Value-to-Lien Ratio	30	COUNTY OF MONTEREY	B-1
Appraised Property Values	32	APPENDIX C SUMMARY OF	
Delinquency History	32	INDENTURE	C-1
SPECIAL RISK FACTORS	33	APPENDIX D-1 FORM OF DISTRICT	
Concentration of Ownership	33	CONTINUING	
Limited Obligations	33	DISCLOSURE	
Insufficiency of Special Taxes	34	CERTIFICATE	D-1-1
Risks of Real Estate Secured Investments		APPENDIX D-2 FORM OF DEVELOPER	
Generally	35	CONTINUING	
Failure to Develop Properties	35	DISCLOSURE	
Endangered Species	36	CERTIFICATE	D-2-1
Natural Disasters	36	APPENDIX E FORM OF OPINION OF	
Hazardous Substances	37	BOND COUNSEL	E-1
Shapiro Decision	38	APPENDIX F BOOK-ENTRY ONLY	
Parity Taxes and Special Assessments	38	SYSTEM	F-1
Disclosures to Future Purchasers	39	APPENDIX G APPRAISAL	G-1
Special Tax Delinquencies	39		
Non-Cash Payments of Special Taxes	40		

[MAP]

\$1,955,000*
COMMUNITY FACILITIES DISTRICT NO. 2016-1 (MONTE BELLA) OF THE
CITY OF SALINAS
2019 SPECIAL TAX BONDS
(IMPROVEMENT AREA NO. 2)

INTRODUCTION

General

The purpose of this Official Statement, which includes the front cover page, the inside front cover page, the table of contents and the attached appendices (collectively, the “**Official Statement**”), is to provide certain information concerning the issuance of the \$1,955,000* Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas 2019 Special Tax Bonds (Improvement Area No. 2) (the “**Bonds**”). The proceeds of the Bonds will be used: (i) to finance the acquisition of certain public facilities and improvements authorized to be financed by Improvement Area No. 2 of the District (the “**Project**”); (ii) to fund a deposit to the Reserve Account; (iii) to capitalize interest on the Bonds through September 1, 2020; and (iv) to pay the costs of issuance of the Bonds. See the captions “THE PROJECT,” “ESTIMATED SOURCES AND USES OF FUNDS” and “SOURCES OF PAYMENT FOR THE BONDS—Reserve Account of the Special Tax Fund.”

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the appendices, and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The sale and delivery of Bonds to potential investors is made only by means of the entire Official Statement. All capitalized terms which are used in this Official Statement and not defined have the meanings set forth in Appendix C.

The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the Government Code of the State of California) (the “**Act**”), and a Bond Indenture dated as of December 1, 2019 (the “**Indenture**”) by and between Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas (the “**District**”) and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”).

The Bonds are secured under the Indenture by a pledge of and lien upon certain Net Taxes (as such term is defined in this Official Statement) and all moneys in the Special Tax Fund (other than the Administrative Expenses Account) as described under the Indenture.

The District

Formation Proceedings. The District was formed by the City of Salinas (the “**City**”) pursuant to the Act.

The Act was enacted by the State of California (the “**State**”) Legislature to provide an alternative method of financing certain public capital facilities and services, especially in developing areas of the State. Any local agency (as such term is defined in the Act) may establish a district to provide for and finance the cost of eligible public facilities and services. Generally, the legislative body of the local agency that forms a district acts on behalf of such district as its legislative body. Subject to approval by two-thirds of the votes cast at an election and compliance with the other provisions of the Act, a legislative body of a local agency may issue bonds for a district and may levy and collect a special tax within such district to repay such indebtedness.

* Preliminary; subject to change.

Pursuant to the Act, the City Council adopted the necessary resolutions stating its intent to establish the District, to authorize the levy of Special Taxes (as such term is defined in this Official Statement) on taxable property within the boundaries of the District, and to have the District incur bonded indebtedness. Following public hearings conducted pursuant to the provisions of the Act, the City Council adopted resolutions establishing the District and calling special elections to submit the authorization of the levy of the Special Taxes and the incurring of bonded indebtedness to the qualified voters of the District, including: (i) Resolution No. 21082 adopted by the City Council of the City on November 29, 2016, pursuant to which the City formed the District and designated Improvement Area No. 2 (the “**Resolution of Formation**”); and (ii) Ordinance No. 2582 adopted by the legislative body of the District on November 29, 2016, providing for the levying of the Special Taxes (the “**Ordinance**”).

On November 29, 2016, at an election held pursuant to the Act, the landowners who comprised the qualified voters of Improvement Area No. 2 of the District authorized the District to incur bonded indebtedness in an aggregate principal amount not to exceed \$3,025,000 and approved the rate and method of apportionment of the Special Taxes (the “**Rate and Method**”) for Improvement Area No. 2 of the District to pay the principal of and interest on the bonds of the District. See the caption “THE BONDS—Authority for Issuance.” The City Council of the City acts as the legislative body of the District.

Description of the City, the District and Improvement Area No. 2. The City serves as the county seat of the County of Monterey (the “**County**”) in the Central Coast region of California, 17 miles inland from Monterey Bay, 325 miles north of Los Angeles and 105 miles south of San Francisco. The City was incorporated as a charter city in 1874 and has an area of approximately 24 square miles. The population of the City is estimated to be approximately 162,470. See Appendix B for general information relating to the City. No funds of the City are available for payment of the Bonds.

The District, which is located entirely within the City, consists of Improvement Area Nos. 1, 2 and 3. *Special taxes or other moneys derived from Improvement Area Nos. 2 and 3 are not available for payment of debt service on the Bonds.*

Improvement Area No. 2 of the District consists of approximately 11.10 gross acres. Excluding public streets, open space and other public improvements, the 63 lots within Improvement Area No. 2 that will be subject to the Special Tax comprise approximately 7.53 acres. As of September 15, 2019 (the “**Date of Value**”), the date of value of the Appraisal (as described under the caption “—Appraisal”), excluding below-market rate units which will not be subject to the Special Tax, the developer of Improvement Area No. 2, KB Home South Bay, Inc., a California corporation (the “**Developer**”), had completed approximately 6 single family residences, 2 of which are utilized as model homes and 4 of which have been sold and closed to individual homeowners. As of [____], 2019: (i) a total of [____] single family residences were constructed, sold and closed; (ii) [____] single family residences (including [____] model homes) were completed but unsold; (iii) [____] single family residences were under construction with building permits received (of which [____] are currently under contract); and (iv) [____] parcels were in a finished lot condition with construction yet to begin. The property owners within Improvement Area No. 2, including the Developer, are referred to in this Official Statement as the “**Property Owners**.” See the caption “IMPROVEMENT AREA NO. 2—General Description.” Improvement Area No. 2 is located in the southeastern portion of the City near the City limits on the east side of Monte Bella Boulevard near Palermo Drive.

Appraisal

An Appraisal of the parcels within Improvement Area No. 2 dated [____], 2019 and updated [____], 2019 was prepared by BBG Inc. in connection with issuance of the Bonds. The purpose of the Appraisal was to estimate the fee simple market value of the parcels in Improvement Area No. 2 by ownership and the aggregate value of all taxable property as of the Date of Value, September 15, 2019 which represents the date of inspection. The values are subject to a hypothetical condition that the Bonds have sold and such values

represent not-less-than estimates. According to the Appraisal, the value of the parcels within Improvement Area No. 2 is as follows:

<i>Owner</i>	<i>Description</i>	<i>Appraised Value</i>
Developer	2 Model Homes, 29 Partially Completed Homes and 28 Finished Lots	\$11,499,000
Individual Homeowners	4 Completed Homes	<u>2,120,000</u>
TOTAL		\$13,619,000

See the caption “IMPROVEMENT AREA NO. 2—Appraised Property Value” and Appendix G. *None of the City, the District or the Underwriter makes any representation as to the accuracy or completeness of the Appraisal.*

Sources of Payment for the Bonds

Special Taxes. As used in this Official Statement, the term “**Special Taxes**” means the taxes authorized to be levied by the District on property within Improvement Area No. 2 in accordance with the Ordinance, the Resolution of Formation, the Act and the voter approval obtained at the November 29, 2016 election in Improvement Area No. 2, including any scheduled payments and any Prepayments (as such term is defined in the Indenture) of Special Taxes, and the net proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and penalties and interest on such Special Taxes. See the caption “SOURCES OF PAYMENT FOR THE BONDS—Special Taxes” and Appendix A.

Under the Indenture, the District has pledged to repay the Bonds from: (i) the “**Net Taxes**,” which consist of the Special Taxes less amounts set aside to pay Administrative Expenses not to exceed \$15,000 (the “**Administrative Expenses Cap**”); and (ii) amounts in the Special Tax Fund (other than the Administrative Expenses Account) established under the Indenture.

The Net Taxes are the primary security for the repayment of the Bonds. In the event that the Special Taxes are not paid when due, the only sources of funds available to pay the debt service on the Bonds are amounts held by the Trustee in the Special Tax Fund, including amounts held in the Reserve Account. See the caption “SOURCES OF PAYMENT FOR THE BONDS—Reserve Account of the Special Tax Fund.”

Foreclosure Proceedings. The District has covenanted for the benefit of the Owners of the Bonds that it will: (i) commence judicial foreclosure proceedings against parcels with delinquent Special Taxes in excess of \$10,000 by the October 1 following the close of each fiscal year of the District ending June 30 (each, a “**Fiscal Year**”) in which such Special Taxes were due; (ii) commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the October 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Tax levied and the amount on deposit in the Reserve Account is at less than the Reserve Requirement; and (iii) diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid. See the caption “SOURCES OF PAYMENT FOR THE BONDS—Special Taxes—Proceeds of Foreclosure Sales.” There is no assurance that the taxable property within Improvement Area No. 2 can be sold for the appraised values described in this Official Statement, or for a price sufficient to pay the delinquent Special Taxes (plus related penalties and interest) in the event of a default in payment of Special Taxes by the current or future landowners within Improvement Area No. 2. See the caption “SPECIAL RISK FACTORS—Land Values.”

Neither the faith and credit nor the taxing power of the City, the State or any political subdivision of the State other than the District is pledged to the payment of the Bonds or any Parity Bonds (as such term is defined in this Official Statement). Except for the Net Taxes, no other taxes are pledged to the payment of the Bonds or any Parity Bonds. The Bonds and any Parity Bonds are neither general or special obligations of the City nor general obligations of the District, but are limited

obligations of the District payable solely from certain amounts deposited by the District in the Special Tax Fund (exclusive of the Administrative Expenses Account), as more fully described in this Official Statement.

Issuance of Parity Bonds Solely for Refunding Purposes. The District may, without the consent of the Owners of the Bonds, issue additional indebtedness secured by the Net Taxes on a parity with the Bonds (“**Parity Bonds**”), provided that: (i) such Parity Bonds may be issued solely to refund the Bonds or other Parity Bonds for debt service savings; and (ii) the total aggregate principal amount of the Bonds and all Parity Bonds shall not exceed \$3,025,000 (the amount authorized by the Property Owners under the Rate and Method) at any time. See the caption “SOURCES OF PAYMENT FOR THE BONDS—Issuance of Parity Bonds Solely for Refunding Purposes.”

Other taxes and/or special assessments with liens that are equal in priority to the continuing lien of the Special Taxes have been levied as described under the captions “IMPROVEMENT AREA NO. 2—Estimated Direct and Overlapping Indebtedness” and “IMPROVEMENT AREA NO. 2—Expected Tax Burden.” Additional other taxes and/or special assessments may also be levied in the future on the property within Improvement Area No. 2, which could adversely affect the willingness of the Property Owners to pay the Special Taxes when due. See the caption “SPECIAL RISK FACTORS—Parity Taxes and Special Assessments.”

No Teeter Plan. To date, the Special Taxes have not been levied in Improvement Area No. 2, so there are no current or prior delinquencies in Special Tax payments. Special Taxes are expected to be levied for the first time in Fiscal Year 2019-20. Because the County’s “Teeter Plan” (which is the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds, as provided for in Section 4701 *et seq.* of the Revenue and Taxation Code of the State of California) is not available for community facilities districts such as the District, collections of Special Taxes will reflect actual delinquencies. Neither the City, the Underwriter nor the District can predict the willingness or ability of the Property Owners to pay the Special Taxes when the levy thereof commences in or about Fiscal Year 2019-20.

Description of the Bonds

The Bonds will be issued and delivered as fully registered Bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“**DTC**”), and will be available to actual purchasers of the Bonds (the “**Beneficial Owners**”) in the integral multiples of \$5,000, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described in this Official Statement. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. In the event that the book-entry only system described in this Official Statement is no longer used with respect to the Bonds, the Bonds will be registered and transferred in accordance with the Indenture. See Appendix C.

Principal of, premium, if any, and interest on the Bonds is payable by the Trustee to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants. In the event that the book-entry only system is no longer used with respect to the Bonds, the Beneficial Owners will become the registered owners of the Bonds and will be paid principal and interest by the Trustee, all as described in this Official Statement. See Appendix F.

The Bonds are subject to optional redemption, mandatory sinking fund redemption and extraordinary redemption from Special Tax Prepayments as described under the caption “THE BONDS—Redemption.” For a more complete description of the Bonds and the basic documentation pursuant to which they are being sold and delivered, see the caption “THE BONDS” and Appendix C.

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California (“**Bond Counsel**”), under existing statutes, regulations, rulings and judicial decisions and assuming compliance with certain covenants and requirements described in this Official Statement, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. It is the further opinion of Bond Counsel that interest (and original issue discount) on the Bonds is exempt from State personal income tax. See the caption “TAX EXEMPTION.”

Professionals Involved in the Offering

The Bank of New York Mellon Trust Company, N.A. will act as Trustee under the Indenture. Harris & Associates (the “**Special Tax Consultant**”) has acted as Special Tax consultant to the District. BBG Inc. (the “**Appraiser**”), has undertaken an appraisal of the parcels within Improvement Area No. 2 (the “**Appraisal**”). See Appendix G. Stifel, Nicolaus & Company, Incorporated is the Underwriter of the Bonds. Certain proceedings in connection with the issuance and delivery of the Bonds are subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Bond Counsel and Disclosure Counsel to the District. Certain legal matters will be passed on for the City and the District by the City Attorney, for the Underwriter by Jones Hall, A Professional Law Corporation, San Francisco, California, for the Trustee by its counsel and for the Developer by its in-house counsel.

For information concerning the respects in which certain of the above-mentioned professionals, advisors, counsel and agents may have a financial or other interest in the offering of the Bonds, see the caption “FINANCIAL INTERESTS.”

Continuing Disclosure

The District has agreed to provide, or cause to be provided, to the Municipal Securities Rulemaking Board certain annual financial information and operating data and notice of certain enumerated events. The District’s covenants have been made in order to assist the Underwriter in complying with the Securities and Exchange Commission’s Rule 15c2-12 (“**Rule 15c2-12**”). In addition, although not an obligated party under Rule 15c2-12, the Developer has agreed to provide, or cause to be provided, to the Municipal Securities Rulemaking Board certain annual information and notice of certain enumerated events. See the caption “CONTINUING DISCLOSURE” and Appendices D-1 and D-2 for a description of the specific nature of the annual reports and notices of enumerated events to be filed by the District and the Developer.

Bond Owners’ Risks

Certain events could affect the timely repayment of the principal of and interest on the Bonds when due. See the caption “SPECIAL RISK FACTORS” for a discussion of certain factors that should be considered, in addition to other matters set forth in this Official Statement, in evaluating an investment in the Bonds. ***The purchase of the Bonds involves significant investment risks, and the Bonds are not suitable investments for many investors.***

Other Information

This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change.

Brief descriptions of the Bonds and the Indenture are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references to the Indenture, the Bonds and the Constitution and laws of the State as well as the proceedings of the City Council, acting as

the legislative body of the District, are qualified in their entirety by references to such documents, laws and proceedings, and with respect to the Bonds, by reference to the Indenture.

Copies of the Indenture, the District Disclosure Certificate, the Developer Disclosure Certificate and other documents and information that are referred to in this Official Statement are available for inspection and (upon request and payment to the City of a charge for copying, mailing and handling) for delivery from the City at the Office of the City Clerk at 200 Lincoln Avenue, Salinas, California 93901, Attention: City Clerk.

THE PROJECT

General

A portion of the Bond proceeds will be used by the District to design, construct and/or acquire certain authorized City facilities (collectively, the “**Project**”). The Project components authorized to be financed from Bond proceeds consist of water and sewer improvements, storm drain improvements, joint trench utility improvements, street facilities, curb, gutter and sidewalk improvements, including streetlights and traffic signals, as well as incidental expenses related to the planning, design and completion of such facilities. Such backbone infrastructure has been completed by the Developer and its predecessors and a portion of the proceeds of the Bonds will be used to reimburse the Developer for a portion of the costs thereof.

Estimated Sources and Uses of Funds

The following table sets forth the expected sources and uses of Bond proceeds:

Sources of Funds⁽¹⁾

Principal Amount of Bonds	\$
Plus Net Original Issue Premium	<u> </u>
TOTAL SOURCES	<u><u>\$</u></u>

Uses of Funds⁽¹⁾

Deposit in Project Fund	\$
Deposit in Capitalized Interest Account ⁽²⁾	
Deposit in Administrative Expenses Account	
Deposit in Reserve Account	
Costs of Issuance ⁽³⁾	<u> </u>
TOTAL USES	<u><u>\$</u></u>

⁽¹⁾ Amounts rounded to the nearest dollar. Totals may not add.

⁽²⁾ To be applied to pay interest on the Bonds through September 1, 2020.

⁽³⁾ Includes fees of the Trustee, the Special Tax Consultant, the Appraiser, legal fees, printing costs, Underwriter’s discount and other costs of issuance.

THE BONDS

General Provisions

The Bonds will be dated their date of delivery and will bear interest at the rates per annum set forth on the inside front cover page of this Official Statement, payable semiannually on March 1 and September 1 of each year, commencing March 1, 2020 (each, an “**Interest Payment Date**”), and will mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. The Bonds will be issued in fully registered form in integral multiples of \$5,000.

Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months. Interest on any Bond will be payable from the Interest Payment Date next preceding the date of authentication of such Bond, unless: (i) such date of authentication is an Interest Payment Date, in which event interest will be payable from such date of authentication; (ii) the date of authentication is after a Record Date but prior to the immediately succeeding Interest Payment Date, in which event interest will be payable from the Interest Payment Date immediately succeeding the date of authentication; or (iii) the date of authentication is prior to the close of business on the first Record Date, in which event interest will be payable from the dated date of the Bonds; provided, however, that if at the time of authentication of a Bond, interest is in default, interest on such Bond will be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment on such Bond, interest on such Bond will be payable from its dated date. The term “**Record Date**” is defined to mean the fifteenth day of the month preceding an Interest Payment Date, regardless of whether such day is a Business Day.

Interest on any Bond will be paid to the person whose name appears as its owner in the registration books held by the Trustee on the close of business on the Record Date. Interest will be paid by check of the Trustee mailed by first class mail, postage prepaid, to the Owner at its address on the registration books. Pursuant to a written request prior to the Record Date of an Owner of at least \$1,000,000 in aggregate principal amount of Bonds, payment will be made by wire transfer in immediately available funds to a designated account in the United States.

Principal of the Bonds and any premium due upon redemption is payable upon presentation and surrender of the Bonds at the principal corporate trust office of the Trustee in Los Angeles, California.

Book-Entry Only System

The Bonds are issued as fully registered bonds and will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in integral multiples of \$5,000. The Trustee will make payments due with respect to the Bonds to DTC but assumes no responsibility for DTC’s disbursement of funds to its principals. See Appendix F.

Authority for Issuance

The Bonds are issued pursuant to the Act and the Indenture. As required by the Act, the City Council of the City has taken the following actions with respect to establishing the District (including Improvement Area No. 2) and the Bonds:

Resolutions of Intention. On October 18, 2016 the City Council adopted Resolution No. 595 stating its intention to establish the District, including Improvement Area No. 2, and to authorize the levy of a special tax in the District, including Improvement Area No. 2. On October 18, 2016, the City Council adopted Resolution No. 596 stating its intention to incur bonded indebtedness in the District, including an amount not to exceed \$3,025,000 in Improvement Area No. 2.

Resolution of Formation. Following a noticed public hearing on November 29, 2016, the City Council, acting as legislative body of the District, adopted the Resolution of Formation, which established the District, including Improvement Area No. 2, and authorized the levy of a special tax within the District.

Resolution of Necessity. On November 29, 2016, the City Council adopted Resolution No. 21083, declaring the necessity to incur bonded indebtedness in an aggregate amount not to exceed \$3,025,000 within Improvement Area No. 2.

Landowner Election and Declaration of Results. On November 29, 2016, an election was held within each improvement area of the District in which the then-qualified electors within Improvement Area No. 2 approved a ballot proposition: (i) authorizing Improvement Area No. 2 to incur bonded indebtedness in an amount not to exceed \$3,025,000 to finance the acquisition and construction of various public capital improvements; (ii) approving the levy of a special tax; and (iii) establishing an appropriations limit for Improvement Area No. 2. On November 29, 2016, the City Council adopted Resolution No. 21084 pursuant to which the City Council, acting as the legislative body of the District, approved the canvass of the votes and declared Improvement Area No. 2 to be fully formed with the authority to levy Special Taxes, to incur bonded indebtedness and to maintain an appropriations limit.

Ordinance Levying Special Taxes. On November 29, 2016, the City Council, acting as legislative body of the District, adopted the Ordinance levying the Special Tax within Improvement Area No. 2 in accordance with the Rate and Method. To date, the District has not levied Special Taxes within Improvement Area No. 2. The District intends to begin levying Special Taxes within Improvement Area No. 2 beginning in Fiscal Year 2019-20.

Special Tax Lien and Levy. A Notice of Special Tax Lien encumbering the property within Improvement Area No. 2 was filed with the County Recorder on December 12, 2016 as Document No. 2016075814.

No Prior Bond Issuances. The City has not previously issued bonds secured by Special Taxes levied within Improvement Area No. 2.

Resolution of Issuance. On November 19, 2019, the City Council of the City, acting as legislative body of the District, adopted a resolution authorizing the issuance of the Bonds for the purpose of financing the Project.

Redemption

Optional Redemption*. The Bonds are subject to redemption prior to their stated maturity dates at the option of the District on September 1, 20__ or any Interest Payment Date thereafter, from such maturities as selected by the District (and by lot within any one maturity), in integral multiples of \$5,000, from moneys derived by the District from any source, at a redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed), together with accrued interest to the date of redemption, as follows:

* Preliminary, subject to change.

<i>Redemption Date</i>	<i>Redemption Price</i>
September 1, 20__ and March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and any Interest Payment Date thereafter	100

Mandatory Sinking Fund Redemption*. The Bonds maturing on September 1, 20__ (the “**20__ Term Bonds**”) will be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Redemption Account, on September 1, 20__, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 20__ Term Bonds so called for redemption will be selected by the Trustee by lot and will be redeemed at a redemption price for each redeemed 20__ Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

TERM BONDS MATURING SEPTEMBER 1, 20__

<i>Redemption Date (September 1)</i>	<i>Principal Amount</i>
--	-------------------------

*

* Maturity.

If, during the Fiscal Year immediately preceding one of the redemption dates specified above, the District purchases Bonds, at least 45 days prior to the redemption date the District will notify the Trustee as to the principal amount purchased and the amount of Bonds so purchased will be credited at the time of purchase, to the extent of the full principal amount thereof, to reduce such upcoming Sinking Fund Payment for the Bonds so purchased. All Bonds purchased pursuant to the foregoing sentence will be cancelled pursuant to the Indenture.

In the event of a partial optional redemption or extraordinary redemption of the Bonds, each of the remaining Sinking Fund Payments for such Bonds, as described above, will be reduced, as nearly as practicable, on a pro rata basis, in integral multiples of \$5,000, as directed by the District.

Extraordinary Redemption. The Bonds are subject to extraordinary redemption as a whole, or in part by lot, on any Interest Payment Date, and will be redeemed by the Trustee, from amounts paid by the District to the Trustee and designated by the District as a prepayment of Special Taxes for one or more parcels in Improvement Area No. 2 made in accordance with the Rate and Method (“**Prepayments**”) deposited to the Redemption Account, plus amounts transferred from the Reserve Account, among maturities as directed in writing by the District, at the following redemption prices, expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the redemption date:

<i>Redemption Date</i>	<i>Redemption Price</i>
Any Interest Payment Date from (and including) ____ 1, 20__, through (and including) ____ 1, 20__	103%
____ 1, 20__ and ____ 1, 20__	102
____ 1, 20__ and ____ 1, 20__	101
____ 1, 20__ and any Interest Payment Date thereafter	100

Such Special Tax Prepayments could be made by any of the owners of any of the property within Improvement Area No. 2, including the Developer or any individual owner, and they could also be made from the proceeds of bonds issued by or on behalf of an overlapping special assessment district or community facilities district. The resulting extraordinary redemption of Bonds that were purchased at a price greater than the applicable redemption price could reduce the otherwise expected yield on such Bonds. See the caption “SPECIAL RISK FACTORS— Potential Early Redemption of Bonds from Prepayments or Other Sources.”

Notice of Redemption. So long as the Bonds are held in book-entry form, notice of redemption will be mailed by the Trustee to DTC and not to the Beneficial Owners of the Bonds under the DTC book-entry only system. Neither the District nor the Trustee is responsible for notifying the Beneficial Owners, who are to be notified in accordance with the procedures in effect for the DTC book-entry system. See Appendix F.

The Trustee shall give notice, in the name of the District, of the redemption of Bonds; provided, however, that a notice of a redemption to be made from other than from Sinking Fund Payments will be conditioned on there being on deposit on the redemption date sufficient money to pay the redemption price of the Bonds to be redeemed. Such notice of redemption will: (a) specify the CUSIP numbers (if any), the bond numbers and the maturity date or dates of the Bonds selected for redemption, except that where all of the Bonds are subject to redemption, or all of the Bonds of one maturity, are to be redeemed, the bond numbers of such issue need not be specified; (b) state the date fixed for redemption and surrender of the Bonds to be redeemed; (c) state the redemption price; (d) state the place or places where the Bonds are to be redeemed; (e) in the case of Bonds to be redeemed only in part, state the portion of such Bond that is to be redeemed; (f) state the date of issue of the Bonds as originally issued; (g) state the rate of interest borne by each Bond being redeemed; and (h) state any other descriptive information needed to identify accurately the Bonds being redeemed as specified by the Trustee. Such notice will further state that on the date fixed for redemption, there will become due and payable on each Bond or portion thereof called for redemption, the principal thereof, together with any premium, and interest accrued to the redemption date, and that from and after such date, interest thereon will cease to accrue and be payable. At least 20 days but no more than 60 days prior to the redemption date, the Trustee will mail a copy of such notice, by first class mail, postage prepaid, to the respective Owners thereof at their addresses appearing on the Bond Register. The actual receipt by the Owner of any Bond or the original purchaser of any Bond of notice of such redemption is not a condition precedent to redemption, and neither the failure to receive nor any defect in such notice will affect the validity of the proceedings for the redemption of such Bonds, or the cessation of interest on the redemption date. A certificate by the Trustee that notice of such redemption has been given as provided in the Indenture will be conclusive as against all parties, and the Owner will not be entitled to show that he or she failed to receive notice of such redemption.

In addition to the foregoing notice, further notice will be given by the Trustee as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice will in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. In addition to providing any notice of redemption to the Owners, if the Bonds are held in book-entry form, each further notice of redemption will be sent not later than the date that notice of redemption is mailed to the Owners by registered or certified mail or overnight delivery service to the Depository and by electronic notice to the Municipal Securities Rulemaking Board.

Upon the payment of the redemption price of any Bonds being redeemed, each check or other transfer of funds issued for such purpose will to the extent practicable bear the CUSIP number (if any) identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

With respect to any notice of optional redemption or extraordinary redemption of Bonds, such notice will state that such redemption will be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such Bonds to be redeemed and that, if such moneys have not been so received, said notice will be of no force and effect and the Trustee will not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption will not be made, and the Trustee will within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Registration, Transfer and Exchange

Registration. The Trustee will keep sufficient books for the registration and transfer of the Bonds. The ownership of the Bonds will be established by the Bond registration books held by the Trustee.

Transfer or Exchange. The registration of any Bond may, in accordance with its terms, be transferred upon the Bond registration books by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation at the Principal Office of the Trustee, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee and duly executed by the Owner or his or her duly authorized attorney. The transferor will also provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045. The Trustee may rely on the information provided to it and has no responsibility to verify or ensure the accuracy of such information.

Bonds may be exchanged at the Principal Office of the Trustee for a like aggregate principal amount of Bonds for other authorized denominations of the same maturity and issue. The Trustee will not collect from the Owner any charge for any new Bond issued upon any exchange or transfer, but will require the Owner requesting such exchange or transfer to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer. Whenever any Bonds are surrendered for registration of transfer or exchange, the District will execute and the Trustee will authenticate and deliver a new Bond or Bonds, as applicable, of the same issue and maturity, for a like aggregate principal amount; provided that the Trustee is not required to register transfers or make exchanges of: (a) Bonds for a period of 15 days next preceding any selection of the Bonds to be redeemed; or (b) any Bonds chosen for redemption.

Debt Service Schedule

The following table presents the annual debt service on the Bonds (including sinking fund redemptions), assuming that there are no early redemptions. See the caption “—Redemption.”

<i>Date</i> <i>(September 1)</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
(1)	\$	\$	\$

TOTAL

\$

\$

\$

⁽¹⁾ The amount payable in this period will be paid from moneys held in the Capitalized Interest Account. See the caption “THE PROJECT—Estimated Sources and Uses of Funds.”

Source: Stifel, Nicolaus & Company, Incorporated.

SOURCES OF PAYMENT FOR THE BONDS

Limited Obligations

The Bonds are special, limited obligations of the District payable only from amounts pledged under the Indenture and from no other sources.

The Net Taxes are the primary security for the repayment of the Bonds. Under the Indenture, the District has pledged to repay the Bonds and any Parity Bonds from the Net Taxes (which are Special Taxes less amounts set aside to pay Administrative Expenses not to exceed the \$15,000 Administrative Expenses Cap (as such term is defined in Appendix C)). Special Tax revenues include the proceeds of the taxes authorized to be levied by the District on property within Improvement Area No. 2 in accordance with the Ordinance, the Resolution of Formation, the Act and the voter approval obtained at the November 29, 2016 election in Improvement Area No. 2, including any scheduled payments and any Prepayments of Special Taxes, and the net proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and penalties and interest on such Special Taxes.

In the event that the Special Tax revenues are not received when due, the only sources of funds available to pay the debt service on the Bonds and any Parity Bonds are amounts held by the Trustee in the Special Tax Fund (other than the Administrative Expenses Account), including amounts held in the Reserve Account, for the exclusive benefit of the Owners of the Bonds and any Parity Bonds.

Neither the faith and credit nor the taxing power of the City, the State or any political subdivision of the State other than the District is pledged to the payment of the Bonds or any Parity Bonds. Except for the Net Taxes, no other taxes are pledged to the payment of the Bonds or any Parity Bonds. The Bonds and any Parity Bonds are neither general or special obligations of the City nor general obligations of the District, but are limited obligations of the District payable solely from certain amounts deposited by the District in the Special Tax Fund (exclusive of the Administrative Expenses Account), as more fully described in this Official Statement.

Special Taxes

Authorization and Pledge. In accordance with the provisions of the Act, the City Council established the District on November 29, 2016 for the purpose of financing the acquisition, construction and installation of various public improvements required in connection with the proposed development within the District. At a special election held on November 29, 2016, the owners of the property within Improvement Area No. 2 authorized the District to incur indebtedness in an amount not to exceed \$3,025,000 for Improvement Area No. 2, and approved the Rate and Method, which authorized the Special Tax to be levied to repay District indebtedness, including the Bonds.

The District has covenanted in the Indenture that, beginning in Fiscal Year 2019-20 and continuing so long as any Bonds or Parity Bonds issued under the Indenture are Outstanding, the legislative body of the District will levy the Special Tax in an amount sufficient, together with other amounts on deposit in the Special Tax Fund and available for such purpose, to pay: (i) the principal of and interest on the Bonds and any Parity Bonds when due; (ii) the Administrative Expenses; and (iii) any amounts required to replenish the Reserve Account of the Special Tax Fund to the Reserve Requirement. The District has further covenanted in the Indenture that it will take no actions that would discontinue or cause the discontinuance of the Special Tax levy or the District's authority to levy the Special Tax for so long as the Bonds and any Parity Bonds are Outstanding. See the caption "—Special Taxes—Collection and Application of Special Taxes."

The Special Taxes levied in any fiscal year may not exceed the maximum rates authorized pursuant to the Rate and Method. See Appendix A. There is no assurance that the Net Taxes will, in all circumstances, be sufficient to pay the principal of and interest on the Bonds and any Parity Bonds when due. See the caption “SPECIAL RISK FACTORS—Insufficiency of Special Taxes.”

Rate and Method of Apportionment of Special Taxes. The Special Taxes will be levied in accordance with the terms of the Rate and Method, the text of which is set forth in Appendix A. All capitalized terms used in this section shall have the meaning set forth in Appendix A. This section provides only a summary of the Rate and Method, and is qualified by more complete and detailed information contained in the entire Rate and Method.

Classification of Assessor’s Parcels. Each Fiscal Year, each Assessor’s Parcel within Improvement Area No. 2 shall be classified as Taxable Property or Exempt Property. In addition, each Assessor’s Parcel of Taxable Property shall be further classified as Developed Property, Approved Property, Undeveloped Property or Provisional Undeveloped Property. In addition, each Assessor’s Parcel of Developed Property shall further be classified as Residential Property or Non-Residential Property. Lastly, each Assessor’s Parcel of Residential Property shall further be classified as a Single Family Property or Affordable Housing Property, and each Assessor’s Parcel of Single Family Property shall be assigned to its appropriate Assigned Special Tax rate based on its Building Square Footage.

“Affordable Housing Property” means up to, but no more than, eight Assessor’s Parcels of Residential Property within Improvement Area No. 2 for which the City has designated such property as Affordable Housing Property. See the caption “IMPROVEMENT AREA NO. 2—General Description.”

“Approved Property” means all Assessor’s Parcels of Taxable Property: (i) that are included in a Final Map that was recorded prior to the January 1st preceding the Fiscal Year in which the Special Tax is being levied; and (ii) that have not been issued a building permit on or before May 1st preceding the Fiscal Year in which the Special Tax is being levied.

“Developed Property” means all Assessor’s Parcels of Taxable Property for which a building permit for new construction was issued on or before May 1st preceding the Fiscal Year in which the Special Tax is being levied.

“Exempt Property” means all Assessor’s Parcels designated as being exempt from Special Taxes as provided for in Section J of the Rate and Method. See Appendix A.

“Taxable Property” means all Assessor’s Parcels within CFD No. 2016-1 IA No. 2, which are not Exempt Property.

“Undeveloped Property” means all Assessor’s Parcels of Taxable Property which are not Developed Property, Approved Property or Provisional Undeveloped Property.

Maximum Special Tax. As described in Section C of the Rate and Method, the Maximum Special Tax for each Assessor’s Parcel of Single Family Property in any Fiscal Year is the greater of: (i) the Assigned Special Tax; or (ii) the Backup Special Tax. See Appendix A, Section E, for a description of the Backup Special Tax.

The anticipated Maximum Special Tax for Fiscal Year 2020-21 for all Taxable Property is set forth below.

<i>Land Use Type</i>	<i>Building Square Footage</i>	<i>Rate</i>
Single Family Property	Up to 1,800 SF	\$2,337 per Single Family Unit
Single Family Property	1,801 SF to 2,000 SF	\$2,427 per Single Family Unit
Single Family Property	2,001 SF to 2,200 SF	\$2,524 per Single Family Unit
Single Family Property	2,201 SF to 2,400 SF	\$2,623 per Single Family Unit
Single Family Property	Greater than 2,400 SF	\$2,720 per Single Family Unit
Non-Residential Property	N/A	\$24,007 per Acre

“Single Family Unit” means a residential dwelling unit other than an Affordable Housing Unit.

Method of Apportionment of the Special Tax. For each Fiscal Year, the City Council will levy Special Taxes on all Taxable Property in accordance with the following steps:

Step One: The Special Tax will be levied Proportionately on each Assessor’s Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax rates in the table above to satisfy the Special Tax Requirement.

Step Two: If additional moneys are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax will be levied Proportionately on each Assessor’s Parcel of Approved Property at up to 100% of the Maximum Special Tax applicable to each such Assessor’s Parcel as needed to satisfy the Special Tax Requirement.

Step Three: If additional moneys are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax will be levied Proportionately on each Assessor’s Parcel of Undeveloped Property up to 100% of the Maximum Special Tax applicable to each such Assessor’s Parcel as needed to satisfy the Special Tax Requirement.

Step Four: If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax on each Assessor’s Parcel of Developed Property whose Maximum Special Tax is the Backup Special Tax will be increased Proportionately from the Assigned Special Tax up to 100% of the Backup Special Tax as needed to satisfy the Special Tax Requirement. See Appendix A, Section E, for a description of the Backup Special Tax.

Step Five: If additional moneys are needed to satisfy the Special Tax Requirement after the first four steps have been completed, the Special Tax will be levied Proportionately on each Assessor’s Parcel of Provisional Undeveloped Property up to 100% of the Maximum Special Tax applicable to each such Assessor’s Parcel as needed to satisfy the Special Tax Requirement.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor’s Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than 10% as a consequence of delinquency or default by the owner of any other Assessor’s Parcel within Improvement Area No. 2.

Exemptions. The City will classify as Exempt Property, in order of priority: (i) Assessor’s Parcels which are owned by, irrevocably offered for dedication, encumbered by or restricted in use by the State of California, federal or other local governments, including school districts; (ii) Assessor’s Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization; (iii) Assessor’s Parcels which are owned by, irrevocably offered for dedication, encumbered by or restricted in use by a homeowners’ association; (iv) Assessor’s Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement; (v) Assessor’s Parcels which are privately owned and are encumbered by or restricted solely for public uses; (vi) Assessor’s Parcels restricted to other types of public uses determined by the City Council, provided that no such classification would reduce the sum of all Taxable Property to less than 6.64 Acres; or (vii) up to, but no

more than, eight Assessor's Parcels within Improvement Area No. 2 that have been designated as Affordable Housing Property by the City.

Notwithstanding the above, the City Council may not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than 6.64 Acres. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 6.64 Acres will be classified as Provisional Undeveloped Property, and will be subject to Special Taxes pursuant to Step Five under the caption "Method of Apportionment of the Special Tax."

Prepayment of Special Taxes. The Special Tax obligation of an Assessor's Parcel of Developed Property, or an Assessor's Parcel of Approved Property or Undeveloped Property for which a building permit has been issued or is expected to be issued, or an Assessor's Parcel of Provisional Undeveloped Property, may be prepaid in full or in part, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax obligation would be prepaid. The Prepayment Amount for an Assessor's Parcel eligible for prepayment will be determined as described in Sections G and H of Appendix A.

Collection and Application of Special Taxes. The Special Taxes are levied and collected by the Treasurer-Tax Collector of the County in the same manner and at the same time as *ad valorem* property taxes. The District may, however, collect the Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

The District has made certain covenants in the Indenture for the purpose of ensuring that the current Maximum Special Tax rates and method of collection of the Special Taxes are not altered in a manner that would impair the District's ability to collect sufficient Special Taxes to pay debt service on the Bonds, any Parity Bonds and Administrative Expenses when due. In particular, the District has covenanted that it will not initiate proceedings to reduce the maximum Special Tax rates for Improvement Area No. 2.

See the captions "SPECIAL RISK FACTORS—Proposition 218" and "SPECIAL RISK FACTORS—Non-Cash Payments of Special Taxes."

Although the Special Taxes constitute liens on taxable parcels within Improvement Area No. 2, they do not constitute a personal indebtedness of the owners of property within Improvement Area No. 2. Moreover, other liens for taxes and assessments already exist on the property located within Improvement Area No. 2 and others could come into existence in the future in certain situations without the consent or knowledge of the City, the District or the Property Owners. See the captions "SPECIAL RISK FACTORS—Parity Taxes and Special Assessments."

Under the terms of the Indenture, all Special Tax revenues received by the District on behalf of Improvement Area No. 2 are to be deposited in the Special Tax Fund. Special Tax revenues deposited in the Special Tax Fund each Fiscal Year are to be applied by the Trustee under the Indenture in the following order of priority: (i) to deposit an amount up to the Administrative Expenses Cap in the Administrative Expense Fund to pay Administrative Expenses (although a greater amount may be deposited in the Administrative Expense Fund if necessary to collect Delinquent Special Taxes); (ii) to pay the interest on, the principal of and redemption premium on the Bonds and any Parity Bonds when due; (iii) to replenish the Reserve Account to the Reserve Requirement; (iv) to make any required transfers to the Rebate Fund; (v) to pay Administrative Expenses of the District above the Administrative Expenses Cap referenced in clause (i) above; and (vi) for any other lawful purpose of the District, including the acquisition and construction of authorized facilities. See Appendix C.

Pursuant to Section 53321(d) of the Act, the Special Tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of

delinquency or default by the owner of any other parcel within Improvement Area No. 2 by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults. Consequently, although the maximum Special Tax prescribed by the Rate and Method could be materially higher than the expected Special Tax levy in a given year, the Special Tax levy cannot be increased for residential property by more than 10% in such year.

Debt Service Coverage from Net Special Taxes. The table below shows the estimated debt service coverage on the Bonds for the Bond Year ending September 1, 2020. Debt service coverage is expected to be at least 110% through the scheduled maturity of the Bonds. See the caption “THE BONDS—Debt Service Schedule” for scheduled debt service on the Bonds.

**ESTIMATED DEBT SERVICE COVERAGE^{(1)*}
COMMUNITY FACILITIES DISTRICT NO. 2016-1 (MONTE BELLA) OF THE
CITY OF SALINAS**

<i>Bond Year Ending September 1</i>	<i>Assigned Special Tax Revenues⁽²⁾</i>	<i>Annual Administrative Expenses⁽³⁾</i>	<i>Assigned Net Special Tax Revenues</i>	<i>Bond Debt Service</i>	<i>Debt Service Coverage</i>
2020	\$160,555	\$15,000	\$145,555	\$[]	[]%

(1) Dollar amounts rounded to the nearest dollar.

(2) Represents Assigned Special Tax on all property within Improvement Area No. 2 that is classified as Taxable Property, as such term is defined in the Rate and Method. As described in Section C of the Rate and Method, the Maximum Special Tax could be higher than the Assigned Special Tax shown if the Backup Special Tax is applied for each Assessor’s Parcel of Single Family Property. See Appendix A, Section E, for a description of the Backup Special Tax.

(3) Based on the Administrative Expenses Cap of \$15,000.

Sources: Harris & Associates (Special Tax information); Stifel, Nicolaus & Company, Incorporated (debt service information).

Covenant to Foreclose; Proceeds of Foreclosure Sales. The net proceeds received following a judicial foreclosure sale of land within the District resulting from a Property Owner’s failure to pay the Special Taxes when due are included within the Net Taxes pledged to the payment of principal of and interest on the Bonds under the Indenture.

Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of any Special Tax or receipt by the District of Special Taxes in an amount which is less than the Special Tax levied, the City Council, as the legislative body of the District, may order that Special Taxes be collected by a superior court action to foreclose the lien within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at a judicial foreclosure sale. Under the Act, the commencement of judicial foreclosure following the nonpayment of a Special Tax is not mandatory. However, the District has covenanted for the benefit of the Owners of the Bonds and any Parity Bonds that it will: (i) commence judicial foreclosure proceedings against parcels with delinquent Special Taxes in excess of \$10,000 by the October 1 following the close of each Fiscal Year in which such Special Taxes were due; (ii) commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the October 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Tax levied and the amount on deposit in the Reserve Account is at less than the Reserve Requirement; and (iii) diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid.

The District covenants that it will deposit the net proceeds of any foreclosure to the Special Tax Fund and will apply such proceeds remaining after the payment of Administrative Expenses to make current payments of principal of and interest on the Bonds and any Parity Bonds, to bring the amount on deposit in the Reserve Account up to the Reserve Requirement and to pay any delinquent installments of principal or interest due on the Bonds and any Parity Bonds.

* Preliminary; subject to change.

If foreclosure is necessary and other funds (including amounts in the Reserve Account) have been exhausted, debt service payments on the Bonds could be delayed until the foreclosure proceedings have ended with the receipt of any foreclosure sale proceeds. Judicial foreclosure actions are subject to the normal delays associated with court cases and may be further slowed by bankruptcy actions, involvement by agencies of the federal government and other factors beyond the control of the City and the District. See the captions “SPECIAL RISK FACTORS—Bankruptcy and Foreclosure” and “SPECIAL RISK FACTORS—FDIC/Federal Government Interests in Properties.”

Moreover, no assurances can be given that the real property that is subject to foreclosure and sale at a judicial foreclosure sale will be sold or, if sold, that the proceeds of such sale will be sufficient to pay any delinquent Special Tax installment. See the caption “SPECIAL RISK FACTORS—Land Values.” Although the Act authorizes the District to cause such an action to be commenced and diligently pursued to completion, the Act does not impose on the District or the City any obligation to purchase or acquire any lot or parcel of property sold at a foreclosure sale if there is no other purchaser at such sale. Moreover, if the District chooses to purchase the property sold at foreclosure using a “credit bid” (where the District submits a bid crediting all or part of the amount required to satisfy the judgment for the delinquent amount of the Special Tax), as permitted under Section 53356.5 of the Act, the District must pay the amount of its credit bid into the redemption fund established for the Bonds, but this payment may be made up to 24 months after the date of the foreclosure sale. The Act provides that, in the case of a delinquency, the Special Tax will have the same lien priority as is provided for *ad valorem* taxes. See the caption “SPECIAL RISK FACTORS—Parity Taxes and Special Assessments.”

Because the County’s “Teeter Plan” (which is the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds, as provided for in Section 4701 *et seq.* of the Revenue and Taxation Code of the State of California), is not available for community facilities districts such as the District, collections of Special Taxes will reflect actual delinquencies. To date, the Special Taxes have not been levied in Improvement Area No. 2, so there are no current or historical delinquencies.

Reserve Account of the Special Tax Fund

In order to secure further the payment of principal of and interest on the Bonds and any Parity Bonds, the District will maintain in the Reserve Account an amount equal to the least of: (a) Maximum Annual Debt Service (as such term is defined in Appendix C) on the Bonds and any Parity Bonds; (b) 125% of average Annual Debt Service (as such term is defined in Appendix C) on the then-Outstanding Bonds and any Parity Bonds; or (c) 10% of the initial outstanding principal amount of the Bonds and any Parity Bonds (the “**Reserve Requirement**”). The initial Reserve Requirement is \$_____.

Moneys in the Reserve Account will be used solely for the purpose of paying the principal of, including Sinking Fund Payments, and interest on the Bonds and any Parity Bonds when due in the event that the moneys in the Interest Account and the Principal Account of the Special Tax Fund are insufficient or moneys in the Redemption Account of the Special Tax Fund are insufficient to make a Sinking Fund Payment when due, and for the purpose of making any required transfer to the Rebate Fund pursuant to the Indenture upon written direction from the District. If the amounts in the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund are insufficient to pay the principal of, including Sinking Fund Payments, or interest on any Bonds and Parity Bonds when due, or amounts in the Special Tax Fund are insufficient to make transfers to the Rebate Fund when required, the Trustee will withdraw from the Reserve Account for deposit in the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund or the Rebate Fund, as applicable, moneys necessary for such purposes.

Whenever moneys are withdrawn from the Reserve Account, after making the required transfers to the Administrative Expenses Account, the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund, the Trustee will transfer to the Reserve Account from available moneys in the Special Tax Fund, or from any other legally available funds that the District elects to apply to such purpose, the

amount needed to restore the amount of such Reserve Account to the Reserve Requirement. Moneys in the Special Tax Fund will be deemed available for transfer to the Reserve Account only if the Trustee determines that such amounts will not be needed to make the deposits required to be made to the Administrative Expenses Account, the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund on or before the next September 1. If amounts in the Special Tax Fund, together with any other amounts transferred to replenish the Reserve Account, are inadequate to restore the Reserve Account to the Reserve Requirement, then the District will include the amount necessary fully to restore the Reserve Account to the Reserve Requirement in the next annual Special Tax levy to the extent of the maximum permitted Special Tax rates.

In connection with an optional redemption of Bonds or Parity Bonds, an extraordinary redemption of Bonds or Parity Bonds from Prepayments or a partial defeasance of Bonds or Parity Bonds, amounts in the Reserve Account may be applied to such redemption or partial defeasance so long as the amount on deposit in the Reserve Account following such redemption or partial defeasance equals the Reserve Requirement. The District will set forth in a Certificate of an Authorized Representative the amount in the Reserve Account to be transferred to the Redemption Account on a redemption date or to be transferred to partially defease Bonds, and the Trustee will make such transfer on the applicable redemption or defeasance date, subject to the limitation in the preceding sentence.

To the extent that the Reserve Account is at the Reserve Requirement as of the first day of the final Bond Year for the Bonds or an issue of Parity Bonds, amounts in the Reserve Account may be applied to pay the principal of and interest due on the Bonds and Parity Bonds, as applicable, in the final Bond Year for such issue. Moneys in the Reserve Account in excess of the Reserve Requirement that are not transferred in accordance with the preceding provisions will be withdrawn from the Reserve Account on the Business Day before each March 1 and September 1 and transferred to the Interest Account of the Special Tax Fund.

The Reserve Requirement may be initially satisfied in whole or part by the deposit of a reserve fund surety policy or similar instrument therein. The District will have no obligation to replace such a policy or similar instrument or to fund the Reserve Account with cash if, at any time that the Bonds are Outstanding, any rating assigned to the provider of the policy or similar instrument is downgraded, suspended or withdrawn, or amounts are not available under such policy or similar instrument other than as a result of a draw thereon.

Issuance of Parity Bonds Solely for Refunding Purposes

The District may at any time after the issuance and delivery of the Bonds under the Indenture issue Parity Bonds payable from the Net Taxes and other amounts deposited in the Special Tax Fund (other than in the Administrative Expenses Account therein) and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds theretofore issued hereunder or under any Supplemental Indenture solely for the purpose of refunding Bonds or other Parity Bonds. Parity Bonds may be issued subject to the following additional specific conditions, which are conditions precedent to the issuance of any such Parity Bonds:

(a) The District is in compliance with all covenants set forth in the Indenture and any Supplemental Indenture then in effect, and a certificate of the District to that effect has been filed with the Trustee; provided, however, that Parity Bonds may be issued notwithstanding the fact that the District is not in compliance with all such covenants so long as immediately following the issuance of such Parity Bonds the District will be in compliance with all such covenants.

(b) The issuance of such Parity Bonds has been duly authorized pursuant to the Act and all applicable laws, and the issuance of such Parity Bonds has been provided for by a Supplemental Indenture duly adopted by the District which specifies the following:

- (1) the authorized principal amount of such Parity Bonds;

(2) the date and the maturity date or dates of such Parity Bonds; provided that: (i) each maturity date falls on a September 1; (ii) all such Parity Bonds of like maturity are identical in all respects, except as to number; and (iii) fixed serial maturities or Sinking Fund Payments, or any combination thereof, are established to provide for the retirement of all such Parity Bonds on or before their respective maturity dates;

(3) the description of the Parity Bonds, the place of payment thereof and the procedure for execution and authentication;

(4) the denominations and method of numbering of such Parity Bonds;

(5) the amount and due date of each mandatory Sinking Fund Payment, if any, for such Parity Bonds;

(6) the amount, if any, to be deposited from the proceeds of such Parity Bonds in the Reserve Account of the Special Tax Fund to increase the amount therein to the Reserve Requirement;

(7) the form of such Parity Bonds; and

(8) such other provisions as are necessary or appropriate and not inconsistent with the Indenture.

In addition, the District must provide a certificate of an Independent Financial Consultant or Participating Underwriter (as such term is defined in the Continuing Disclosure Certificate related to such Parity Bonds, or, if none, in the Continuing Disclosure Certificate related to the Bonds) certifying that in each Bond Year the Annual Debt Service on the Bonds and Parity Bonds to remain Outstanding following the issuance of the Parity Bonds proposed to be issued is less than the Annual Debt Service on the Bonds and Parity Bonds Outstanding prior to the issuance of such Parity Bonds.

The maximum amount of bonded indebtedness that has been approved by the Property Owners within Improvement Area No. 2 is \$3,025,000.

No Acceleration

The principal of and interest on the Bonds are not subject to acceleration under the Indenture in the event of a default relating to the Bonds. See Appendix C under the caption “EVENTS OF DEFAULT—Remedies of Owners” for a description of remedies that are available to the Bond Owner if the District defaults under the Indenture.

IMPROVEMENT AREA NO. 2

General Description

The District, which is located entirely within the City, consists of Improvement Area Nos. 1, 2 and 3. *Special taxes or other moneys derived from the City or Improvement Area Nos. 1 and 3 are not available for payment of debt service on the Bonds.*

Improvement Area No. 2 of the District is located in the southeastern portion of the City near the City limits on the east side of Monte Bella Boulevard near Palermo Drive on land that was previously used for agricultural purposes. Improvement Area No. 2 consists of approximately 11.10 gross acres. Improvement Area No. 2 is included within Tract Map No. 1538 (Monte Bella Phase 5-B) and is planned for 71 residential units at buildout, of which eight units will be below market rate units that will not be subject to the Special Taxes. Such eight units constitute Affordable Housing Property under the Rate and Method. See the caption

“SOURCES OF PAYMENT FOR THE BONDS—Special Taxes—Rate and Method of Apportionment of Special Taxes” and Appendix A. The backbone infrastructure necessary to undertake residential development within the District, including streets, curbs, gutters, sidewalks, streetlights and storm drains, is complete.

Excluding public streets, open space and other public improvements, the 63 lots within Improvement Area No. 2 that will be subject to the Special Tax comprise approximately 7.53 acres. As of September 15, 2019, the Date of Value of the Appraisal, excluding below-market rate units which will not be subject to the Special Tax, the Developer had completed 6 single family residences, 2 of which are utilized as model homes and 4 of which have been sold to individual homeowners.

Improvement Area No. 2 is part of an approximately 200-acre development known as Monte Bella, which was approved by the City in 2003 for, among other uses, approximately 751 single-family homes, 30 acres for a community park site and elementary school site (Monte Bella Community Park and Monte Bella Elementary School, respectively), 2 acres for the expansion of a previously existing elementary school (Bardin Elementary School), 3 well sites, a detention basin for flood protection purposes and associated infrastructure. Monte Bella is generally bounded by Williams Road on the north, Freedom Park Way and its extension on the east, Sconberg Parkway and its extension on the south, and Monte Bella Boulevard, Piazza Drive and Verona Court on the west. With the exception of homes planned to the south and east of Improvement Area No. 2 (Phases 5-A (85 lots)) and 6 (78 lots)) and certain infrastructure improvements, the development of Monte Bella is complete.

Phase 5-A is owned by BMCH California, LLC (a Century Communities entity) and sales of homes have commenced, with 10 homes remaining to be sold, while Phase 6 consists of unimproved land as of the Date of Value. Neither Phase 5-A nor Phase 6 are part of Improvement Area No. 2.

Status of Development

As of the Date of Value: (i) 4 of the 63 planned residential market-rate units that will be subject to the Special Taxes had been completed and conveyed to individual homeowners; and (ii) the Developer owned: (a) 2 completed model homes; (b) 29 homes under construction; and (c) 28 finished lots. Of the homes under construction, 26 were under contract for sale to individual homeowners as of the Date of Value.

As of [], 2019: (i) a total of [] single family residences were constructed, sold and closed; (ii) [] single family residences (including [] model homes) were completed but unsold; (iii) [] single family residences were under construction with building permits received (of which [] are currently under contract); and (iv) [] parcels were in a finished lot condition with construction yet to begin. The Developer currently anticipates that building permits for all 63 lots will be granted by the end of December 2019 and that the final home closing will occur in or about May 2021. The Developer acquired the property in Improvement Area No. 2 in April 2018.

The development within Improvement Area No. 2 consists of a single product line of detached single family homes being marketed by the Developer as “Monte Bella” on lots ranging in size from 4,244 square feet to 7,884 square feet. A summary of the product line is set forth below.

TABLE 1
COMMUNITY FACILITIES DISTRICT NO. 2016-1 (MONTE BELLA) OF THE CITY OF SALINAS
IMPROVEMENT AREA NO. 2
SUMMARY OF PRODUCT LINES

<i>Plan</i>	<i>Living Area (square feet)</i>	<i>Stories</i>	<i>Bedrooms/ Bathrooms</i>	<i>Garage Size (Cars)</i>	<i>Expected Number of Market Rate Units⁽¹⁾</i>	<i>Estimated Base Sale Price⁽²⁾</i>
1	1,529	1	3/2	2	19	\$508,000
2	2,076	2	4+/3	2	18	556,000
3	2,418	2	4+/3	2	16	583,000
4	2,775	2	5+/3	2	<u>10</u>	589,000
TOTAL					63	

⁽¹⁾ As September 15, 2019. Subject to change based upon market conditions.

⁽²⁾ As of September 15, 2019. Subject to change based upon market conditions. Excludes any lot premiums, options, upgrades, incentives and any selling concessions or price reductions which may be offered.

Source: KB Home South Bay, Inc.

A final map for 71 residential lots was recorded at the office of the County Recorder on August 1, 2018. As of the Date of Value, the Developer had obtained building permits for [] of the 63 lots within Improvement Area No. 2 that will be subject to the Special Tax; (as discussed elsewhere in this Official Statement, eight units within Improvement Area No. 2 will be below-market rate units that will not be subject to the Special Taxes). As of [], 2019, the Developer had obtained a total of [] building permits within Improvement Area No. 2. The Developer currently anticipates that building permits for the remaining [] lots will be granted by the end of December 2019 and that the final home closing will be in or about May 2021. Accordingly, the Developer anticipates that most if not all 63 lots will be classified as Developed Property by the May 1 deadline set forth in the Rate and Method for purposes of the Fiscal Year 2020-21 Special Tax levy. See Appendix A.

TABLE 2
COMMUNITY FACILITIES DISTRICT NO. 2016-1 (MONTE BELLA) OF THE CITY OF SALINAS
IMPROVEMENT AREA NO. 2
ASSIGNED SPECIAL TAXES

<i>Land Use Type</i>	<i>Residential Floor Area (square feet)</i>	<i>Assigned Special Tax Rates</i>	<i>Estimated Fiscal Year 2019-20 Special Tax Rates*</i>	<i>Number of Units</i>	<i>Aggregate Estimated Fiscal Year 2020-21 Special Levy⁽¹⁾⁽²⁾</i>	<i>Percent of Total⁽²⁾</i>	<i>Assigned Special Tax</i>
Single Family Residential ⁽³⁾	Up to 1,800	\$ 2,337	\$ 2,337	19	\$ 44,403	27.7%	[\$ 44,403
Single Family Residential ⁽³⁾⁽⁴⁾	1,801-2,000	2,427	2,427	0	-	-	-
Single Family Residential ⁽³⁾	2,001-2,200	2,524	2,524	18	45,432	28.3	45,432
Single Family Residential ⁽³⁾⁽⁴⁾	2,201-2,400	2,623	2,623	0	-	-	-
Single Family Residential ⁽³⁾	>2,400	2,720	2,720	26	70,720	44.0	70,720
Non-Residential ⁽⁵⁾	N/A	24,911	24,911	0	-	-	-
Total				63	\$160,555	100.0%	\$160,555]

(1) Excludes Administrative Expenses.

(2) May not total due to rounding.

(3) Reflects Special Tax rate per single family residence.

(4) The Developer does not anticipate constructing any homes in this size range. See Table 1 above.

(5) Reflects Special Tax rate per acre.

Source: Harris & Associates.

* Preliminary; subject to change. Assumes that all units will be designated as Developed Property under the Rate and Method at the time that the Special Tax is levied.

Summary of Development

The following table presents a summary of the status of development within Improvement Area No. 2 as of the Date of Value.

TABLE 3
COMMUNITY FACILITIES DISTRICT NO. 2016-1 (MONTE BELLA) OF THE CITY OF SALINAS
IMPROVEMENT AREA NO. 2
SUMMARY OF DEVELOPMENT AS OF DATE OF VALUE⁽¹⁾

<i>Plan⁽²⁾</i>	<i>Expected Number of Homes at Buildout</i>	<i>Estimated Square Footage⁽³⁾</i>	<i>Closed to Individual Homeowners</i>	<i>Completed Homes Owned by the Developer⁽⁴⁾</i>	<i>Homes Under Construction Owned by the Developer⁽⁵⁾</i>	<i>Finished Lots Owned by the Developer</i>	<i>Estimated Base Sale Price⁽⁶⁾</i>
1	19	1,529	1	0	16	2	\$508,000
2	18	2,076	1	3	12	2	556,000
3	16	2,418	2	2	10	2	583,000
4	<u>10</u>	<u>2,775</u>	<u>0</u>	<u>1</u>	<u>7</u>	<u>2</u>	589,000
TOTAL	63		4	6	45	8	

(1) Although not shown in the table, as of [____], 2019: (i) a total of [____] single family residences were constructed, sold and closed; (ii) [____] single family residences (including [____] model homes) were completed but unsold; (iii) [____] single family residences were under construction with building permits received (of which [____] are currently under contract); and (iv) [____] parcels were in a finished lot condition with construction yet to begin.

(2) See Table 1 under the caption “—General Description” for a description of the features of each plan.

(3) Actual square footage may vary based on options selected.

(4) Includes 2 model homes.

(5) Includes 26 homes which were under contract to be sold as of the Date of Value.

(6) As of September 15, 2019. Subject to change based upon market conditions. Excludes any lot premiums, options, upgrades, incentives and any selling concessions or price reductions which may be offered.

Sources: Developer; Harris & Associates.

Description of Authorized Facilities

The facilities authorized to be financed from Bond proceeds consist of water and sewer improvements, storm drain improvements, joint trench utility improvements, street facilities, curb, gutter and sidewalk improvements, including streetlights, as well as incidental expenses related to the planning, design and completion of such facilities. Such backbone infrastructure has been completed by the Developer and its predecessors and proceeds of the Bonds will be used to reimburse the Developer for a portion of the costs thereof.

The Developer

The information about the Developer contained in this Official Statement has been provided by representatives of the Developer and has not been independently confirmed or verified by the Underwriter, the City or the District. None of the Underwriter, the City or the District makes any representation as to the accuracy or adequacy of the information contained in this section. There may be material adverse changes to this information after the date of this Official Statement.

No assurance can be given that the proposed development within Improvement Area No. 2 will occur as described below. As the proposed development progresses and homes are sold, it is expected that the ownership of the land within Improvement Area No. 2 will become more diversified. No assurance can be given that development within Improvement Area No. 2 will occur in a timely manner or in the configuration described herein, or that any Property Owner described herein will obtain or retain ownership of any of the land within Improvement Area No. 2. The Bonds and the Special Taxes are not personal obligations of any

Property Owners, including the Developer and, in the event that a Property Owner defaults in the payment of the Special Taxes, the City may proceed with judicial foreclosure against the delinquent property but has no direct recourse to the assets of any Property Owner. As a result, other than as provided herein, no financial statements or information is, or will be, provided about the Developer or any other Property Owner. The Bonds are secured solely by the Net Taxes and other amounts pledged under the Indenture. See the caption “SOURCES OF PAYMENT FOR THE BONDS.”

The information under this caption includes forward-looking statements. See the cautionary information regarding forward-looking statements in this Official Statement on the page immediately preceding the Table of Contents. As previously discussed, such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. Readers are cautioned not to place undue reliance on such forward-looking statements, which only speak as of the date of this Official Statement.

General. The Developer, KB Home South Bay, Inc., a California corporation, is engaged in the design, construction and sale of single-family homes throughout California.

The Developer is a wholly owned subsidiary of KB Home Corp., a Delaware corporation that is headquartered in Los Angeles, California (the “**Parent**”). The Parent is engaged in the design, construction and sale of master planned communities throughout the United States.

The Parent is a publicly traded company listed on the New York Stock Exchange under the ticker symbol “KBH.” The Parent is subject to the informational requirements of the Securities Exchange Act of 1934, and in accordance therewith is obligated to file reports, proxy statements, and other information, including financial statements, with the Securities and Exchange Commission (the “**SEC**”). Such filings set forth, among other things, certain data relative to the consolidated results of operations and financial position of the Parent and its subsidiaries. The SEC maintains an Internet website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, including the Parent. The address of such Internet web site is www.sec.gov. All documents subsequently filed by the Parent pursuant to the requirements of the Securities Exchange Act of 1934 after the date of this Official Statement will be available for inspection in such manner as the SEC prescribes. Copies of the Developer’s annual report, quarterly reports and current reports, including any amendments, are available from the Parent’s website at <https://investor.kbhome.com/>.

The foregoing Internet addresses and references to filings with the SEC are included for reference only, and the information on these Internet sites and on file with the SEC are not a part of this Official Statement and are not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on these Internet sites.

Representations. In connection with the issuance of the Bonds, an authorized representative or officer of the Developer will execute a certificate (the “**Developer Letter of Representations**”) containing the following representations (among others) as of its date:

(1) Except as set forth in this Official Statement, no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, regulatory agency, or public board or body is pending against the Developer (with proper service of process to the Developer having been accomplished) or, to the Actual Knowledge of the Developer,* is pending against any current Affiliate* (with proper service of process

* “**Actual Knowledge of the Developer**” means, as of the date of signing the Developer Letter of Representations, the knowledge that the individual signing on behalf of the Developer currently has or has obtained through: (i) interviews with such current officers and responsible employees of the Developer and its Affiliates as such individual has determined are reasonably likely, in the ordinary course of their respective duties, to have knowledge of the matters set forth in the Developer Letter of Representations; and/or (ii) review of documents that were reasonably available to such individual and which such individual has reasonably deemed necessary for such individual to sign the Developer Letter of Representations. Such individual has not conducted any extraordinary inspection or inquiry other than such inspections or inquiries as are prudent and customary in connection with the ordinary course of the Developer’s current business and operations. The individual signing

to such Affiliate having been accomplished) or to the Actual Knowledge of the Developer is threatened in writing against the Developer or any such Affiliate: (a) to restrain or enjoin the collection of Special Taxes levied on the property within the Improvement Area that is held in the name of the Developer (the “**Property**”) by the District or other sums pledged or to be pledged to pay the principal of and interest on the Bonds (e.g., the Reserve Account of the Special Tax Fund established under the Indenture); (b) to restrain or enjoin the development of the Property as described in this Official Statement; (c) in any way contesting or affecting the validity of the Special Taxes; or (d) which, if successful, is reasonably likely to materially and adversely affect the Developer’s ability to develop and sell the Property as described in this Official Statement or to pay the Special Taxes levied against the portion of the Property then-owned by the Developer (to the extent the responsibility of the Developer) prior to delinquency.

(2) Except as described in this Official Statement, there are no material loans outstanding and unpaid and no material lines of credit of the Developer or its Affiliates, that are secured by an interest in the Property. Neither the Developer nor, to the Actual Knowledge of the Developer, any of its Affiliates is currently in material default on any loans, lines of credit or other obligation related to the development of the Property or any other project which default is reasonably likely to materially and adversely affect the Developer’s ability to develop the Property as described in this Official Statement or to pay the Special Taxes due with respect to the Property prior to delinquency or to perform its obligations under the Developer Disclosure Certificate (as such term is defined under the caption “CONTINUING DISCLOSURE—Developer”).

(3) To the Actual Knowledge of the Developer, the Developer is able to pay its bills as they become due and no legal proceedings are pending against the Developer (with proper service of process having been accomplished) or, to the Actual Knowledge of the Developer, threatened in writing in which the Developer may be adjudicated as bankrupt or discharged from any and all of its debts or obligations, or granted an extension of time to pay its debts or obligations, or be allowed to reorganize or readjust its debts, or be subject to control or supervision of the Federal Deposit Insurance Corporation.

(4) To the Actual Knowledge of the Developer, during the last five years, neither the Developer nor any current Affiliate has, during the period of its ownership, been delinquent to any material extent in the payment of any *ad valorem* property tax, special assessment or special tax on property in California owned by the Developer or any such Affiliate (during the period of their ownership) included within the boundaries of a community facilities district or an assessment district in California that: (a) caused a draw on a reserve fund relating to such assessment district or community facilities district financing; or (b) resulted in a foreclosure action being commenced against the delinquent Developer or Affiliate by a court filing.

(5) To the Actual Knowledge of the Developer, there are no claims, disputes, suits, actions or contingent liabilities by and among the Developer, its Affiliates or any contractors working on the development of the Property which are reasonably likely to materially and adversely affect the Developer’s ability to develop the Property as described in this Official Statement or to pay the Special Taxes levied against the portion of the Property then-owned by the Developer (to the extent the responsibility of the Developer) prior to delinquency.

the Developer Letter of Representations has not contacted any individuals who are no longer employed by or associated with the Developer or its Affiliates.

* “**Affiliate**” means, with respect to the Developer, any other Person: (i) who directly, or indirectly through one or more intermediaries, is currently controlling, controlled by or under common control with the Developer; and (ii) for whom information, including financial information or operating data, concerning such Person is material to potential investors in their evaluation of the Improvement Area and investment decision regarding the Bonds (i.e., information regarding such Person’s assets or funds that would materially affect the Developer’s ability to develop the Property as described in this Official Statement or to pay its Special Taxes on the portion of the property then-owned by the Developer (to the extent the responsibility of the Developer) prior to delinquency). “**Person**” means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof. For purposes hereof, the term “**control**” (including the terms “**controlling**,” “**controlled by**” or “**under common control with**”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

(6) Based upon the current development plans, including, without limitation, the current budget and subject to economic conditions and risks generally inherent in the development of real property, including, but not limited to, the risks described under the caption “SPECIAL RISK FACTORS,” the Developer presently anticipates that it will have sufficient funds to develop the Property as described in this Official Statement and to pay the Special Taxes levied against the portion of the Property then-owned by the Developer (to the extent the responsibility of the Developer) prior to delinquency and does not anticipate that the City or the District will be required to resort to a draw on the Reserve Account of the Special Tax Fund for payment of principal of or interest on the Bonds due to the Developer’s nonpayment of Special Taxes. However, neither the Developer nor any of its Affiliates are obligated to make any additional capital contribution or loan to the Developer at any time, and the Developer reserves the right to change its respective development plan and financing plan for the Property at any time without notice, and there is no recourse against the Developer for the failure to pay the Special Taxes other than the filing of a foreclosure action.

Financing Plan. As of August 31, 2019, the Developer has expended approximately \$22 million in land acquisition, infrastructure work, site development costs, home construction costs and other development, marketing and sales costs (exclusive of internal financing payment, corporate overhead allocation and other carrying costs) related to its property in Improvement Area No. 2. The Developer estimates that it will require approximately an additional \$5 million to complete the development, sale and conveyance to individual homebuyers of the remaining residences that the Developer plans to construct on its remaining property in Improvement Area No. 2.

The Developer plans to finance its development activities within the District with a combination of internal sources and home sales proceeds. The Developer has used, or intends to use, some or all of these sources of funds to finance the acquisition of the property within the District, the development costs required as a condition of development and the construction, marketing and carrying costs of residential home construction, including property taxes and the Special Taxes while it owns property in Improvement Area No. 2. The Developer has not drawn upon and does not intend to draw upon any third party financing in order to complete the development of Improvement Area No. 2.

Notwithstanding the Developer’s belief that it will have sufficient funds to complete its planned development in Improvement Area No. 2, no assurance can be given that sources of financing available to the Developer will be sufficient to complete the property development and home construction as currently anticipated. While the Developer has made such internal financing available in the past, there can be no assurance whatsoever of its willingness or ability to do so in the future. Neither the Developer nor any of its affiliates has any legal obligation of any kind to make any such funds available or to obtain loans. Other than pointing out the willingness of the Developer to provide internal financing in the past, the Developer has not represented in any way that it will do so in the future. If and to the extent that internal financing, Bond proceeds and home sales revenues are inadequate to pay the costs that are required to complete the Developer’s planned development in Improvement Area No. 2 and other financing by the Developer is not put into place, there could be a shortfall in the funds required to complete the proposed development by the Developer and portions of the project may not be developed.

The development and financing plans that are discussed above are solely projections as of the dates indicated in this Official Statement. Such plans are subject to change. No assurance can be given that such plans will remain in their current state or that the plans will ultimately be carried out according to the discussions set forth above.

Estimated Direct and Overlapping Indebtedness

Within the boundaries of Improvement Area No. 2 are other overlapping local agencies providing public services. The approximate amount of the direct and overlapping debt on the parcels within Improvement Area No. 2 as of January 1, 2019 is shown in the table below.

TABLE 4
COMMUNITY FACILITIES DISTRICT NO. 2016-1 (MONTE BELLA) OF THE CITY OF SALINAS
IMPROVEMENT AREA NO. 2
DIRECT AND OVERLAPPING DEBT

Fiscal Year 2020-21 Assessed Valuation: \$ 3,966,623⁽¹⁾

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt as of 1/1/19
Hartnell Joint Community College District General Obligation Bonds	0.028%	\$ 57,645
Salinas Union High School District General Obligation Bonds	0.047	43,119
Salinas Union High School District School Facilities Improvement District General Obligation Bonds	0.077	3,445
Alisal Union School District General Obligation Bonds	0.254	152,196
Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas	100.000	<u>1,955,000⁽²⁾</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 2,211,405

Ratios to Fiscal Year 2020-21 Assessed Valuation:

Direct Debt (\$1,955,000)	49.29%
Total Direct and Overlapping Tax and Assessment Debt	55.75

(1) Reflects increases in assessed valuation resulting from sales of homes after January 1, 2019.

(2) Reflects the Bonds to be sold.

Source: California Municipal Statistics, Inc.

Expected Tax Burden

Based on the appraised values within Improvement Area No. 2 set forth in the Appraisal and the projected debt service on the Bonds, the City expects that, in Fiscal Year 2020-21, the projected effective tax rates levied on taxable property in Improvement Area No. 2 will range from approximately 1.910% to 1.930% of the average appraised value of homes within each Land Use Type (as such term is defined in the Rate and Method). Subject to the limitations established by the Rate and Method and the provisions of the Act, the District will covenant in the Indenture to levy Special Taxes on parcels of taxable property in Improvement Area No. 2 in each Fiscal Year in an amount sufficient to pay debt service on the outstanding Bonds.

The table below describes the estimated Fiscal Year 2020-21 effective tax burden for sample units of Developed Property within Improvement Area No. 2, assuming that Special Taxes levied in Fiscal Year 2019-20 are levied at the Assigned Special Tax (as such term is defined in the Rate and Method) rate and Fiscal Year 2019-20 actual levies for all other overlapping taxing jurisdictions.

The estimated tax rates and amounts presented in this Official Statement are based on currently available information. The actual amounts charged may vary and may increase in future years depending on the amount of Bonds and Parity Bonds outstanding, and the number of delinquencies in Improvement Area No. 2, among other factors.

TABLE 5
COMMUNITY FACILITIES DISTRICT NO. 2016-1 (MONTE BELLA) OF THE CITY OF SALINAS
IMPROVEMENT AREA NO. 2
PROJECTED FISCAL YEAR 2020-21 EFFECTIVE TAX RATES
FOR SAMPLE DEVELOPED UNITS

Plan Type		1	2	3	4
		Up to	1,801 to	2,201 to	Greater
Land Use Category (Square Feet)		1,800	2,200	2,600	than 2,601
Home Size (Square Feet)		1,529	2,076	2,418	2,775
Estimated Base Sales Price		\$508,000	\$556,000	\$583,000	\$589,000
<i>Ad Valorem</i> Property Taxes⁽¹⁾	Tax Rate				
General Purpose	1.000000%	\$5,080	\$5,560	\$5,830	\$5,890
Alisal Union School District Bonds, Series 1990B, 1990C, 1999A, 1999D, 2006B, 2016A and 2017	0.239826	1,218	1,333	1,398	1,413
Salinas Union High School District Bonds, Series 2014A and 2017	0.033890	172	188	198	200
Hartnell Community College District Bonds, Series 2002C, 2002D, 2014A, 2014B, 2015A, 2015B and 2016A	0.035605	<u>181</u>	<u>198</u>	<u>208</u>	<u>210</u>
Total <i>Ad Valorem</i> Property Taxes:	1.309321%	\$6,651	\$7,280	\$7,633	\$7,712
Assessments, Special Taxes and Parcel Charges⁽²⁾					
City of Salinas CFD 2016-1 (Monte Bella) Special Taxes		<u>\$2,337</u>	<u>\$2,524</u>	<u>\$2,720</u>	<u>\$2,720</u>
Total Assessments, Special Taxes and Parcel Charges:		\$2,337	\$2,524	\$2,720	\$2,720
Projected Total Property Taxes:		\$8,988	\$9,804	\$10,353	\$10,432
Total Assessments, Special Taxes and Parcel Charges:		1.769%	1.763%	1.776%	1.771%

⁽¹⁾ Source: Monterey County Auditor-Controller Tax Rate Book for Fiscal Year 2019-20.

⁽²⁾ Source: Harris & Associates.

Source: Harris & Associates.

Estimated Value-to-Lien Ratio

The appraised value of the property within Improvement Area No. 2 as of the Date of Value is \$13,619,000. Dividing the appraised value by the principal amount of the Bonds (\$1,955,000*) results in a value-to-lien ratio of 6.97-to-1* for Improvement Area No. 2. Dividing the appraised value by the principal amount of the Bonds plus all overlapping general obligation debt (\$2,211,405*) results in an estimated appraised value-to-lien ratio of 6.16-to-1* for Improvement Area No. 2. As of the date of issuance of the Bonds, the District expects that the only land-secured debt applicable to parcels within Improvement Area No. 2 will be the debt that is described in Table 4 above. However, additional land-secured special tax or assessment debt could be applicable to the parcels within Improvement Area No. 2 in the future. See the captions “—Description of Authorized Facilities” and “—Estimated Direct and Overlapping Indebtedness.”

The table below shows the estimated appraised value-to-lien ratios within Improvement Area No. 2 allocated by property ownership and based on the estimated Fiscal Year 2020-21 tax levy.

* Preliminary; subject to change.

TABLE 6
COMMUNITY FACILITIES DISTRICT NO. 2016-1 (MONTE BELLA) OF THE CITY OF SALINAS
IMPROVEMENT AREA NO. 2
ESTIMATED VALUE-TO-LIEN RATIOS ALLOCATED BY PROPERTY OWNERSHIP

<i>Property Owner</i> ⁽¹⁾	<i>Number of Parcels</i>	<i>Appraised Property Value</i> ⁽²⁾	<i>Percentage of Appraised Property Value</i>	<i>Maximum Special Tax</i>	<i>Percentage of Assigned Special Tax</i>	<i>Estimated Fiscal Year 2020-21 Special Tax Levy</i> ^{(3)*}	<i>Percentage of Estimated Fiscal Year 2019-20 Levy</i> *	<i>Allocable Principal Amount of Bonds</i> ^{(4)*}	<i>Direct Debt Value-to- Lien Ratio</i> ^{(5)*}
Developed – Individually Owned	4	\$ 2,120,000	15.6%	\$ 10,301	6.4%	\$ 10,301	6.4%	\$ 125,430	16.90:1
Developed – Developer-Owned	51	9,650,192	70.9	129,652	80.8	129,652	80.8	1,578,709	6.11:1
Approved – Developer-Owned	<u>8</u>	<u>1,848,808</u>	<u>13.6</u>	<u>20,602</u>	<u>12.8</u>	<u>20,602</u>	<u>12.8</u>	<u>250,861</u>	7.37:1
Total ⁽⁶⁾	63	\$13,619,000	100.0%	\$160,555	100.0%	\$160,555	100.0%	\$1,955,000	6.97:1

(1) Based on ownership as of the Date of Value.

(2) Based on Appraisal as of the Date of Value.

(3) Excludes Administrative Expenses.

(4) Allocated based on the projected Fiscal Year 2020-21 Special Tax levy.

(5) Appraised Property Value divided by Allocable Debt Service on Bonds.

(6) Totals may not add due to rounding.

Source: Harris & Associates.

As of the Date of Value, all 55 parcels of Developed Property (as such term is defined in the Rate and Method) had a value-to-lien ratio of 6.11:1* or greater, for an aggregate value-to-lien ratio of approximately 6.91:1* based on an estimated Fiscal Year 2020-21 Special Tax levy of approximately \$139,953* and aggregate debt service on the Bonds of approximately \$1,704,139.*

* Preliminary; subject to change.

Appraised Property Values

The following is a summary of certain provisions of the Appraisal, which should be read in conjunction with the full text of the Appraisal set forth in Appendix G. None of the City, the District or the Underwriter makes any representation as to the accuracy or completeness of the Appraisal.

Appraisal. An Appraisal of all parcels within Improvement Area No. 2 that will be subject to the Special Taxes dated [____], 2019 was prepared by the Appraiser in connection with issuance of the Bonds. The purpose of the Appraisal was to estimate the fee simple market value of the parcels in Improvement Area No. 2 by ownership and the aggregate value of all taxable property as of the Date of Value, September 15, 2019, which represents the date of inspection. The values are subject to a hypothetical condition that the Bonds have sold and such values represent not less-than estimates. The conclusions in the Appraisal were updated as of [____], 2019.

The Appraisal was based on certain assumptions and limiting conditions as described in detail in the Appraisal under the caption “Standard Assumptions and Limiting Conditions.” See Appendix G. The Appraisal does not cover eight below market rate units that will not be subject to the Special Taxes, as well as certain other land within Improvement Area No. 2 (such as public or quasi-public land) that will not be subject to the Special Taxes.

Valuation Methods. The Appraisal determined the market value of the parcels within Improvement Area No. 2 using the Sales Comparison Approach (for the completed homes and the undeveloped lots) and the Income Capitalization Approach (for the undeveloped lots only), each of which are discussed below.

Under the Sales Comparison Approach, market value is estimated by comparing properties that are similar to the subject which have recently been sold, are listed for sale or are under contract for sale. Adjustments are made to account for differences between the subject and comparable properties. Sales are compared on a per-square foot basis.

Under the Income Capitalization Approach, a discounted cash flow analysis which reflects anticipated home prices and costs over an absorption period is used, leading to an estimate of residual land value. This approach reflects the income-producing potential of a property, converting the anticipated net income from ownership of the property into a value indication through capitalization. The projected income stream is calculated through the expected date upon which the owner sells the property. For Improvement Area No. 2, the Appraiser employed a bifurcated discounted cash flow model in which the overall discount rate imputed was 29.58%.

Value Estimate. Subject to the various conditions and assumptions set forth in the Appraisal, the Appraiser estimated that, as of the September 15, 2019 Date of Value, the fee simple interest in the parcels within Improvement Area No. 2 had the following value:

<i>Owner</i>	<i>Description</i>	<i>Appraised Value</i>
Developer	2 Model Homes, 29 Partially Completed Homes and 28 Finished Lots	\$11,499,000
Individual Homeowners	4 Completed Homes	<u>2,120,000</u>
TOTAL		\$13,619,000

The Appraisal is set forth in full in Appendix G.

Delinquency History

Under the provisions of the Act, the Special Taxes, from which funds necessary for the payment of principal of, and interest on, the Bonds are derived, will be billed to the Property Owners on their regular property tax bills. Such Special Tax installments are due and payable, and bear the same penalties and interest

for non-payment, as do regular property tax installments. Special Tax installment payments cannot generally be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Special Tax installment payments in the future. See the caption “SPECIAL RISK FACTORS—Special Tax Delinquencies.”

To date, the Special Taxes have not been levied in Improvement Area No. 2, so there are no current or prior delinquencies. Special Taxes are expected to be levied for the first time in Fiscal Year 2019-20. Because the County’s “Teeter Plan” (which is the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds, as provided for in Section 4701 *et seq.* of the Revenue and Taxation Code of the State of California) is not available for community facilities districts such as the District, collections of Special Taxes will reflect actual delinquencies. None of the City, the Underwriter or the District can predict the willingness or ability of the Property Owners to pay the Special Taxes when the levy thereof commences in or about Fiscal Year 2019-20.

See the caption “SOURCES OF PAYMENT FOR THE BONDS—Special Taxes—Covenant to Foreclose; Proceeds of Foreclosure Sales” for a discussion of the provisions that apply, and procedures that the District is obligated to follow, in the event of delinquency in the payment of Special Tax installments.

SPECIAL RISK FACTORS

The following is a discussion of certain risk factors that should be considered, in addition to other matters set forth in this Official Statement, in evaluating the investment quality of the Bonds. This discussion does not purport to be comprehensive or definitive. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. The occurrence of one or more events discussed below could adversely affect the value of the property in Improvement Area No. 2. Moreover, the occurrence of one or more of the events discussed below could adversely affect the ability or willingness of property owners in Improvement Area No. 2 to pay their Special Taxes when due. Such a failure to pay Special Taxes could result in the inability of the District to make full and punctual payments on the Bonds.

Concentration of Ownership

Improvement Area No. 2 has a significant concentration of ownership. As of [], 2019, [] of the 63 parcels in Improvement Area No. 2 that will be subject to the Special Tax are owned by the Developer, although this number is expected to be reduced when the levy commences as the Developer sells completed homes to individual homeowners. See the caption “IMPROVEMENT AREA NO. 2.” Failure of the Property Owners, or any successor, to pay the annual Special Taxes when due could result in a default in payments of the principal of, and interest on, the Bonds, when due.

None of the Property Owners is obligated in any manner to continue to own, or (in the case of the Developer) to develop, any of such property. The Special Taxes are not a personal obligation of the owners of the property on which such Special Taxes are levied, and no assurances can be given that the current Property Owners within Improvement Area No. 2 will be financially able to pay the Special Taxes levied on such property or that they will choose to pay even if financially able to do so. See the caption “—Payment of the Special Tax is Not a Personal Obligation of the Owners.” Such risk is greater and its consequence more severe when ownership is concentrated and may be expected to decrease when ownership is diversified.

Limited Obligations

The Bonds are revenue bonds, payable exclusively from Net Taxes and other funds provided in the Indenture. The Bonds are not payable from the general fund or other moneys of the City or moneys derived from Improvement Area No. 2 of the District. Except with respect to the Net Taxes from Improvement Area No. 2, neither the credit nor the taxing power of the District or the City is pledged for the payment of the

Bonds or the interest on the Bonds, and, except as provided in the Indenture, no Owner of the Bonds may compel the exercise of any taxing power by the District or the City or force the forfeiture of any City or District property. The principal of, premium, if any, and interest on the Bonds are not a debt of the City or a legal or equitable pledge, charge, lien or encumbrance upon any of the City's or the District's property or upon any of the City's or the District's income, receipts or revenues, except the Net Taxes and other amounts pledged under the Indenture. See the caption "SOURCES OF PAYMENT FOR THE BONDS—Limited Obligations."

Insufficiency of Special Taxes

Based on current projections, the maximum Special Taxes that may be levied within Improvement Area No. 2 exceed Maximum Annual Debt Service on the Bonds plus the Administrative Expenses Cap. See the caption "SOURCES OF PAYMENT FOR THE BONDS—Special Taxes—Debt Service Coverage from Net Special Taxes." Notwithstanding the fact that the maximum Special Taxes that may be levied in Improvement Area No. 2 exceed debt service on the Bonds, the Special Taxes collected could be inadequate to make timely payment of debt service either because of nonpayment or, as described under the caption "SOURCES OF PAYMENT FOR THE BONDS—Special Taxes—Rate and Method of Apportionment of Special Taxes," because property becomes exempt from taxation.

The Special Taxes will be billed to the properties within the District on the *ad valorem* property tax bills sent to owners of such properties. The Act provides that such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do *ad valorem* property tax installments. Significant delinquencies in the payment of Special Tax installments, or delays in the prosecution of foreclosure proceedings to collect such Special Taxes, could result in depletion of the Reserve Account and a default in the payment of the Bonds. See the caption "SOURCES OF PAYMENT FOR THE BONDS—Special Taxes—Covenant to Foreclose; Proceeds of Foreclosure Sales" for a discussion of the provisions that apply, and the procedures that the District has covenanted to follow, in the event of delinquencies in the payment of Special Taxes. See the captions "—FDIC/Federal Government Interests in Properties" and "—Bankruptcy and Foreclosure" for a discussion of the policy of the Federal Deposit Insurance Corporation (the "FDIC") regarding the payment of special taxes and assessments and limitations on the District's ability to foreclose on the lien of the Special Taxes in certain circumstances.

The annual levy of the Special Tax is subject to the maximum tax rates authorized. The levy cannot be made at a higher rate even if the failure to do so means that the estimated proceeds of the levy and collection of the Special Tax, together with other available funds, will not be sufficient to pay debt service on the Bonds. Other funds that might be available include moneys and reserve fund surety policies or similar instruments deposited in the Reserve Account, funds derived from the payment of penalties on delinquent Special Taxes and funds derived from the tax sale or foreclosure and sale of parcels on which levies of the Special Tax are delinquent.

In addition, the District may not be able to levy the Special Tax up to the maximum authorized rates. Pursuant to Section 53321(d) of the Act, the Special Tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within Improvement Area No. 2 by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults. Consequently, although the maximum Special Tax prescribed by the Rate and Method could be materially higher than the expected Special Tax levy in a given year, the Special Tax levy cannot be increased for residential property by more than 10% in such year.

The levy of the Special Tax will rarely, if ever, result in a uniform relationship between the value of particular property and the amount of the levy of the Special Tax against such property. Thus, there will rarely, if ever, be a uniform relationship between the value of such property and the proportionate share of debt service on the Bonds, and certainly not a direct relationship.

Certain parcels, including those that are owned by public entities, religious organizations, homeowners' associations and up to eight Affordable Housing Property (as such term is defined in Appendix A) parcels, are currently exempt from Special Taxes.

The Act provides that if any property within Improvement Area No. 2 that is not otherwise exempt from the Special Tax is acquired by a public entity through a negotiated transaction, or by gift or devise, the Special Taxes will continue to be levied on and enforceable against the public entity that acquired the property. In addition, the Act provides that if property that is subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to such property is to be treated as if it were a special assessment and paid from the eminent domain award. The constitutionality and operative effect of these provisions has not been tested in the courts. If for any reason property subject to the Special Tax becomes exempt from taxation by reason of ownership by a nontaxable entity such as the federal government, or another public agency that asserts immunity from the Special Tax, subject to the limitation of the maximum Special Tax rates, the Special Taxes will be reallocated to the remaining properties within Improvement Area No. 2. This would result in the owners of such properties paying a greater amount of the Special Tax and could have an adverse effect on the timely payment of the Special Tax. Due to the problems associated with collecting taxes from public agencies, if a substantial portion of land within Improvement Area No. 2 were to become owned by public agencies, collection of the Special Tax might become more difficult and could result in collections of the Special Tax which might not be sufficient to pay principal of and interest on the Bonds when due, and a default could occur with respect to the payment of such principal and interest.

Risks of Real Estate Secured Investments Generally

The Special Taxes, which are the source of repayment for the Bonds, are ultimately secured by real property in Improvement Area No. 2. Bondowners are therefore subject to the risks generally incident to an investment secured by real estate, including, without limitation: (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the District, the supply of or demand for competitive properties in such area and the market value of comparable residential property in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to threatened and endangered species and hazardous materials) and fiscal policies; and (iii) natural disasters (including, without limitation, earthquakes, tsunamis, fires, high winds, landslides and floods), which may result in uninsured losses.

Because assessed values do not necessarily indicate fair market values, decreases in fair market values may be even greater than decreases in assessed valuations. No assurance can be given that individual homeowners will pay Special Taxes in the future or that they will be able to pay such Special Taxes on a timely basis. See the caption “—Bankruptcy and Foreclosure Delays” for a discussion of certain limitations on the District’s ability to pursue judicial proceedings with respect to delinquent parcels.

Failure to Develop Properties

As of [], 2019, [] of the 63 parcels within Improvement Area No. 2 that will be subject to the Special Taxes had completed structures on them, with an additional [] parcels under construction. The remaining [] parcels are in a finished lot condition awaiting building permits, which the Developer expects to receive by the end of December 2019.

Unimproved or partially improved land is inherently less valuable than land with improvements on it, especially if there are restrictions on development, and provides less security to the Owners should it be necessary for the District to foreclose on the property due to the nonpayment of Special Taxes. Any delays in developing unimproved property, or the decision not to construct improvements on such property, may affect the willingness and ability of the owners of property within Improvement Area No. 2 to pay the Special Taxes when due.

Land development is subject to comprehensive federal, State and local regulations. Approval is required from various agencies in connection with the layout and design of developments, the nature and extent of improvements, construction activity, land use, zoning, school and health requirements, as well as numerous other matters. There is always the possibility that such approvals will not be obtained or, if obtained, will not be obtained on a timely basis. Failure to obtain any such agency approval or to satisfy such governmental requirements could adversely affect planned land development. In addition, there is a risk that future governmental restrictions, including, but not limited to, governmental policies restricting or controlling development within Improvement Area No. 2, will be enacted, and a risk that future voter approved land use initiatives could add more restrictions and requirements on development within Improvement Area No. 2.

Moreover, there can be no assurance that the means and incentive to conduct land development operations within Improvement Area No. 2 will not be adversely affected by a deterioration of the real estate market and economic conditions or future local, State and federal governmental policies relating to real estate development, the income tax treatment of real property ownership or the national economy.

The Developer may need continued financing to complete the development of the property within Improvement Area No. 2. No assurance can be given that the required funding will be secured or that the proposed development will be partially or fully completed, and it is possible that cost overruns will be incurred that will require additional funding beyond what the Developer has projected, which may or may not be available. See the caption “IMPROVEMENT AREA NO. 2—The Developer—Financing Plan” for a discussion of the Developer’s available cash and access to additional capital.

Owners of the Bonds should assume that any event that significantly impacts the ability to complete the development of the land in Improvement Area No. 2 would cause the property values within Improvement Area No. 2 to decrease substantially and could affect the willingness and ability of the Property Owners to pay the Special Taxes when due.

Endangered Species

In recent years, there has been an increase in activity at the State and federal level related to the possible listing of certain plant and animal species found in the Southern California area as endangered or threatened species. An increase in the number of endangered or threatened species is expected to curtail development in a number of areas. At present, none of the unimproved property within Improvement Area No. 2 is known to be inhabited by any plant or animal species that any State or federal agency has listed or has proposed for listing on the endangered or threatened species lists. The City is not aware of the current existence of any endangered species within Improvement Area No. 2. Notwithstanding this fact, new species are proposed to be added to the State and federal protected lists on a regular basis. Any action by the State or federal government to protect species located on or adjacent to the property within Improvement Area No. 2 could have an adverse effect on the ability of the owners of unimproved property to construct improvements on such property. Any such action could reduce the likelihood of timely payment of the Special Taxes which might be levied upon such property and would likely reduce the market value of such property and, therefore, the potential revenues available at foreclosure sales for delinquent Special Tax installments. See the caption “—Land Values.”

Natural Disasters

The District, like all California communities, may be subject to unpredictable seismic activity, drought, wildfires, high winds, landslides, floods or other natural disasters. According to the Safety Element of the City’s General Plan, the City lies in a seismically active area, and the District is approximately 6 miles northeast of the Rinconada Fault and approximately 11 miles southwest of the San Andreas Fault (Pajaro segment), although Improvement Area No. 2 is not within an Alquist-Priolo Earthquake Fault Special Studies Zone, as determined by the State of California. In addition, there are likely to be unmapped faults in or near the City. Seismically induced ground shaking has affected the City in the past and is expected to affect the

City in the future. Seismic activity represents a potential risk for damage to buildings, roads, bridges and property within Improvement Area No. 2. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such event.

Portions of the City are located within floodways as defined by the Federal Emergency Management Agency, although, according to the Appraisal, Improvement Area No. 2 has been determined to be outside the 100-year and 500-year floodplains. See Appendix G.

The State is periodically subject to wildfires, particularly in areas of wildland-urban interface (zones of transition between unoccupied land and human development) and mountainous or hilly terrain. Improvement Area No. 2 is not in a wildland-urban interface zone and is located on level terrain; accordingly, it is not believed that Improvement Area No. 2 is in an area of elevated wildfire risk in comparison to surrounding areas.

In the event of a natural disaster, there may be significant damage to both property and infrastructure in Improvement Area No. 2. As a result, a substantial portion of the Property Owners may be unable or unwilling to pay the Special Taxes when due. In addition, the value of land in Improvement Area No. 2 could be diminished in the aftermath of such a natural disaster, reducing the resulting proceeds of foreclosure sales in the event of delinquencies in the payment of the Special Taxes.

Hazardous Substances

The presence of hazardous substances on a parcel may result in a reduction in the value of a parcel. In general, the owners and operators of a parcel may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or the “Superfund Act,” is the most well-known and widely applicable of these laws, but State laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner or operator is obligated to remedy a hazardous substance condition of property whether or not the owner or operator had anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the taxed parcels be affected by a hazardous substance, is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

The District is within one mile of the former site of the Salinas Army Airfield, a World War Two-era military base, and was formerly used for agricultural purposes, including the application of pesticides. In 2017, a consultant that was retained by the previous owner of the land within Improvement Area No. 2 analyzed the potential risks to Improvement Area No. 2 residents of direct exposure to contaminants in soil and concluded that such risks are on the very low range and, based on the criteria of the California Department of Toxic Substances Control, are considered acceptable for residential use.

It is possible that liabilities may arise in the future with respect to any of the parcels within Improvement Area No. 2 resulting from the existence, currently, on the parcel of a substance that is presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance that is not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. Any of these possibilities could significantly affect the willingness or ability of the owner of any parcel to pay the Special Taxes or the value of a parcel that is realizable upon a delinquency.

As described under the caption “IMPROVEMENT AREA NO. 2—Appraised Property Values,” the Appraisal assumes that no hazardous materials exist on the property. Accordingly, the Appraisal does not take

into account the possible reduction in marketability and value of any of the parcels within Improvement Area No. 2 by reason of the possible liability of the owner or operator for hazardous materials on such parcels.

Shapiro Decision

On August 1, 2014, the California Court of Appeal, Fourth Appellate District, Division One (the “**Court**”), issued its opinion in *City of San Diego v. Melvin Shapiro, et al.* (D063997). The case involved a Convention Center Facilities District (the “**CCFD**”) established by the City of San Diego. The CCFD was a financing district established under the City of San Diego’s charter (the “**Charter**”) and was intended to function much like a community facilities district established under the provisions of the Act. The CCFD was comprised of all of the real property in the entire City of San Diego. However, the special tax to be levied within the CCFD was to be levied only on properties improved with a hotel located within the CCFD.

At the election to authorize such special tax, the Charter proceeding limited the electorate to owners of hotel properties and lessees of real property owned by a governmental entity on which a hotel is located. Thus, the election was an election limited to owners and lessees of properties on which the special tax would be levied, and not a registered voter election. Such approach to determining who would constitute the qualified electors of the CCFD was based on Section 53326(c) of the Act, which generally provides that, if a special tax will not be apportioned in any tax year on residential property, the legislative body may provide that the vote will be by the landowners of the proposed district whose property would be subject to the special tax. The Court held that the CCFD special tax election did not comply with applicable requirements of Article XIII A, Section 4, and Article XIII C, Section 2, of the State Constitution, or with applicable provisions of the Charter, because the electors in such an election were not the registered voters residing within the district.

In the case of the CCFD, at the time of the election there were several hundred thousand registered voters within the CCFD (*viz.*, all of the registered voters in the City of San Diego). In the case of Improvement Area No. 2, there were no registered voters within Improvement Area No. 2 at the time of the elections to authorize the special tax levy for Improvement Area No. 2. In *City of San Diego*, the Court expressly stated that it was not addressing the validity of landowner voting to impose special taxes pursuant to the Act in situations where there are fewer than 12 registered voters. Thus, by its terms, the Court’s holding does not apply to the special tax election in Improvement Area No. 2. Moreover, Section 53341 of the Act provides that any “action or proceeding to attack, review, set aside, void or annul the levy of a special tax ... shall be commenced within 30 days after the special tax is approved by the voters.” Similarly, Section 53359 of the Act provides that any action to determine the validity of bonds issued pursuant to the Act or the levy of special taxes authorized pursuant to the Act be brought within 30 days of the voters approving the issuance of such bonds or the special tax. Voters approved the Special Tax and the issuance of bonds for Improvement Area No. 2 in compliance with all applicable requirements of the Act at the time of formation of the District in 2016. Therefore, under the provisions of Sections 53341 and 53359 of the Act, the statute of limitations period to challenge the validity of the Special Tax for Improvement Area No. 2 has expired.

Parity Taxes and Special Assessments

Property within Improvement Area No. 2 is subject to taxes and assessments imposed by other public agencies that have jurisdiction over the land within Improvement Area No. 2. See the caption “IMPROVEMENT AREA NO. 2—Estimated Direct and Overlapping Indebtedness.”

The Special Taxes and any penalties thereon constitute a lien against the lots and parcels of land on which they have been levied. Such lien is on a parity with all special taxes and special assessments levied by the City and other agencies and is co-equal to and independent of the lien for general property taxes, regardless of when they are imposed upon the same property. The Special Taxes have priority over all existing and future private liens imposed on the property except, possibly, for liens or security interests held by the Federal Deposit Insurance Corporation and other federal government entities. See the captions “—Bankruptcy and Foreclosure” and “—FDIC/Federal Government Interests in Properties” below.

Neither the City nor the District has control over the ability of other entities and districts to issue indebtedness secured by special taxes, *ad valorem* taxes or assessments that are payable from all or a portion of the property within Improvement Area No. 2. In addition, the Property Owners within the District may, without the consent or knowledge of the District, petition other public agencies to issue public indebtedness secured by special taxes, *ad valorem* taxes or assessments. Any such special taxes, *ad valorem* taxes or assessments may have a lien on such property on a parity with the Special Taxes and could reduce the estimated value-to-lien ratios for property within Improvement Area No. 2 or the willingness of Property Owners to pay the Special Tax.

Disclosures to Future Purchasers

The willingness or ability of an owner of a parcel to pay the Special Tax even if the value of the parcel is sufficient may be affected by whether or not the owner was given due notice of the Special Tax authorization when the owner purchased the parcel, was informed of the amount of the Special Tax on the parcel should the Special Tax be levied at the maximum rate and the risk of such a levy, and, at the time of such a levy, has the ability to pay it as well as pay other expenses and obligations. The District has caused a notice of the Special Tax lien to be recorded in the Office of the Recorder for the County against each parcel. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such Special Tax obligation in the purchase of a property within Improvement Area No. 2 or lending of money secured by such property.

The Act requires the subdivider (or its agent or representative) of a subdivision to notify a prospective purchaser or long-term lessor of any lot, parcel, or unit that is subject to a Mello-Roos special tax of the existence and maximum amount of such special tax using a statutorily prescribed form. California Civil Code § 1102.6b requires that in the case of transfers other than those covered by the above requirement, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with the above requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due.

Special Tax Delinquencies

Under provisions of the Act, the Special Taxes, from which funds necessary for the payment of principal of and interest on the Bonds and any Parity Bonds are derived, are customarily billed to the properties within Improvement Area No. 2 on the *ad valorem* property tax bills sent to owners of such properties. The Act currently provides that such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do *ad valorem* property tax installments.

Significant delinquencies in the payment of annual Special Tax installments, or delays in the prosecution of foreclosure proceedings to collect such Special Taxes, could result in depletion of the Reserve Account and default in payment of debt service on the Bonds. See the caption “SOURCES OF PAYMENT FOR THE BONDS—Special Taxes—Covenant to Foreclose; Proceeds of Foreclosure Sales” for a discussion of the provisions that apply, and the procedures that the District is obligated to follow under the Indenture, in the event of delinquencies in the payment of Special Taxes. See the captions “—FDIC/Federal Government Interests in Properties” and “—Bankruptcy and Foreclosure” for a discussion of the policy of the FDIC and the rights of federal government entities regarding the payment of special taxes and assessment and limitations on the District’s ability to foreclosure on the lien of the Special Taxes in certain circumstances.

The Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (known as the Teeter Plan), as provided for in Section 4701 *et seq.* of the State Revenue and Taxation Code, is not available for community facilities districts such as the District. The collection of Special Taxes is therefore

subject to the risk of delinquency, while the District is also entitled to collect penalties and interest on delinquent Special Taxes.

Non-Cash Payments of Special Taxes

Under the Act, the City Council, as the legislative body of the District, may reserve to itself the right and authority to allow the owner of any taxable parcel to tender a Bond or Parity Bond in full or partial payment of any installment of the Special Taxes or the interest or penalties thereon. A Bond or Parity Bond so tendered is to be accepted at par and credit is to be given for any interest accrued thereon to the date of the tender. Thus, if Bonds or Parity Bonds can be purchased in the secondary market at a discount, it may be to the advantage of an owner of a taxable parcel to pay the Special Taxes applicable thereto by tendering a Bond or Parity Bond. Such a practice would decrease the cash flow available to the District to make payments with respect to other Bonds or Parity Bonds then outstanding; and, unless the practice was limited by the District, the Special Taxes paid in cash could be insufficient to pay the debt service due with respect to such other Bonds or Parity Bonds.

In order to provide some protection against the potential adverse impact on cash flows that might be caused by the tender of Bonds or Parity Bonds in payment of Special Taxes, the Indenture includes a covenant pursuant to which the District will not adopt any policy pursuant to Section 53341.1 of the Act permitting the tender of Bonds or Parity Bonds in full payment or partial payment of any Special Taxes unless the District has first received a certificate from an Independent Financial Consultant that the acceptance of such a tender will not result in the District having insufficient Special Tax revenues to pay the principal of and interest on the Bonds and Parity Bonds when due.

Payment of the Special Tax is Not a Personal Obligation of the Owners

The obligation to pay Special Taxes levied within Improvement Area No. 2 does not constitute a personal obligation of the current or subsequent owners of the property in Improvement Area No. 2. Enforcement of Special Tax payment obligations by the District is limited to judicial foreclosure in the County Superior Court. See the caption “SOURCES OF PAYMENT FOR THE BONDS—Special Taxes—Covenant to Foreclose; Proceeds of Foreclosure Sales.” There is no assurance that any current or subsequent owner of a parcel that is subject to Special Taxes will be able to pay the Special Taxes, or that such owner will choose to pay such installments even though it is financially able to do so.

Land Values

General. The value of the property within Improvement Area No. 2 is a critical factor in determining the investment quality of the Bonds. If a property owner is delinquent in the payment of Special Taxes, the District’s only remedy is to commence foreclosure proceedings against the delinquent parcel in an attempt to obtain funds to pay the Special Taxes. Reductions in property values due to a downturn in the economy, natural disasters, stricter land use regulations, delays in development or other events could adversely impact the security underlying the Special Taxes. See the caption “IMPROVEMENT AREA NO. 2—Estimated Value-to-Lien Ratio.”

Appraised Values. The Appraisal set forth in Appendix G estimates the aggregate value overall and the market value by ownership of the parcels within Improvement Area No. 2. This market value is merely the present opinion of the Appraiser and is subject to the assumptions and limiting conditions (and hypothetical conditions) that are stated in the Appraisal. The District has not sought the present opinion of any other appraiser of the value of the taxed parcels. A different present opinion of value might be rendered by a different appraiser.

The opinion of value that is set forth in the Appraisal relates to sale by a willing seller to a willing buyer, each having similar information and neither being forced by other circumstances to sell or to buy.

Consequently, the opinion is of limited use in predicting the selling price at a foreclosure sale, because the sale is forced and the buyer may not have the benefit of full information. In addition, the opinion is a present opinion, based upon present facts and circumstances. Differing facts and circumstances may lead to differing opinions of value. The appraised value is not evidence of future value because future facts and circumstances may differ significantly from those that are in existence as of the date of the Appraisal.

No assurance can be given that any of the parcels in Improvement Area No. 2 could be sold for the estimated market value that is contained in the Appraisal if such parcels should become delinquent in the payment of Special Taxes and be foreclosed upon.

Billing of Special Taxes

A special tax formula can result in a substantially heavier property tax burden being imposed upon properties within a community facilities district than elsewhere in a city or county, and this in turn can lead to problems in the collection of the special tax. In some community facilities districts (although not in the District), taxpayers have refused to pay the special tax and have commenced litigation challenging the special tax, the community facilities district and bonds issued by the community facilities district.

Under provisions of the Act, the Special Taxes are to be billed to the properties within Improvement Area No. 2 that were entered on the Assessment Roll of the County Assessor by January 1 of the previous Fiscal Year. Such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do regular property tax installments. These Special Tax installment payments cannot be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills may also indicate an unwillingness or inability to make regular property tax payments and installment payments of Special Taxes in the future. See the caption “SOURCES OF PAYMENT FOR THE BONDS—Special Taxes—Covenant to Foreclose; Proceeds of Foreclosure Sales” for a discussion of the provisions that apply, and that procedures that the District is obligated to follow, in the event of delinquency in the payment of installments of Special Taxes.

Value-to-Lien Ratios

The estimated value-to-lien ratios that are set forth under the caption “IMPROVEMENT AREA NO. 2—Estimated Value-to-Lien Ratio” are based on the appraised values of property in Improvement Area No. 2 and the direct and overlapping debt that is currently allocable to such property, as of January 1, 2019. No assurance can be given that such value-to-lien ratios will be maintained over time. As discussed herein, many factors that are beyond the control of the City and the District could adversely affect the property values within Improvement Area No. 2. Neither the City nor the District has any control over the amount of additional indebtedness that may be issued by other public agencies, the payment of which, through the levy of a tax or an assessment, is on a parity with the Special Taxes. See the captions “—Parity Taxes and Special Assessments” and “IMPROVEMENT AREA NO. 2—Estimated Direct and Overlapping Indebtedness.” A decrease in the property values in Improvement Area No. 2 or an increase in the parity liens on property in Improvement Area No. 2, or both, could result in a lowering of the value-to-lien ratios of the property in Improvement Area No. 2.

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service (the “IRS”) has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit (or by an audit of similar bonds or securities).

FDIC/Federal Government Interests in Properties

General. The ability of the District to collect the Special Taxes and interest and penalties specified by State law, and to foreclose the lien of delinquent Special Taxes, may be limited in certain respects with regard to properties in which the FDIC, the Federal National Mortgage Association (“**FNMA**”), the IRS, the Drug Enforcement Administration or other similar federal governmental agencies has or obtains an interest.

Federal courts have held that, based on the supremacy clause of the United States Constitution, in the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government’s interest. This means that, unless the United States Congress has otherwise provided, if a federal government entity owns a parcel of taxable property but does not pay taxes (including Special Taxes) and assessments levied on the parcel, the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless the United States Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the District wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount that is sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government’s mortgage interest. In *Rust v. Johnson*, 597 F.2d 174 (9th Cir. 1979), the United States Court of Appeal, Ninth Circuit (the “**Ninth Circuit**”), held that FNMA is a federal instrumentality for purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States. For a discussion of risks associated with taxable parcels within the District becoming owned by the federal government, federal government entities or federal government sponsored entities, see the caption “—Insufficiency of Special Taxes.”

The District has not undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels subject to the Special Taxes, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the Bonds are outstanding.

FDIC. In the event that any financial institution making any loan which is secured by real property within the District is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, resulting in ownership of the property by the FDIC, then the ability of the District to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited. On June 4, 1991, the FDIC issued a Statement of Policy Regarding the Payment of State and Local Property Taxes (the “**1991 Policy Statement**”). The 1991 Policy Statement was revised and superseded by a new Policy Statement effective January 9, 1997 (the “**Policy Statement**”). The Policy Statement provides that real property that is owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property’s value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution’s affairs, unless abandonment of the FDIC’s interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent that the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will neither pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC’s consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC’s consent.

The Policy Statement states that the FDIC generally will not pay non-*ad valorem* taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent that such lien purports to secure the payment of any such amounts. Special taxes imposed under the Act and a special tax formula that determines the special tax due each year are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity. The Ninth Circuit issued a ruling on August 28, 2001 in which it determined that the FDIC, as a federal agency, is exempt from special taxes under the Act. With respect to property in the State owned by the FDIC on January 9, 1997 and that was owned by the Resolution Trust Company (the "**RTC**") on December 31, 1995, or that became the property of the FDIC through foreclosure of a security interest held by the RTC on that date, the FDIC will continue the RTC's prior practice of paying special taxes imposed pursuant to the Act if the taxes were imposed prior to the RTC's acquisition of an interest in the property. All other special taxes may be challenged by the FDIC.

The City and the District are unable to predict what effect the FDIC's application of the Policy Statement would have in the event of a delinquency on a parcel within the District in which the FDIC has an interest, although prohibiting the lien of the FDIC to be foreclosed at a judicial foreclosure sale would reduce or eliminate the persons willing to purchase a parcel at a foreclosure sale. Owners of the Bonds should assume that the District will be unable to foreclose on any parcel owned by the FDIC. Such an outcome could cause a draw on the Reserve Account and perhaps, ultimately, a default in payment on the Bonds.

Bankruptcy and Foreclosure

The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency, or other similar laws affecting the rights of creditors generally.

The payment of Special Taxes and the ability of the District to foreclose the lien of a delinquent Special Tax may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure.

Bankruptcy, insolvency and other laws generally affecting creditors' rights could adversely impact the interests of owners of the Bonds in at least two ways. First, the payment of property owners' taxes and the ability of the District to foreclose the lien of delinquent unpaid Special Taxes pursuant to its covenant to pursue judicial foreclosure proceedings may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights (such as the Soldiers' and Sailors' Relief Act of 1940 discussed below) or by the laws of the State relating to judicial foreclosure. See the caption "SOURCES OF PAYMENT FOR THE BONDS—Special Taxes—Covenant to Foreclose; Proceeds of Foreclosure Sales." In addition, the prosecution of a foreclosure could be delayed for many reasons, including crowded local court calendars or lengthy procedural delays.

Second, the United States Bankruptcy Code might prevent moneys on deposit in the Special Tax Fund from being applied to pay interest on the Bonds and/or to redeem Bonds if bankruptcy proceedings were brought by or against a landowner in the District and if the court found that any of such landowners had an interest in such moneys within the meaning of Section 541(a)(1) of the United States Bankruptcy Code.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, the amount and priority of any lien on property securing the payment of delinquent Special Taxes could be reduced or modified if the value of the property were determined by the bankruptcy court to have become less than the amount of the lien, and the amount of the delinquent Special Taxes in excess of the reduced lien would then be treated as an unsecured claim by the court. Further, bankruptcy of a property owner could result in an unwillingness to pay Special Taxes, a stay or other delay in prosecuting Superior Court foreclosure

proceedings. Such a delay would increase the likelihood of a delay or default in payment of the principal of, and interest on, the Bonds and the possibility of delinquent Special Tax installments not being paid in full.

On July 30, 1992, the Ninth Circuit issued its opinion in a bankruptcy case entitled *In re Glasply Marine Industries* (“*Glasply*”). In that case, the court held that *ad valorem* property taxes levied by Snohomish County in the State of Washington after the date that the property owner filed a petition for bankruptcy were not entitled to priority over a secured creditor with a prior lien on the property. Although the court upheld the priority of unpaid taxes imposed before the bankruptcy petition, unpaid taxes imposed after the filing of the bankruptcy petition were declared to be “administrative expenses” of the bankruptcy estate, payable after all secured creditors. As a result, the secured creditor was able to foreclose on the property and retain all the proceeds of the sale except the amount of the pre-petition taxes.

The Bankruptcy Reform Act of 1994 included a provision which excepts from the United States Bankruptcy Code’s automatic stay provisions, “the creation of a statutory lien for an *ad valorem* property tax imposed by . . . a political subdivision of a state if such tax comes due after the filing of the petition [by a debtor in bankruptcy court].” This amendment effectively makes the *Glasply* holding inoperative as it relates to *ad valorem* real property taxes. However, it is possible that the original rationale of the *Glasply* ruling could still result in the treatment of post-petition special taxes as “administrative expenses,” rather than as tax liens secured by real property, at least during the pendency of bankruptcy proceedings.

According to the court’s ruling, as administrative expenses, post-petition taxes would be paid, assuming that the debtor had sufficient assets to do so. In certain circumstances, payment of such administrative expenses may be allowed to be deferred. Once the property is transferred out of the bankruptcy estate (through foreclosure or otherwise), it would at that time become subject to current *ad valorem* taxes.

The Act provides that the Special Taxes are secured by a continuing lien which is subject to the same lien priority in the case of delinquency as *ad valorem* taxes. No case law exists with respect to how a bankruptcy court would treat the lien for Special Taxes levied after the filing of a petition in bankruptcy. *Glasply* is controlling precedent on bankruptcy courts in the State. If the *Glasply* precedent was applied to the levy of the Special Taxes, the amount of Special Taxes received from parcels whose owners declare bankruptcy could be reduced.

Other laws generally affecting creditors’ rights or relating to judicial foreclosure may affect the ability to enforce payment of Special Taxes or the timing of enforcement of Special Taxes. For example, the Soldiers and Sailors Civil Relief Act of 1940 affords protections such as a stay in enforcement of the foreclosure covenant, a six-month period after termination of military service to redeem property sold to enforce the collection of a tax or assessment and a limitation on the interest rate on the delinquent tax or assessment to persons in military service if a court concludes that the ability to pay such taxes or assessments is materially affected by reason of such service.

No Acceleration Provision

The Bonds do not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the Bonds or the Indenture. See Appendix C under the caption “EVENTS OF DEFAULT—Remedies of Owners” for a description of remedies that are available to the Bond Owner if the District defaults under the Indenture.

Loss of Tax Exemption

As discussed under the caption “TAX EXEMPTION,” the interest on the Bonds could become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds as a result of a failure of the District to comply with certain provisions of the Internal Revenue Code of 1986, as amended, or certain legislative changes that occur subsequent to the issuance of the Bonds. The introduction

or enactment of any such future legislative proposals or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion. Should an event of taxability occur, the Bonds are not subject to early redemption and will remain outstanding to maturity or until redeemed under the redemption provisions of the Indenture.

Limitations on Remedies

Remedies available to the owners of the Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds or to preserve the tax-exempt status of the Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditors' rights, by equitable principles and by the exercise of judicial discretion. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the owners of the Bonds.

Limited Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Although the District has committed to provide certain financial and operating information on an annual basis, there can be no assurance that such information will be available to Owners of the Bonds on a timely basis. See the caption "CONTINUING DISCLOSURE." The failure to provide the required annual financial information does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Proposition 218

An initiative measure, Proposition 218, which is commonly referred to as the "Right to Vote on Taxes Act" (the "**Initiative**"), was approved by the voters of the State at the November 5, 1996 general election. The Initiative added Articles XIIC and XIID to the State Constitution. According to the "Title and Summary" of the Initiative prepared by the State Attorney General, the Initiative limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." The provisions of the Initiative have not yet been interpreted by the courts, although several lawsuits have been filed requesting that the courts interpret various aspects of the Initiative. The Initiative could potentially impact the Special Taxes available to the District to pay the principal of and interest on the Bonds as described below.

Among other things, Section 3 of Article XIIC states that "... the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge." The Act provides for a procedure which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. On July 1, 1997, a bill was signed into law by the Governor of the State enacting Government Code Section 5854, which states that:

“Section 3 of Article XIII C of the California Constitution, as adopted at the November 5, 1996, general election, shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protected by Section 10 of Article I of the United States Constitution.”

Accordingly, although the matter is not free from doubt, it is likely that the Initiative has not conferred on the voters the power to repeal or reduce the Special Taxes if such reduction would interfere with the timely retirement of the Bonds. The provisions of the Initiative relating to the exercise of the initiative power have not been fully interpreted by the courts, and no assurance can be given as to the outcome of any such litigation.

It may be possible, however, for voters or the City Council, acting as the legislative body of the District, to reduce the Special Taxes in a manner that does not interfere with the timely repayment of the Bonds, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Furthermore, no assurance can be given with respect to the future levy of the Special Taxes in amounts greater than the amount necessary for the timely retirement of the Bonds. Therefore, no assurance can be given with respect to the levy of Special Taxes for Administrative Expenses.

Nevertheless, to the maximum extent that the law permits it to do so, the District has covenanted that it will not initiate proceedings to reduce the maximum Special Tax rates for the District. However, no assurance can be given as to the enforceability of the foregoing covenants.

The interpretation and application of Articles XIII C and XIII D will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination or the timeliness of any remedy afforded by the courts. See the caption “—Limitations on Remedies.”

Ballot Initiatives

Article XIII C was adopted pursuant to a measure that qualified for the ballot pursuant to the State’s Constitutional initiative process, and the State Legislature has in the past enacted legislation that has altered the spending limitation or established minimum funding provisions for particular activities. On March 6, 1995, in the case of *Rossi v. Brown*, the State Supreme Court held that an initiative can repeal a tax ordinance and prohibit the imposition of further such taxes and that the exemption from the referendum requirements does not apply to initiative. From time to time, other initiative measures could be adopted by State voters or legislation enacted by the State Legislature. The adoption of any such initiative or enactment of legislation might place limitations on the ability of the State, the County or local districts to increase revenues or appropriations or on the ability of a property owner to complete the development of property within the District.

Tax Cuts and Jobs Act

H.R. 1 of the 115th U.S. Congress, known as the “Tax Cuts and Jobs Act,” was enacted into law on December 22, 2017 (the “**Tax Act**”). The Tax Act makes significant changes to many aspects of the Internal Revenue Code of 1986, as amended. For example, the Tax Act reduces the amount of mortgage interest expense and state and local income tax and property tax expense that individuals may deduct from their gross income for federal income tax purposes. These changes could increase the cost of home ownership within Improvement Area No. 2 and could slow the pace of home sales by the Developer or result in reductions of sales price below the currently expected levels. However, the City cannot predict the effect that the Tax Act may have on the cost of home ownership or the price of homes in Improvement Area No. 2, the pace at which homes in Improvement Area No. 2 are sold to individual homeowners, or the ability or willingness of homeowners to pay Special Taxes or property taxes.

Potential Early Redemption of Bonds from Prepayments or Other Sources

Property owners within Improvement Area No. 2, including the Developer and any individual property owner, are permitted to prepay their Special Taxes at any time. Such Prepayments could also be made from the proceeds of bonds issued by or on behalf of an overlapping special assessment district or community facilities district. Such Prepayments will result in an extraordinary redemption of the Bonds on the Interest Payment Date for which timely notice may be given under the Indenture following the receipt of the Prepayment. The resulting extraordinary redemption of Bonds that were purchased at a price greater than par could reduce the otherwise expected yield on such Bonds. See the caption “THE BONDS—Redemption—Extraordinary Redemption.”

CONTINUING DISCLOSURE

District

Pursuant to a Continuing Disclosure Certificate, dated the date of issuance of the Bonds (the “**District Disclosure Certificate**”), the District has agreed to provide, or cause to be provided, to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“EMMA”) system: (a) certain annual financial information and operating data concerning the District (the “**District Annual Report**”); and (b) notice of certain enumerated events within ten business days after they occur. The District Annual Report is to be filed not later than April 1 of each year, beginning April 1, 2020 (provided that the first District Annual Report will consist solely of this Official Statement). The District Disclosure Certificate has been entered into in order to assist the Underwriter in complying with Section (b)(5) of Rule 15c2-12.

It should be noted that the District is required to file certain financial statements with the District Annual Report. This requirement has been included in the District Disclosure Certificate solely to satisfy the provisions of Rule 15c2-12. The inclusion of this information does not mean that the Bonds are secured by any resources or property of the District or the City other than as described in this Official Statement. See the caption “SPECIAL RISK FACTORS—Limited Obligations.”

In the past five years, the District has complied in all material respects with its continuing disclosure undertakings under Rule 15c2-12. Although the City is not an obligated party under the District Disclosure Certificate, City staff will be responsible for filing the District Annual Reports on behalf of the District. In the past five years, the City filed notices of ratings changes with respect to certain of its outstanding obligations after the time by which such notices were required to be filed under prior continuing disclosure undertakings of the City. Except as disclosed in the previous sentence, the City has not failed to comply in all material respects with its continuing disclosure obligations in the past five years.

In order to ensure compliance with its continuing disclosure obligations in the future, the City has engaged Willdan Financial Services to assist the City and the District with their respective continuing disclosure filings. In addition, in June 2019, the City adopted a comprehensive continuing disclosure policy, including provisions addressing the amendments to Rule 15c2-12 that went into effect in February 2019.

The proposed form of the District Disclosure Certificate is set forth in Appendix D-1.

Developer

The Developer is not an obligated party under Rule 15c2-12. However, pursuant to a continuing disclosure certificate, dated the date of issuance of the Bonds (the “**Developer Disclosure Certificate**”), the Developer has voluntarily agreed to provide, or cause to be provided, to the EMMA system: (a) certain information concerning the Developer and the parcels that it owns within Improvement Area No. 2 (the “**Developer Annual Report**”); (b) and notice of certain enumerated events. Each Developer Annual Report is to be filed not later than October 31 of each year, beginning October 31, 2020.

The obligations of the Developer under the Developer Disclosure Certificate will terminate upon the earlier of: (i) legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date on which the Developer owns fewer than 8 parcels in Improvement Area No. 2; (iii) the date on which the Developer has no obligations under the Developer Disclosure Certificate with respect to any property because such obligations have been assumed by one or more Major Property Owners or Affiliates thereof pursuant to an Assumption Agreement (as such terms are defined in the Developer Disclosure Certificate); (iv) the date on which the Developer prepays in full all of the Special Taxes that are attributable to its property in Improvement Area No. 2.

[DISCUSSION OF PRIOR COMPLIANCE TO COME].

The proposed form of the Developer Disclosure Certificate is set forth in Appendix D-2.

LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel. The form of Bond Counsel's opinion with respect to the Bonds is set forth in Appendix E. In addition to serving as Bond Counsel in connection with the issuance and sale of the Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, has served as Disclosure Counsel to the District. Certain legal matters will be passed on for the City and the District by the City Attorney, for the Underwriter by Jones Hall, A Professional Law Corporation, San Francisco, for the Trustee by its counsel, and for the Developer by its in-house counsel.

TAX EXEMPTION

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the District, the Underwriter and others and is subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the "**Code**") that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

In the opinion of Bond Counsel, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity of such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Beneficial Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Beneficial Owner will increase the Beneficial Owner basis in the applicable Bond. The amount of original issue discount that accrues to the Beneficial Owner of a Bond is excluded from the gross income of such Beneficial Owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

The amount by which an Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in an Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The IRS has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar municipal obligations). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE OR LOCAL TAX TREATMENT OF THE BONDS, INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Bond Counsel's opinion may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (and original issue discount) with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

Although Bond Counsel will render an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, ownership of the Bonds and the accrual or receipt of interest (and original issue discount) on the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

Should interest (and original issue discount) on the Bonds become includable in gross income for federal income tax purposes, the Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed in accordance with the Indenture.

A copy of the proposed form of opinion of Bond Counsel for the Bonds is set forth in Appendix E.

NO LITIGATION

At the time of delivery of and payment for the Bonds, the District will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the District, threatened against the District affecting the existence of the District or the titles of its directors or officers to their respective offices or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Indenture, or in any way contesting or affecting the validity or enforceability of the Bonds, the Indenture, or any action of the District contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the District or its authority with respect to the Bonds or any action of the District contemplated by any of said documents, nor to the knowledge of the District, is there any basis therefor.

NO RATING

The Bonds have not been rated by any credit rating agency.

UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”). The Underwriter has agreed to purchase the Bonds at a price of \$_____ (being \$_____ aggregate principal amount of the Bonds, less Underwriter’s discount of \$_____ and plus a net original issue premium of \$_____). The purchase agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in such purchase agreement, the approval of certain legal matters by counsel and certain other conditions.

The initial offering prices stated on the inside front cover page of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts), dealer banks, banks acting as agent and others at prices lower than said public offering prices.

FINANCIAL INTERESTS

The fees being paid to the Underwriter, Underwriter’s Counsel and Bond Counsel/Disclosure Counsel are contingent upon the issuance and delivery of the Bonds. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the Bonds.

PENDING LEGISLATION

The District is not aware of any significant pending legislation that would have material adverse consequences on the Bonds or the ability of the District to pay the principal of and interest on the Bonds when due.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations and summaries and explanations of the Bonds and documents contained in this Official Statement do not purport to be complete, and reference is made to such documents for full and complete statements and their provisions.

This Official Statement is submitted only in connection with the sale of the Bonds by the District. This Official Statement does not constitute a contract with the purchasers of the Bonds.

The execution and delivery of this Official Statement by the City Manager of the City has been duly authorized by the City Council, acting in its capacity as the legislative body of the District.

COMMUNITY FACILITIES DISTRICT NO. 2016-1
(MONTE BELLA) OF THE CITY OF SALINAS

By: _____
City Manager

APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

COMMUNITY FACILITIES DISTRICT NO. 2016-1 (MONTE BELLA) OF THE CITY OF SALINAS (IMPROVEMENT AREA NO. 2)

The following sets forth the Rate and Method of Apportionment for the levy and collection of Special Taxes in the City of Salinas (“City”) Community Facilities District No. 2016-1 (“CFD No. 2016-1”), Improvement Area No. 2 (“IA No. 2”). The Special Tax shall be levied on and collected in CFD No. 2016-1 IA No. 2 each Fiscal Year, in an amount determined through the application of the Rate and Method of Apportionment described below. All of the real property within CFD No. 2016-1 IA No. 2, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

SECTION A DEFINITIONS

The terms hereinafter set forth have the following meanings:

“Acre or Acreage” means the land area of an Assessor’s Parcel as shown on an Assessor’s Parcel Map, or if the land area is not shown on an Assessor’s Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map or instrument. The square footage of an Assessor’s Parcel is equal to the Acreage multiplied by 43,560.

“Act” means the Mello-Roos Communities Facilities Act of 1982, as amended, being Chapter 2.5, Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

“Administrative Expenses” means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2016-1 IA No. 2: the costs of computing the Special Taxes and preparing the Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2016-1 IA No. 2 or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 2016-1 IA No. 2 or any designee thereof of complying with disclosure requirements of the City, CFD No. 2016-1 IA No. 2 or obligated persons associated with applicable federal and state securities laws and the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 2016-1 IA No. 2 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and the City’s annual administration fees and third party expenses. Administration Expenses shall also include amounts estimated by the CFD Administrator or advanced by the City or CFD No. 2016-1 IA No. 2 for any other administrative purposes of CFD No. 2016-1 IA No. 2, including attorney’s fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

“Affordable Housing Property” means up to, but no more than, eight Assessor’s Parcels of Residential Property within CFD No. 2016-1 IA No. 2 for which the City has designated such property as Affordable Housing Property.

“Approved Property” means all Assessor’s Parcels of Taxable Property: (i) that are included in a Final Map that was recorded prior to the January 1st preceding the Fiscal Year in which the Special Tax is being levied, and (ii) that have not been issued a building permit on or before May 1st preceding the Fiscal Year in which the Special Tax is being levied.

“Assessor’s Parcel” means a lot or parcel of land designated on an Assessor’s Parcel Map with an assigned Assessor’s Parcel Number.

“Assessor’s Parcel Map” means an official map of the Assessor of the County designating parcels by Assessor’s Parcel Number.

“Assessor’s Parcel Number” means that number assigned to an Assessor’s Parcel by the County for purposes of identification.

“Assigned Special Tax” means the Special Tax of that name described in Section D below.

“Backup Special Tax” means the Special Tax of that name described in Section E below.

“Bonds” means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to which Special Taxes within CFD No. 2016-1 IA No. 2 have been pledged.

“Building Square Footage” or “BSF” means the square footage of assessable internal living space, exclusive of garages or other structures not used as living space, as determined by reference to the building permit application for such Assessor’s Parcel.

“Calendar Year” means the period commencing January 1 of any year and ending the following December 31.

“CFD Administrator” means an official of the City, or designee thereof, responsible for (i) determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

“CFD No. 2016-1” means Community Facilities District No. 2016-1 established by the City under the Act.

“City” means the City of Salinas.

“City Council” means the City Council of the City of Salinas, acting as the Legislative Body of CFD No. 2016-1, or its designee.

“County” means the County of Monterey.

“Developed Property” means all Assessor’s Parcels of Taxable for which a building permit for new construction was issued on or before May 1st preceding the Fiscal Year in which the Special Tax is being levied.

“Exempt Property” means all Assessor’s Parcels designated as being exempt from Special Taxes as provided for in Section J.

“Final Map” means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 1352 that creates individual lots for which building permits may be issued without further subdivision.

“Fiscal Year” means the period commencing on July 1 of any year and ending the following June 30.

“Indenture” means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

“IA No. 2” means Improvement Area No. 2 of CFD No. 2016-1, as identified on the most recent boundary map for CFD No. 2016-1 on file with the County of Monterey Recorder’s Office.

“Land Use Type” means any of the types listed in Table 1 of Section D.

“Maximum Special Tax” means the Maximum Special Tax, determined in accordance with Section C, that can be levied within CFD No. 2016-1 IA No. 2 in any Fiscal Year on any Assessor’s Parcel.

“Non-Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit was issued for any type of non-residential use.

“Partial Prepayment Amount” means the amount required to prepay a portion of the Special Tax obligation for an Assessor’s Parcel, as described in Section H.

“Prepayment Amount” means the amount required to prepay the Special Tax obligation in full for an Assessor’s Parcel, as described in Section G.

“Proportionately” means that the ratio of the actual Special Tax levy to the applicable Assigned Special Tax is equal for all applicable Assessor’s Parcels. In case of Developed Property subject to the apportionment of the Special Tax under step four of Section F, “Proportionately” in step four means that the quotient of (a) actual Special Tax less the Assigned Special Tax divided by (b) the Backup Special Tax less the Assigned Special Tax, is equal for all applicable Assessor’s Parcels.

“Provisional Undeveloped Property” means all Assessor’s Parcels of Taxable Property that would otherwise be classified as Exempt Property pursuant to the provisions of Section J, but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property below the required minimum Acreage set forth in Section J.

“Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

“Single Family Property” means all Assessor’s Parcels of Residential Property other than Affordable Housing Property.

“Single Family Unit” means a residential dwelling unit other than an Affordable Housing Unit.

“Special Tax” means any of the special taxes authorized to be levied within CFD No. 2016-1 IA No. 2 pursuant to the Act.

“Special Tax Requirement” means the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, (v) an amount equal to any anticipated shortfall due to Special Tax delinquencies in the prior Fiscal Year, and (vi) the collection or accumulation of funds for the acquisition or construction of facilities authorized by CFD No. 2016-1 provided that the inclusion of such amount does not cause an increase in the levy of Special Tax on Approved Property or Undeveloped Property as set forth in Step Two and Step Three of Section F., less (vii) any amounts available to pay debt service or other periodic costs on the Bonds pursuant to the Indenture.

“Taxable Property” means all Assessor’s Parcels within CFD No. 2016-1 IA No. 2, which are not Exempt Property.

“Trustee” means the trustee, fiscal agent, or paying agent under the Indenture.

“Undeveloped Property” means all Assessor’s Parcels of Taxable Property which are not Developed Property, Approved Property or Provisional Undeveloped Property.

SECTION B CLASSIFICATION OF ASSESSOR’S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2016-17, each Assessor’s Parcel within Improvement Area No. 2 shall be classified as Taxable Property or Exempt Property. In addition, each Assessor’s Parcel of Taxable Property shall be further classified as Developed Property, Approved Property, Undeveloped Property or Provisional Undeveloped Property. In addition, each Assessor’s Parcel of Developed Property shall further be classified as Residential Property or Non-Residential Property. Lastly, each Assessor’s Parcel of Residential Property shall further be classified as a Single Family Property or Affordable Housing Property, and each Assessor’s Parcel of Single Family Property shall be assigned to its appropriate Assigned Special Tax rate based on its Building Square Footage.

SECTION C MAXIMUM SPECIAL TAX

1. Developed Property

The Maximum Special Tax for each Assessor’s Parcel of Single Family Property in any Fiscal Year shall be the greater of (i) the Assigned Special Tax or (ii) the Backup Special Tax.

The Maximum Special Tax for each Assessor’s Parcel of Non-Residential Property shall be the applicable Assigned Special Tax described in Table 1 of Section D.

Prior to the issuance of Bonds, the Assigned Special Tax on Developed Property set forth in Table 1 may be reduced in accordance with, and subject to the conditions set forth in this paragraph. If it is reasonably determined by the CFD Administrator that the overlapping debt burden (as defined in the Statement of Goals and Policies for the Use of the Mello-Roos Community Facilities Act of 1982 adopted by the City Council as of the date of formation of CFD No. 2016-1, the “Goals and Policies”) calculated pursuant to the Goals and Policies exceeds the City’s maximum level objective set forth in such document, the Maximum Special Tax on Developed Property may be reduced (by modifying Table 1) to the amount necessary to satisfy the City’s objective with respect to the maximum overlapping debt burden level with the written consent of the CFD Administrator. In order to reduce the Maximum Special Tax on Developed Property it may be necessary to reduce the Maximum Special Tax for Undeveloped Property. The reductions permitted pursuant to this paragraph shall be reflected in an amended Notice of Special Tax Lien which the City shall cause to be recorded by executing a certificate in substantially the form attached hereto as Exhibit “A”.

2. Multiple Land Use Type

In some instances an Assessor’s Parcel of Developed Property may contain more than one Land Use Type. The Maximum Special Tax levied on an Assessor’s Parcel shall be the sum of the Maximum Special Tax for all Land Use Types located on the Assessor’s Parcel. The CFD Administrator’s allocation to each type of property shall be final.

3. Approved Property, Undeveloped Property and Provisional Undeveloped Property

The Maximum Special Tax for each Assessor's Parcel classified as Approved Property, Undeveloped Property, or Provisional Undeveloped Property in any Fiscal Year shall be the applicable Assigned Special Tax.

**SECTION D
ASSIGNED SPECIAL TAX**

1. Developed Property

Each Fiscal Year, each Assessor's Parcel of Single Family Property or Non-Residential Property shall be subject to an Assigned Special Tax. The Assigned Special Tax applicable to an Assessor's Parcel of Developed Property for Fiscal Year 2016-17 shall be determined pursuant to Table 1 below.

TABLE 1

**Improvement Area No. 2
For Fiscal Year 2016-17
Assigned Special Tax for Developed Property**

Land Use Type	Building Square Footage	Rate
Single Family Property	Up to 1,800 SF	\$2,337 per Single Family Unit
Single Family Property	1,801 SF to 2,000 SF	\$2,427 per Single Family Unit
Single Family Property	2,001 SF to 2,200 SF	\$2,524 per Single Family Unit
Single Family Property	2,201 SF to 2,400 SF	\$2,623 per Single Family Unit
Single Family Property	Greater than 2,400 SF	\$2,720 per Single Family Unit
Non-Residential Property	N/A	\$24,007 per Acre

2. Approved Property, Undeveloped Property and Provisional Undeveloped Property

Each Fiscal Year, each Assessor's Parcel of Approved Property, Undeveloped Property and Provisional Undeveloped Property shall be subject to an Assigned Special Tax. The Assigned Special Tax rate for an Assessor's Parcel classified as Approved Property, Undeveloped Property and Provisional Undeveloped Property for Fiscal Year 2016-17 shall be \$24,007 per Acre.

**SECTION E
BACKUP SPECIAL TAX**

At the time a Final Map is recorded, the Backup Special Tax for all Assessor's Parcels of Developed Property classified or reasonably expected to be classified as a Single Family Property within such Final Map area shall be determined by (i) multiplying (a) the Maximum Special Tax rate for Undeveloped Property by (b) the total Acreage of Taxable Property in such Final Map area, excluding Acreage classified as Provisional Undeveloped Property, Acreage classified or reasonably expected to be classified as Non-Residential Property, and any Acreage reasonably expected to be classified as Exempt Property in such Final Map area, and (ii) dividing the results in (i) by the total number of Single Family Units reasonably expected to be constructed within such Final Map area less the number of Affordable Housing Property units within CFD No. 2016-1 IA No. 2. The resulting quotient shall be the Backup Special Tax for each Assessor's Parcel of Single Family Property within such Final Map area.

The Backup Special Tax shall not apply to Non-Residential Property.

Notwithstanding the foregoing, if Assessor's Parcels of Developed Property which are classified or to be classified as Single Family Property are subsequently changed or modified by recordation of a lot line adjustment or similar instrument, then the Backup Special Tax for the area that has been changed or modified shall be recalculated, based on the methodology above, to equal the amount of Backup Special Tax that would have been generated if such change did not take place.

SECTION F METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing Fiscal Year 2016-17 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes on all Taxable Property in accordance with the following steps:

- Step One: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax rates in Table 1 to satisfy the Special Tax Requirement.
- Step Two: If additional moneys are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Approved Property at up to 100% of the Maximum Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.
- Step Three: If additional moneys are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.
- Step Four: If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to 100% of the Backup Special Tax as needed to satisfy the Special Tax Requirement.
- Step Five: If additional moneys are needed to satisfy the Special Tax Requirement after the first four steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Provisional Undeveloped Property up to 100% of the Maximum Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent as a consequence of delinquency or default by the owner of any other Assessor's Parcel within CFD No. 2016-1 IA No. 2.

SECTION G PREPAYMENT OF SPECIAL TAX

The following additional definitions apply to this Section G:

"CFD Public Facilities" means \$1,938,924 expressed in 2016 dollars, which shall increase by the Construction Inflation Index on July 1, 2017, and on each July 1 thereafter, or such lower amount (i) determined by the City Council as sufficient to provide the public facilities under the authorized bonding program for CFD No. 2016-1 IA No. 2, or (ii) determined by the City Council concurrently with a covenant

that it will not issue any more Bonds to be supported by Special Taxes levied under this Rate and Method of Apportionment.

“Construction Fund” means an account specifically identified in the Indenture or functionally equivalent to hold funds, which are currently available for expenditure to acquire or construct public facilities eligible under CFD No. 2016-1 IA No. 2.

“Construction Inflation Index” means the annual percentage change in the Engineering News-Record Building Cost Index 20-City average measured as of the Calendar Year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the City that is reasonably comparable to the Engineering News-Record Building Cost Index.

“Future Facilities Costs” means the CFD Public Facilities minus public facility costs available to be funded, or which have been funded by the Outstanding Bonds, and minus public facility costs funded by interest earnings on the Construction Fund actually earned prior to the date of prepayment.

“Outstanding Bonds” means all previously issued Bonds issued and secured by the levy of Special Taxes which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding Bonds to be redeemed at a later date with the proceeds of prior prepayments of Special Taxes.

The Special Tax obligation of an Assessor’s Parcel of Developed Property, or an Assessor’s Parcel of Approved Property or Undeveloped Property for which a building permit has been issued or is expected to be issued, or an Assessor’s Parcel of Provisional Undeveloped Property may be prepaid in full, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor’s Parcel at the time the Special Tax obligation would be prepaid. The Prepayment Amount for an Assessor’s Parcel eligible for prepayment shall be determined as described below.

An owner of an Assessor’s Parcel intending to prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such notice the CFD Administrator shall notify such owner of the Prepayment Amount of such Assessor’s Parcel. The CFD Administrator may charge a reasonable fee for providing this service. Prepayment must be made not less than 45 days prior to the next occurring date that notice of redemption of Bonds from the proceeds of such prepayment may be given by the Trustee pursuant to the Indenture.

The Prepayment Amount for each applicable Assessor’s Parcel shall be calculated according to the following formula (capitalized terms defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Cost
plus	Administrative Fee
less	Reserve Fund Credit
<u>less</u>	<u>Capitalized Interest Credit</u>
equals	Prepayment Amount

As of the date of prepayment, the Prepayment Amount shall be calculated as follows:

1. For an Assessor’s Parcel of Developed Property, compute the Assigned Special Tax and Backup Special Tax, if any, applicable to the Assessor’s Parcel. For an Assessor’s Parcel of Approved Property or Undeveloped Property, compute the Assigned Special Tax and the Backup Special Tax as though it was already designated as Developed Property based upon the building permit issued or expected to be issued for that Assessor’s Parcel. For an

Assessor's Parcel of Provisional Undeveloped Property compute the Assigned Special Tax for that Assessor's Parcel.

2. For each Assessor's Parcel of Developed Property, Approved Property, Undeveloped Property or Provisional Undeveloped Property to be prepaid, (a) divide the Assigned Special Tax computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Assigned Special Tax applicable to all Assessor's Parcels of Taxable Property at buildout, as reasonably determined by the City, and (b) divide the Backup Special Tax computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Backup Special Tax applicable to all Assessor's Parcels of Taxable Property at buildout, as reasonably determined by the City.
3. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the Outstanding Bonds. The product shall be the "Bond Redemption Amount".
4. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed with the proceeds of the Bond Redemption Amount. This product is the "Redemption Premium."
5. Compute the Future Facilities Cost.
6. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the amount determined pursuant to paragraph 5 to determine the Future Facilities Cost to be prepaid (the "Future Facilities Amount").
7. Compute the amount needed to pay interest on the Bond Redemption Amount to be redeemed with the proceeds of the Prepayment Amount until the earliest redemption date for the Outstanding Bonds.
8. Determine the actual Special Tax levied on the Assessor's Parcel in the current Fiscal Year which has not yet been paid.
9. Estimate the amount of interest earnings to be derived from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the earliest redemption date for the Outstanding Bonds.
10. Add the amounts computed pursuant to paragraph 7 and 8 and subtract the amount computed pursuant to paragraph 9. This difference is the "Defeasance Cost."
11. Estimate the administrative fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption. This amount is the "Administrative Fee."
12. Calculate the "Reserve Fund Credit" as the lesser of: (a) the expected reduction in the applicable reserve requirements, if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirements in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the applicable reserve funds on the prepayment date. Notwithstanding the foregoing, if the reserve fund requirement is satisfied by a surety bond or other instrument at the time of the prepayment, then no Reserve Fund Credit shall be given. Notwithstanding the foregoing, the Reserve Fund Credit shall in no event be less than 0.

13. If any capitalized interest for the Outstanding Bonds will not have been expended as of the date immediately following the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the expected balance in the capitalized interest fund or account under the Indenture after such first interest and/or principal payment. This amount is the "Capitalized Interest Credit."
14. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance Cost, and the Administrative Fee, less the Reserve Fund Credit and the Capitalized Interest Credit.
15. From the Prepayment Amount, the amounts computed pursuant to paragraphs 3, 4, 10, 12, and 13 shall be deposited into the appropriate fund as established under the Indenture and used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to paragraph 6 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 11 shall be retained by Improvement Area No. 2.

The Special Tax prepayment amount may be insufficient to redeem a full \$5,000 increment of Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of Bonds or to make debt service payments.

With respect to a Special Tax obligation that is prepaid pursuant to this Section G, the CFD Administrator shall indicate in the records of CFD No. 2016-1 IA No. 2 that there has been a prepayment of the Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such prepayment to indicate the prepayment of the Special Tax obligation and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Special Taxes shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Special Tax that may be levied on Taxable Property, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

SECTION H

PARTIAL PREPAYMENT OF SPECIAL TAX

The Special Tax obligation of an Assessor's Parcel of Developed Property, or an Assessor's Parcel of Approved Property or Undeveloped Property for which a building permit has been issued or is expected to be issued, or and Assessor's Parcel of Provisional Undeveloped Property, as calculated in this Section H below, may be partially prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax obligation would be prepaid.

The Partial Prepayment Amount shall be calculated according to the following formula:

$$PP = (P_G - A) \times F + A$$

The terms above have the following meanings:

- PP = the Partial Prepayment Amount.
- P_G = the Prepayment Amount calculated according to Section G.
- F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Special Tax obligation.
- A = the Administrative Fee calculated according to Section G.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of such owner's intent to partially prepay the Special Tax and the percentage by which the Special Tax shall be prepaid. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for an Assessor's Parcel within 30 days of the request and may charge a reasonable fee for providing this service. With respect to any Assessor's Parcel that is partially prepaid, the City Council shall (i) distribute the funds remitted to it according to Section G, and (ii) indicate in the records of CFD No. 2016-1 that there has been a partial prepayment of the Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such partial prepayment of the Special Tax obligation to indicate the obligation of such Assessor's Parcel to pay such prepaid portion of the Special Tax shall cease.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Special Tax that may be levied on Taxable Property after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

SECTION I TERMINATION OF SPECIAL TAX

For each Fiscal Year that any Bonds are outstanding the Special Tax shall be levied on all Assessor's Parcels subject to the Special Tax. The Special Tax shall cease not later than the 2056-57 Fiscal Year, provided however that the Special Taxes will cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined (i) that all required interest and principal payments on the CFD No. 2016-1 IA No. 2 Bonds have been paid; (ii) all authorized facilities for CFD No. 2016-1 have been acquired and all reimbursements for eligible facilities have been paid, (iii) no delinquent Special Taxes remain uncollected and (iv) all other obligations of Improvement Area No. 2 have been satisfied.

SECTION J EXEMPTIONS

The City shall classify as Exempt Property, in order of priority, (i) Assessor's Parcels which are owned by, irrevocably offered for dedication, encumbered by or restricted in use by the State of California, Federal or other local governments, including school districts, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels which are owned by, irrevocably offered for dedication, encumbered by or restricted in use by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels which are privately owned and are encumbered by or restricted solely for public uses, (vi) Assessor's Parcels restricted to other types of public uses determined by the City Council, provided that no such classification would reduce the sum of all Taxable Property to less than 6.64 Acres, or (vii) up to, but no more than, eight Assessor's Parcels within CFD No. 2016-1 IA No. 2 that have been designated as Affordable Housing Property by the City.

Notwithstanding the above, the City Council shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than 6.64 Acres. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 6.64 Acres will be classified as Provisional Undeveloped Property, and will be subject to Special Taxes pursuant to Step Five in Section F.

SECTION K MANNER OF COLLECTION OF SPECIAL TAX

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 2016-1 may collect Special Taxes at a different time or in a different

manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

SECTION L APPEALS

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the CFD Administrator not later than thirty-six (36) months after having paid the first installment of the Special Tax that is disputed. The CFD Administrator shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the CFD Administrator's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, the CFD Administrator shall take one of the following actions, in order of priority, in order to correct the error:

- i. amend the Special Tax levy for the current fiscal year prior to the payment date;
- ii. require CFD No. 2016-1 to reimburse the taxpayer the amount of the overpayment to the extent of available funds; or
- iii. grant a credit against, eliminate, or reduce the future Special Tax levied on the taxpayer's property in the amount of the overpayment.

The City Council may interpret this Rate and Method of Apportionment for purposes of clarifying any ambiguity and make determinations relative to the annual administration of the Special Tax and any landowner or residents appeals. Any decision of the City Council shall be final and binding as to all persons.

EXHIBIT "A"

CITY OF SALINAS AND CFD NO. 2016-1, IMPROVEMENT AREA NO. 2 CERTIFICATE

1. Pursuant to Section C of the Rate and Method of Apportionment of Special Tax (the "RMA"), the City of Salinas (the "City") and Community Facilities District No. 2016-1, Improvement Area No. 2 of the City of Salinas ("CFD No. 2016-1 IA No. 2") hereby agree to a reduction in the Maximum Special es:
 - (a) The information in Table 1 relating to the Maximum Special Tax for Developed Property, Approved Property, and/or Undeveloped Property within CFD No. 2016-1 IA No. 2 shall be modified as follows:

[insert Table 1 showing effective change to special tax]

2. Table 1 may only be modified prior to the issuance of Bonds.
3. Upon execution of the Certificate by the City and CFD No. 2016-1 IA No. 2 the City shall cause an amended Notice of Special Tax Lien for CFD No. 2016-1 IA No. 2 to be recorded reflecting the modifications set forth herein.

By execution hereof, the undersigned acknowledges, on behalf of the City of Salinas and CFD No. 2016-1 IA No. 2 receipt of this Certificate and modification of the RMA as set forth in this Certificate.

CITY OF SALINAS

By: _____
CFD Administrator

Date: _____

COMMUNITY FACILITIES DISTRICT NO. 2016-1
IMPROVEMENT AREA NO. 2
OF THE CITY OF SALINAS

By: _____

Date: _____

APPENDIX B

SUPPLEMENTAL INFORMATION CONCERNING THE CITY OF SALINAS AND THE COUNTY OF MONTEREY

The following information is presented as general background data. The Bonds are payable solely from the Net Taxes as described in the Official Statement. The taxing power of the City of Salinas, the County of Monterey, the State of California or any political subdivision thereof other than the District is not pledged to the payment of the Bonds.

General

The City of Salinas (the “City”) is located in the County of Monterey (the “County”) in the Central Coast region of California, 17 miles inland from the Monterey Bay, 325 miles north of Los Angeles and 106 miles south of San Francisco. The City was incorporated as a charter city in 1874. The City has an area of approximately twenty-four square miles.

The City provides a wide range of municipal services, including public safety (police and fire), public works-maintenance services (streets, lighting, signals, facilities, parks and trees), development and permit services, current and advanced planning and traffic and facilities engineering, library, recreation and general administrative services. Business-type services include a municipal airport, industrial waste system, two municipal golf courses, sanitary sewer and storm drain systems, water utility and a parking district.

Government

The City operates under a Council/Manager form of government. Councilmembers are elected by districts for four year alternating terms and a mayor is elected at large for a two year term. The City Council appoints the City Attorney and the City Manager who is responsible for day-to-day administration of the City under the policy direction of the City Council. The population of the City is estimated to be approximately 161,784.

The City Council members and the expiration dates of their respective terms are as follows:

<i>Name</i>	<i>Office</i>	<i>Term Expires</i>
Joe Gunter	Mayor	November 2018
Scott Davis	Council Member	November 2020
Tony Barrera	Council Member	December 2018
Steve McShane	Council Member	December 2018
Gloria De La Rosa	Council Member	November 2020
Kimbley Craig	Council Member	December 2018
John “Tony” Villegas	Council Member	November 2020

Retail Sales

The table below present taxable sales for the years 2007 through 2016, the latest date for which such information is available, for the County.

COUNTY OF MONTEREY TAXABLE SALES (DOLLARS IN THOUSANDS)

<i>Year</i>	<i>Permits</i>	<i>Taxable Transactions</i>	<i>Percentage Change</i>
2007	11,161	\$5,680,652	N/A
2008	11,168	5,399,594	(4.9)%
2009	10,125	4,705,845	(12.8)
2010	10,204	4,955,562	5.3
2011	10,268	5,312,732	7.2
2012	10,184	5,637,445	6.1
2013	10,389	5,910,531	4.8
2014	10,535	6,200,747	4.9
2015	11,534	6,406,116	3.3
2016	11,725	6,665,936	3.9

Source: California State Board of Equalization, Research and Statistics Division.

The table below present taxable sales for the years 2007 through 2016, the latest date for which such information is available, for the City.

CITY OF SALINAS TAXABLE SALES (DOLLARS IN THOUSANDS)

<i>Year</i>	<i>Permits</i>	<i>Taxable Transactions</i>	<i>Percentage Change</i>
2007	2,879	\$2,147,060	N/A
2008	2,900	2,014,337	(6.1)%
2009	2,589	1,725,730	(14.3)
2010	2,641	1,791,469	3.8
2011	2,665	1,984,048	10.7
2012	2,661	2,089,040	5.2
2013	2,703	2,174,732	4.1
2014	2,759	2,265,218	4.1
2015	3,030	2,340,849	3.3
2016	3,053	2,458,354	4.8

Source: California State Board of Equalization, Research and Statistics Division.

Population

Historic population information for the City, the County and the State of California is set forth below.

SALINAS, COUNTY OF MONTEREY, STATE OF CALIFORNIA POPULATION

<i>Area</i>	<i>2010</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>
City of Salinas	150,441	159,308	161,273	161,521	161,784
County of Monterey	415,057	432,740	438,175	442,149	443,281
State of California	37,253,956	38,912,464	39,179,627	39,500,973	39,809,693

Source: State of California, Department of Finance *E-4 Population Estimates for Cities, Counties and State, 2011-2018, with 2010 Benchmark*, Sacramento, California, May 2018.

Employment

Residents of the City find employment throughout the Salinas Metropolitan Division (the “**Metropolitan Division**”). The following tables set forth certain employment data for the Metropolitan Division.

The following table represents the Annual Average Labor Force and Industry Employment for the Metropolitan Division for the years 2013 through 2017.

**SALINAS MSA
(MONTEREY COUNTY)
ANNUAL AVERAGE INDUSTRY EMPLOYMENT 2012-2017**

	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>
Total Farm	50,100	52,200	53,000	53,300	52,500
Total Nonfarm	126,600	129,800	133,100	136,200	138,600
Goods Producing	10,000	10,400	11,100	11,400	11,800
Natural Resources and Mining	200	200	300	200	200
Construction	4,500	4,900	5,200	5,800	6,000
Manufacturing	5,300	5,400	5,500	5,400	5,600
Service Providing	116,600	119,400	122,100	124,800	126,800
Trade, Transportation and Utilities	25,400	25,700	26,000	26,100	26,100
Wholesale Trade	5,200	5,400	5,300	5,300	5,700
Retail Trade	16,200	16,200	16,400	16,500	16,400
Transportation, Warehousing and Utilities	4,000	4,000	4,300	4,200	4,100
Information	1,500	1,400	1,300	1,100	1,100
Financial Activities	4,000	4,000	4,100	4,200	4,300
Professional and Business Services	11,300	12,100	12,800	13,400	13,200
Educational and Health Services	17,500	18,000	18,400	18,800	19,600
Leisure and Hospitality	21,900	22,800	23,400	24,300	24,500
Other Services	4,800	4,900	5,000	5,100	5,200
Government	30,200	30,600	31,100	31,900	33,000
Total, All Industries	176,700	182,000	186,100	189,500	191,100

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.

Source: State of California, Employment Development Department, Labor Market Information Division, Salinas Metropolitan Division, Industry Employment & Labor Force - by Annual Average, March 2017 Benchmark.

The following table summarizes the labor force, employment and unemployment figures for the years 2012 through 2017 for the City, the County, the State and the nation as a whole.

**SALINAS, COUNTY OF MONTEREY, STATE OF CALIFORNIA AND UNITED STATES
AVERAGE ANNUAL CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**

<i>Year and Area</i>	<i>Labor Force⁽¹⁾</i>	<i>Employment⁽²⁾</i>	<i>Unemployment⁽³⁾</i>	<i>Unemployment Rate</i>
2012				
Salinas	78,900	69,300	9,600	12.2%
Monterey County	218,100	192,900	25,300	11.6
California	18,523,800	16,602,700	1,921,100	10.4
United States	154,975,000	142,469,000	12,506,000	8.1
2013				
Salinas	78,400	69,900	8,500	10.8%
Monterey County	216,900	194,600	22,400	10.3
California	18,624,300	16,958,700	1,665,600	8.9
United States	155,389,000	143,929,000	11,460,000	7.4
2014				
Salinas	79,000	71,400	7,500	9.5%
Monterey County	219,000	199,200	19,800	9.0
California	18,755,000	17,348,600	1,406,400	7.5
United States	155,922,000	146,305,000	9,617,000	6.2
2015				
Salinas	79,100	72,400	6,700	8.5%
Monterey County	221,400	203,500	17,900	8.1
California	18,893,200	17,723,300	1,169,900	6.2
United States	157,130,000	148,834,000	8,296,000	5.3
2016				
Salinas	79,700	73,400	6,400	8.0%
Monterey County	220,400	203,800	16,700	7.6
California	19,102,700	18,065,000	1,037,700	5.4
United States	159,187,000	151,436,000	7,751,000	4.9
2017⁽⁴⁾				
Salinas	80,500	74,300	6,200	7.6%
Monterey County	223,200	212,900	10,300	4.6
California	19,353,400	18,516,000	837,400	4.3
United States	160,381,000	153,861,000	6,520,000	4.1

(1) Includes persons involved in labor-management trade disputes.

(2) Includes all persons without jobs who are actively seeking work.

(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

(4) Not strictly comparable with data for prior years.

Source: California Employment Development Department, March 2017 Benchmark and U.S. Department of Labor, Bureau of Labor Statistics.

Largest Employers

The table below sets forth the largest employers within the City as of February 27, 2018, the latest date for which such information is available. Employers are presented in alphabetical order.

CITY OF SALINAS LARGEST EMPLOYERS

<i>Rank</i>	<i>Name of Business</i>	<i>Number of Employees</i>	<i>Type of Business</i>
1.	Cardiology Clinic	500-999	Nurse Practitioners
2.	Hilltown Packing Co.	500-999	Harvesting-Contract
3.	Mann Packing Co.	500-999	Fruits and Vegetables-Growers/Shippers
4.	Monterey County Social Services Community Benefits Division	500-999	Government
5.	Monterey County Social Services Department	500-999	Government
6.	Monterey County Office of Education	500-999	Education
7.	Natividad Medical Center	500-999	Hospital
8.	Salinas Valley Memorial Healthcare	1,000-4,999	Hospital
9.	Salinas Valley Memorial Hospital	1,000-4,999	Hospital
10.	Taylor Farms	1,000-4,999	Fruits and Vegetables-Growers/Shippers

Source: State of California Employment Development Department.

The following table show the largest industries located in the County as of June 30, 2017.

COUNTY OF MONTEREY LARGEST INDUSTRIES⁽¹⁾

<i>Rank</i>	<i>Industry</i>	<i>Employees</i>
1.	Agriculture	66,347
2.	Other Services	60,652
3.	Retail Trade	16,356
4.	Construction & Mining	6,067
5.	Wholesale Trade	5,548
6.	Manufacturing	5,529
7.	Transportation & Warehousing	3,817
8.	Finance & Insurance	2,354
9.	Real Estate, Rental & Leasing	1,803
10.	Information	1,126
11.	Utilities	784

⁽¹⁾ Employment by industry presented because County has been unable to obtain employment numbers for individual employers.

Source: County of Monterey Comprehensive Annual Financial Report for the year ending June 30, 2017.

Personal Income

Personal income is the income that is received by all persons from all sources. It is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance.

The personal income of an area is the income that is received by, or on behalf of, all the individuals who live in the area; therefore, the estimates of personal income are presented by the place of residence of the income recipients.

Total personal income in the County increased by approximately 78% between 2002 and 2016. The following tables summarize personal income for the County for the years 2002 through 2016.

**MONTEREY COUNTY
PERSONAL INCOME
(DOLLARS IN THOUSANDS)**

<i>Year</i>	<i>Personal Income</i>	<i>Annual Percent Change</i>
2002	\$13,041,166	--
2003	13,743,587	5.4%
2004	14,287,740	4.0
2005	14,856,269	4.0
2006	16,082,793	8.3
2007	16,613,668	3.3
2008	16,836,670	1.3
2009	16,801,573	(0.2)
2010	17,246,851	2.7
2011	17,866,246	3.6
2012	18,651,438	4.4
2013	19,184,163	2.9
2014	20,251,502	5.6
2015	22,142,878	9.3
2016	22,827,059	3.1

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

The following tables summarizes per capita personal income for the County, the State of California and the United States for the years 2001 through 2016. This measure of income is calculated as the personal income of the residents of the area divided by the resident population of the area.

**MONTEREY COUNTY, STATE OF CALIFORNIA AND THE UNITED STATES
PER CAPITA PERSONAL INCOME**

<i>Year</i>	<i>Monterey County</i>	<i>California</i>	<i>United States</i>
2001	\$31,554	\$33,671	\$31,540
2002	31,887	33,901	31,815
2003	33,543	35,234	32,692
2004	34,956	37,551	34,316
2005	36,670	39,521	35,904
2006	40,024	42,334	38,144
2007	41,289	43,692	39,821
2008	41,467	44,162	41,082
2009	40,953	42,224	39,376
2010	41,417	43,315	40,277
2011	42,422	45,820	42,453
2012	43,803	48,312	44,267
2013	44,816	48,471	44,462
2014	47,107	50,988	46,414
2015	51,256	53,741	48,112
2016	52,448	56,374	49,246

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

APPENDIX C

SUMMARY OF BOND INDENTURE

The following is a summary of certain provisions of the Indenture that are not described elsewhere. This summary does not purport to be comprehensive and reference should be made to the Indenture for a full and complete statement of the provisions thereof.

[TO COME FROM BOND COUNSEL]

APPENDIX D-1

FORM OF DISTRICT CONTINUING DISCLOSURE CERTIFICATE

Upon issuance of the Bonds, the District proposes to enter into a Continuing Disclosure Certificate in substantially the following form:

This Continuing Disclosure Certificate, dated December __, 2019 (the “**Disclosure Agreement**”) is executed and delivered by Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas (the “**Issuer**”) in connection with the issuance of the Issuer’s \$_____ 2019 Special Tax Bonds (Improvement Area No. 2) (the “**Bonds**”). The Bonds are being issued pursuant to a Bond Indenture, dated as of December 1, 2019 (the “**Bond Indenture**”), by and between the Issuer and The Bank of New York Mellon Trust Company, N.A. The Issuer covenants as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Bond Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Annual Report**” means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“**Beneficial Owner**” means any person which: (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Bonds for federal income tax purposes.

“**City**” means the City of Salinas, California.

“**Disclosure Representative**” means the City Manager of the City, the Finance Director of the City, or the designee thereof, or such other officer or employee as the Issuer shall designate in writing from time to time.

“**Dissemination Agent**” means, initially, the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“**Financial Obligation**” means: (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule and the issuer thereof has entered into a continuing disclosure undertaking for such municipal securities.

“**Fiscal Year**” means the period from July 1 to June 30, or any other period selected by the Issuer as its fiscal year.

“**Improvement Area**” means Improvement Area No. 2 of the Issuer.

“**Listed Events**” means any of the events listed in Section 5(a) and (b) of this Disclosure Agreement.

“**MSRB**” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“**Official Statement**” means the Official Statement relating to the Bonds, dated December __, 2019.

“**RMA**” means the Rate and Method of Apportionment of Special Tax approved by the qualified electors of the Improvement Area.

“**Rule**” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“**State**” means the State of California.

“**Underwriter**” means the original underwriters of the Bonds that are required to comply with the Rule in connection with the offering of the Bonds.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or, upon delivery of the Annual Report to the Dissemination Agent (if other than the Issuer), shall cause the Dissemination Agent to, not later than April 1 of each year, commencing April 1, 2020, provide to the MSRB an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement; provided that the first Annual Report due by April 1, 2020 shall consist solely of the Official Statement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) Not later than fifteen (15) business days prior to each April 1, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB in a timely manner in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to April 1 the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Issuer, certify to the Issuer that the Annual Report has been filed with the MSRB pursuant to this Disclosure Agreement, and stating, to the extent that it can confirm such filing of the Annual Report, the date that it was filed.

SECTION 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Issuer, if any have been prepared, for the most recent Fiscal Year of the Issuer then ended. If the audited financial statements are being prepared and are not available by the time that the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain any available unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. Audited financial statements, if any, of the Issuer shall be audited by such auditor as shall then be required or permitted by State law or the Bond Indenture. Audited financial statements, if prepared by the Issuer, shall be prepared in accordance with generally accepted accounting principles as prescribed for governmental units by the Governmental Accounting Standards Board; provided, however, that the Issuer may from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the Issuer shall modify the basis upon which its financial statements are prepared, the Issuer shall provide a notice of such modification to EMMA, including a reference to the specific federal or state law or regulation specifically describing the legal requirements for the

change in accounting basis. The financial statements of the City shall be filed to the extent that the Issuer does not prepare audited financial statements, but the financial statements of the City shall not be deemed to be the financial statements of the Issuer unless such audited financial statements contain specific information as to the Issuer, its revenues, expenses and account balances. If the City's audited financial statements contain specific information as to the Issuer, its revenues, expenses and account balances, the Issuer's Annual Report shall contain or incorporate by reference the City's audited financial statements. If the City's audited financial statements contain specific information as to the Issuer, its revenues, expenses and account balances, but are not available at the time required for filing, unaudited financial statements of the City that contain specific information as to the Issuer, its revenues, expenses and account balances shall be submitted with the Annual Report and the City's audited financial statements shall be submitted once available.

(b) To the extent not contained in the audited financial statements filed pursuant to subsection (a):

(i) The total dollar amount of delinquencies in the Improvement Area as of each October 1 preceding to the April 1 Annual Report due date and, in the event that the total delinquencies within the Improvement Area as of such October 1 in any year exceed 5% of the Special Tax for the previous year, delinquency information for each parcel, including the amounts of delinquencies, length of delinquency and status of any foreclosure of each such parcel.

(ii) The amount of prepayments of the Special Tax with respect to the Improvement Area for the prior Fiscal Year.

(iii) A land ownership summary listing property owners responsible for more than 5% of the annual Special Tax levy, as shown on the Monterey County Assessor's last equalized tax roll prior to each September preceding the April 1 Annual Report due date.

(iv) The principal amount of the Bonds outstanding and the balance in the Reserve Account (along with a statement of the Reserve Requirement) as of each September 30 preceding the April 1 Annual Report due date.

(v) The total assessed value (per the Monterey County Assessor's records) of all parcels currently subject to the Special Tax within the Improvement Area, showing the total assessed valuation for all parcels within the Improvement Area and with separate columns showing the assessed value of improved and unimproved parcels. Parcels are considered improved if there is an assessed value for the improvements in the Monterey County Assessor's records.

(vi) An updated table in substantially the form of Table [6] in the Official Statement entitled "Estimated Value-to-Lien Ratios Allocated by Property Ownership" based upon the most recent information available, provided that assessed values shown on the Monterey County Assessor's most recent equalized tax roll prior to each September preceding the April 1 Annual Report due date may be substituted for appraised values.

(vii) Any changes to the RMA since the filing of the prior Annual Report.

(viii) A copy of the annual information required to be filed by the City with the California Debt and Investment Advisory Commission pursuant to the Mello-Roos Community Facilities Act of 1982, as amended and relating generally to outstanding Issuer bond amounts, fund balances, assessed values, special tax delinquencies and foreclosure information.

(ix) In addition to any of the information expressly required to be provided under paragraphs (i) through (viii) of this Section, the Issuer shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Any or all of the items listed above may be included by specific reference to other documents, including official statements for debt issues of the Issuer or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

- (i) Principal and interest payment delinquencies.
- (ii) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (iii) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (iv) Substitution of credit or liquidity providers, or their failure to perform.
- (v) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB).
- (vi) Tender offers.
- (vii) Defeasances.
- (viii) Rating changes.
- (ix) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.*
- (x) Bankruptcy, insolvency, receivership or similar proceedings.

Note: For the purposes of the event identified in subparagraph (xi), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not more than ten (10) Business Days after occurrence:

- (i) Unless described in Section 5(a)(v), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds.
- (ii) Modifications to the rights of Bondholders.

* The Issuer shall interpret the events identified in Section 5(a)(ix) in accordance with Release No. 34-83885 adopted by the Securities and Exchange Commission on August 20, 2018 and or any future guidance or releases provided by the Securities and Exchange Commission.

- (iii) Bond calls.
 - (iv) Release, substitution or sale of property securing repayment of the Bonds.
 - (v) Non-payment related defaults.
 - (vi) The consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.
 - (vii) Appointment of a successor or additional trustee or the change of the name of a trustee.
 - (viii) Incurrence of a Financial Obligation of the Issuer or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders.*
- (c) If the Issuer determines that knowledge of the occurrence of a Listed Event under subsection (b) would be material under applicable federal securities laws, and if the Dissemination Agent is other than the Issuer, the Issuer shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to file a notice of such occurrence with the MSRB in an electronic format as prescribed by the MSRB in a timely manner not more than ten (10) Business Days after the event. Notwithstanding the foregoing, notice of Listed Events described in subsection (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected Bonds pursuant to the Bond Indenture.
- (d) If the Issuer determines that a Listed Event under subsection (b) would not be material under applicable federal securities laws and if the Dissemination Agent is other than the Issuer, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence.
- (e) The Issuer hereby agrees that the undertaking set forth in this Disclosure Agreement is the responsibility of the Issuer and, if the Dissemination Agent is other than the Issuer, the Dissemination Agent shall not be responsible for determining whether the Issuer's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the form or content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement. The Dissemination Agent may resign by providing thirty days' written notice to the Issuer and the Trustee. The Dissemination Agent shall have no duty to review any information provided to it by the Issuer. The Dissemination Agent shall have no duty to prepare any information report, nor shall the Dissemination Agent be responsible for filing any report not provided to it by the Issuer in a timely manner and in a form suitable for filing.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is

* The Issuer shall interpret the events identified in Section 5(b)(viii) in accordance with Release No. 34-83885 adopted by the Securities and Exchange Commission on August 20, 2018 and or any future guidance or releases provided by the Securities and Exchange Commission.

permitted by the Rule, and provided further that the Dissemination Agent shall have first consented to any amendment that modifies or increases its duties or obligations hereunder. In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (a) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a); and (b) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or to include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure by the Issuer to comply with any provision of this Disclosure Agreement, any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Bond Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

No Owner or Beneficial Owner may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the Issuer satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the Issuer shall have refused to comply therewith within a reasonable time.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Issuer for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. In performing its duties hereunder, the Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Owners, or any other party. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given to the Dissemination Agent (if other than the Issuer) at such address provided by the Dissemination to the Issuer, and to the Issuer as follows:

Disclosure Representative:	City of Salinas
	200 Lincoln Avenue
	Salinas, California 93901
	Attention: Finance Director

SECTION 13. Beneficiaries. This Disclosure Agreement inures solely to the benefit of the Issuer, the Dissemination Agent, the Underwriter and the Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Signature. This Disclosure Agreement has been executed by the undersigned on the date hereof, and such signature binds the Issuer to the undertaking herein provided.

COMMUNITY FACILITIES DISTRICT NO. 2016-1
(MONTE BELLA) OF THE CITY OF SALINAS

By: _____
Its: City Manager of the City of Salinas

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas

Name of Issue: 2019 Special Tax Bonds (Improvement Area No. 2)

Date of Issuance: December __, 2019

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate executed by the Issuer on the date of issuance of the Bonds. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

Dissemination Agent

By: _____

APPENDIX D-2

FORM OF DEVELOPER CONTINUING DISCLOSURE CERTIFICATE

Upon issuance of the Bonds, the Developer proposes to enter into a Continuing Disclosure Certificate in substantially the following form:

\$ _____
**COMMUNITY FACILITIES DISTRICT NO. 2016-1 (MONTE BELLA) OF THE
CITY OF SALINAS
2019 SPECIAL TAX BONDS
(IMPROVEMENT AREA NO. 2)**

This Developer Continuing Disclosure Certificate, dated December __, 2019 (the “**Disclosure Certificate**”), is made and entered into by KB Home South Bay, Inc., a California corporation (the “**Property Owner**”), in connection with the issuance by Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas (the “**District**”) of its 2019 Special Tax Bonds (Improvement Area No. 2) (the “**Bonds**”). The Bonds are being issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, and a Bond Indenture, dated as of December 1, 2019 (the “**Indenture**”), by and between the District and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”).

The Property Owner covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Property Owner for the benefit of the holders and beneficial owners of the Bonds.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined herein, the following capitalized terms shall have the following meanings:

“**Affiliate**” of another Person means: (a) a Person directly or indirectly owning, controlling, or holding with power to vote, 5% or more of the outstanding voting securities of such other Person; (b) any Person 5% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such other Person; and (c) any Person directly or indirectly controlling, controlled by, or under common control with, such other Person. For purposes hereof, “**control**” means the power to exercise a controlling influence over the management or policies of a Person, unless such power is solely the result of an official position with such Person.

“**Annual Report**” means any Annual Report provided pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“**Annual Report Date**” means October 31 of each year. The first Annual Report Date shall be October 31, 2020.

“**Assumption Agreement**” means an agreement or certificate of a Major Property Owner or an Affiliate thereof for the benefit of the holders and beneficial owners of the Bonds containing terms that are substantially similar to this Disclosure Certificate, whereby such Major Property Owner or Affiliate agrees to provide Annual Reports and notices of Listed Events with respect to the portion of the Property owned by such Major Property Owner and its Affiliates.

“**Bond Counsel**” means an attorney or a firm of attorneys whose experience in matters relating to the issuance of obligations by the states and their political subdivisions and the tax-exempt status of the interest thereon is recognized nationally.

“Dissemination Agent” means the Property Owner or any other dissemination agent designated in writing by the Property Owner and which has filed with the District a written acceptance of such designation.

“Improvement Area” means Improvement Area No. 2 of the District.

“Listed Event” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“Major Property Owner” means, as of any date, an owner of eight or more parcels in the Improvement Area which are subject to the Special Taxes in the Improvement Area.

“MSRB” means the Municipal Securities Rulemaking Board.

“Official Statement” means the Official Statement relating to the Bonds, dated December __, 2019.

“Participating Underwriter” means Stifel, Nicolaus & Company, Incorporated.

“Person” means an individual, a corporation, a partnership, an association, a joint stock company, a trust, a limited liability company, any unincorporated organization or a government or political subdivision thereof.

“Property” means the parcels within the boundaries of the Improvement Area that are owned by the Property Owner as of the date of this Disclosure Certificate.

“Repository” means the MSRB or any other entity designated or authorized by the Securities and Exchange Commission to receive continuing disclosure annual reports in connection with municipal securities. Unless otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

SECTION 3. Provision of Annual Reports.

(a) Not later than each Annual Report Date, the Property Owner shall (or shall cause the Dissemination Agent to) file an Annual Report which is consistent with the requirements of Section 4 with the Repository. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4. The Property Owner shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Property Owner hereunder. The Dissemination Agent may conclusively rely upon such certification of the Property Owner and shall have no duty or obligation to review such Annual Report.

(b) If the Dissemination Agent, if other than the Property Owner, has not received a copy of the Annual Report by fifteen (15) calendar days prior to an Annual Report Date, the Dissemination Agent shall notify the Property Owner of such failure to receive the Annual Report. If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository and the Participating Underwriter by the Annual Report Date, the Dissemination Agent shall send a notice to the Repository in substantially the form attached as Exhibit A.

(c) The Property Owner, or the Dissemination Agent (if other than the Property Owner), shall: (i) provide each Annual Report to the Repository as provided herein; and (ii) if it has provided the applicable report pursuant to clause (i) above, file a report with the District (and the Property Owner, if the Dissemination Agent is other than the Property Owner) certifying that it provided the Annual Report pursuant to this Disclosure Certificate and stating the date when it was provided to the Repository.

SECTION 4. Content of Annual Reports. Each Annual Report shall contain or incorporate by reference the information set forth in Exhibit B, any or all of which may be included by specific reference to other documents, including official statements of debt issues of the Property Owner or public entities, which have been

submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Property Owner shall clearly identify each such other document so included by reference.

In addition to any of the information that is expressly required to be provided in Exhibit B, each Annual Report shall include such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Major Property Owners that are Affiliates of each other may file either separate Annual Reports or combined Annual Reports covering all such entities.

SECTION 5. Reporting of Listed Events.

(a) The Property Owner shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to itself or the Property it owns at the time of the report, if material:

(i) bankruptcy or insolvency proceedings commenced by or against the Property Owner and, if known, any bankruptcy or insolvency proceedings commenced by or against any Affiliate of the Property Owner which are reasonably likely to have a significant impact on the Property Owner's ability to pay Special Taxes or to sell or develop the Property;

(ii) failure to pay any taxes, special taxes (including the Special Taxes) or assessments due with respect to the Property (to the extent the responsibility of the Property Owner) prior to the delinquency date;

(iii) filing of a lawsuit of which the Property Owner is aware against the Property Owner or an Affiliate of the Property Owner seeking damages which is reasonably likely to have a significant impact on the Property Owner's ability to pay Special Taxes or to sell or develop the Property;

(iv) damage to or destruction of any of the improvements on the Property; and

(v) any payment default or other default by the Property Owner on any loan with respect to the construction of improvements on the Property.

(b) Whenever the Property Owner obtains knowledge of the occurrence of a Listed Event, the Property Owner shall as soon as possible determine if such event would be material under applicable Federal securities law.

(c) If the Property Owner determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the Property Owner shall, or shall cause the Dissemination Agent to, promptly file a notice of such occurrence with the Repository, if any, with a copy to the Trustee, the City and the Participating Underwriter.

SECTION 6. Assumption of Obligations. If a portion of the Property owned by the Property Owner, or any Affiliate of the Property Owner, is conveyed to a Person that, upon such conveyance, will be a Major Property Owner, the obligations of the Property Owner hereunder with respect to the Property owned by such Major Property Owner and its Affiliates may be assumed by such Major Property Owner or by an Affiliate thereof. In order to effect such assumption, such Major Property Owner or Affiliate shall enter into an Assumption Agreement.

SECTION 7. Termination of Reporting Obligation. The Property Owner's obligations hereunder shall terminate (except as provided in Section 12 hereof) upon the earliest to occur of: (a) the legal defeasance, prior redemption or payment in full of all the Bonds; or (b) the first date on which the Property Owner: (i) is no longer a Major Property Owner; (ii) has no obligations hereunder with respect to any property because such obligations have been assumed by one or more Major Property Owners or Affiliates thereof pursuant to an Assumption Agreement; or (iii) prepays in full all of the Special Taxes attributable to its Property in the Improvement Area.

Upon the occurrence of any such termination prior to the final maturity of the Bonds, the Property Owner shall, or shall cause the Dissemination Agent to, give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 8. Dissemination Agent. The Property Owner may, from time to time, appoint a Dissemination Agent or discharge a Dissemination Agent with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing thirty (30) days' written notice to the Property Owner and the District. If at any time there is no other designated Dissemination Agent, the Property Owner shall be the Dissemination Agent. If the Dissemination Agent is an entity other than the Property Owner, the Property Owner shall be responsible for paying the fees and expenses of such Dissemination Agent for its services provided hereunder.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, neither the Property Owner nor the Dissemination Agent, if other than the Property Owner, may amend this Disclosure Certificate without the consent of the Participating Underwriter.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Property Owner from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Property Owner chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Property Owner shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Property Owner or the Dissemination Agent to comply with any provision of this Disclosure Certificate, the Dissemination Agent may (and, at the written request of the Participating Underwriter or the Bondowners of at least 25% of the aggregate principal amount of Outstanding Bonds, and upon being indemnified to its reasonable satisfaction against the costs, expenses and liabilities to be incurred in compliance with such request, shall), or the Participating Underwriter or any holder or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Property Owner or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Property Owner or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall not have any responsibility for the content of any Annual Report or notice of a Listed Event or any duty to review any Annual Report. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Property Owner agrees to indemnify and save the Dissemination Agent, including its officers, directors, employees and agents (each, an "Indemnified Party"), harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the reasonable costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding losses, expenses and liabilities due to such Indemnified Party's negligence or willful misconduct. The obligations of the Property Owner under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

The Dissemination Agent will not, without the Property Owner's prior written consent, settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding in respect of which indemnification may be sought hereunder unless such settlement, compromise or consent includes an unconditional release of the Property Owner and its Affiliates from all liability arising out of any such claim, action or proceedings. A request by the Dissemination Agent for the Property Owner's written consent shall be answered within a reasonable amount of time to allow the Dissemination Agent to act in a timely manner. If any claim, action or proceeding is settled with the consent of the Property Owner or if there is a judgment (other than a stipulated final judgment without the approval of the Property Owner) for the plaintiff in any such claim, action or proceeding, with

or without the consent of the Property Owner, the Property Owner agrees to indemnify and hold harmless the Dissemination Agent to the extent described herein.

SECTION 13. Notices. Any notices or communications to or among any of the parties to this Disclosure Certificate may be given by electronic mail, regular mail, or overnight mail as follows:

District:	City of Salinas Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas 200 Lincoln Avenue Salinas, California 93901 Email: mattp@ci.salinas.ca.us
Property Owner:	KB Home South Bay, Inc. c/o KB Home 5000 Executive Parkway #125 San Ramon, California 94583 Attn: Jeffrey P. McMillen, Senior Vice President
Participating Underwriter:	Stifel, Nicolaus & Company, Incorporated One Montgomery Street, 35th Floor San Francisco, California 94104 Attn: Public Finance Department jcervantes@stifel.com

SECTION 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Property Owner (and its successors and assigns), the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. All obligations of the Property Owner hereunder shall be assumed by any legal successor to the obligations of the Property Owner as a result of a sale, merger, consolidation or other reorganization.

SECTION 15. Assignability. The Property Owner shall not assign this Disclosure Certificate or any right or obligation hereunder except to the extent permitted to do so under the provisions of Section 6 hereof. The Dissemination Agent may, with prior written notice to the Property Owner and the District, assign this Disclosure Certificate and the Dissemination Agent's rights and obligations hereunder to a successor Dissemination Agent.

SECTION 16. Merger. Any person succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the filing of any paper or any further act.

SECTION 17. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

SECTION 18. Governing Law. The validity, interpretation and performance of this Disclosure Certificate shall be governed by the laws of the State of California.

SECTION 19. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

KB Home South Bay, a California corporation

By: _____

Name: _____
Its: _____

EXHIBIT A

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO
FILE ANNUAL REPORT**

Name of Obligated Person: KB Home South Bay, Inc. (the "Property Owner")

Name of Bond Issue: Community Facilities District No. 2016-1 (Monte Bella) of the City of
Salinas 2019 Special Tax Bonds (Improvement Area No. 2) (the
"Bonds")

Date of Issuance: December __, 2019

NOTICE IS HEREBY GIVEN that the Property Owner has not provided an Annual Report with respect to
the Bonds as required by Section 3 of the Developer Continuing Disclosure Certificate dated December __, 2019.
The Property Owner anticipates that the required report will be filed by _____, 20__.

Dated: _____, 20__

[DISSEMINATION AGENT]

cc: City of Salinas

EXHIBIT B

ANNUAL REPORT

\$ _____ *

**COMMUNITY FACILITIES DISTRICT NO. 2016-1 (MONTE BELLA) OF THE
CITY OF SALINAS
2019 SPECIAL TAX BONDS
(IMPROVEMENT AREA NO. 2)**

This Annual Report is hereby submitted under Section 4 of the Developer Continuing Disclosure Certificate (the "Disclosure Certificate") dated December __, 2019 executed by the undersigned (the "Property Owner") in connection with the issuance of the above-captioned obligations (the "Bonds").

Capitalized terms used in this Annual Report but not otherwise defined have the meanings given to them in the Disclosure Certificate.

I. Property Ownership and Development

The information in this section is provided as of _____, 20__, which date is not more than 60 days before the date of this Annual Report.

A. Property currently owned by the Property Owner in the Improvement Area (the "Property"):

Development name: _____

Number of lots: _____

B. Status of land development or construction activities:

C. Status of building permits and any significant amendments to land use or development entitlements:

D. Aggregate property sold by the Property Owner to end users or merchant builders:

Since the Date of Issuance of the Bonds

Since the Date of the Last Annual Report

Lots _____

Lots _____

E. Status of any land purchase contracts with regard to the Property, whether acquisition of land in the Improvement Area by the Property Owner or sales of land in the Improvement Area to other property owners, distinguishing between: (i) end users (e.g., condominiums); (ii) developers; and (iii) merchant builders.

* Preliminary, subject to change.

II. Legal and Financial Status of Property Owner

Unless such information has previously been included or incorporated by reference in an Annual Report, describe any change in the legal structure of the Property Owner or the financial condition and financing plan of the Property Owner that would materially and adversely interfere with its ability to complete its development plan described in the Official Statement, if any.

III. Change in Development or Financing Plans

Unless such information has previously been included or incorporated by reference in an Annual Report, describe any development plans or financing plans relating to the Property that are materially different from the proposed development plans or financing plans described in the Official Statement, if any.

IV. Official Statement Updates

Unless such information has previously been included or incorporated by reference in an Annual Report, describe any other significant changes in the information relating to the Property Owner or the Property contained in the Official Statement under the heading “IMPROVEMENT AREA NO. 2—The Developer” that would materially and adversely interfere with the Property Owner’s ability to develop and sell the Property as described in the Official Statement.

V. Other Material Information

In addition to any of the information expressly required above, provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Certification

The undersigned Property Owner hereby certifies that this Annual Report constitutes the Annual Report required to be furnished by the Property Owner under the Disclosure Certificate.

ANY OTHER STATEMENTS REGARDING THE PROPERTY OWNER, THE DEVELOPMENT OF THE PROPERTY, THE PROPERTY OWNER’S FINANCING PLAN OR FINANCIAL CONDITION, OR THE BONDS, OTHER THAN STATEMENTS MADE BY THE PROPERTY OWNER IN AN OFFICIAL RELEASE, OR FILED WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD OR A NATIONALLY RECOGNIZED MUNICIPAL SECURITIES INFORMATION REPOSITORY, ARE NOT AUTHORIZED BY

THE PROPERTY OWNER. THE PROPERTY OWNER IS NOT RESPONSIBLE FOR THE ACCURACY, COMPLETENESS OR FAIRNESS OF ANY SUCH UNAUTHORIZED STATEMENTS. THE PROPERTY OWNER HAS NO OBLIGATION TO UPDATE THIS ANNUAL REPORT OTHER THAN AS EXPRESSLY PROVIDED IN THE DISCLOSURE CERTIFICATE.

Dated: _____, 20__

KB Home South Bay, Inc.
a California corporation

By: _____
Name: _____
Title: _____

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

Upon issuance of the Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinions with respect to the Bonds in substantially the following form:

December __, 2019

Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas
Salinas, California

Re: \$_____ Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas
Special Tax Bonds (Improvement Area No. 2)

Ladies and Gentlemen:

We have examined the Constitution and the laws of the State of California (the “State”), a certified record of the proceedings of the City of Salinas (the “City”) taken in connection with the formation of Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas (the “District”) and the authorization and issuance of the District’s 2019 Special Tax Bonds (Improvement Area No. 2) in the aggregate principal amount of \$_____ (the “Bonds”) and such other information and documents as we consider necessary to render this opinion. In rendering this opinion, we have relied upon certain representations of fact and certifications made by the City, the District, the initial purchasers of the Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The Bonds have been issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (comprising Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California), and a Bond Indenture dated as of December 1, 2019 (the “Indenture”), by and between the District and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). All capitalized terms not defined herein have the meanings set forth in the Indenture.

The Bonds are dated their date of delivery and mature on the dates and in the amounts set forth in the Indenture. The Bonds bear interest payable semiannually on March 1 and September 1 of each year, commencing March 1, 2020, at the rates per annum set forth in the Indenture. The Bonds are registered Bonds in the form set forth in the Indenture, redeemable in the amounts, at the times and in the manner provided for in the Indenture.

Based upon our examination of the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

(1) The Bonds have been duly and validly authorized by the District and are legal, valid and binding limited obligations of the District, enforceable in accordance with their terms and the terms of the Indenture. The Bonds are limited obligations of the District but are not a debt of the City, the State or any other political subdivision thereof within the meaning of any constitutional or statutory limitation, and, except for the Special Taxes, neither the faith and credit nor the taxing power of the City, the State or any of its political subdivisions is pledged for the payment thereof.

(2) The execution and delivery of the Indenture has been duly authorized by the District, and the Indenture is valid and binding upon the District and is enforceable in accordance with its terms, provided, however, that we express no opinion as to the enforceability of the covenant of the District contained in the Indenture to levy Special Taxes for the payment of Administrative Expenses or as to any indemnification, penalty, choice of law, choice of forum or waiver provisions contained therein.

(3) The Indenture creates a valid pledge of that which the Indenture purports to pledge, subject to the provisions of the Indenture.

(4) Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

(5) Interest (and original issue discount) on the Bonds is exempt from State personal income tax.

(6) The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bond owner will increase the Bond owner's basis in the applicable Bond. The amount of original issue discount that accrues to the Bond owner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals or corporations and is exempt from State personal income tax.

(7) The amount by which a Bond owner's original basis for determining loss on sale or exchange in the applicable Bond (generally the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bond owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond owner realizing a taxable gain when a Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The opinions expressed in paragraphs (4) and (6) above as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and are subject to the condition that the District comply with certain covenants and all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such covenants and requirements of the Code may cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements. Except as set forth in paragraphs (4), (5), (6) and (7) above, we express no opinion as to any tax consequences related to the Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the rights and obligations of the District under the Indenture and the Bonds are subject to and may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies

are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State.

Our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction and express no opinion as to the enforceability of the choice of law provisions contained in the Indenture.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the Bonds or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to matters contained in the Official Statement.

Certain requirements and procedures contained or referred to in the Indenture and Tax Certificate may be changed, and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in the Indenture and Tax Certificate relating to the Bonds, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. We express no opinion as to the effect on the exclusion from gross income for federal income tax purposes of the interest (and original issue discount) on any Bonds if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

We call attention to the fact that the foregoing opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions or events are taken (or not taken) or do occur (or do not occur). Our engagement as bond counsel to the District terminates upon the issuance of the Bonds.

Respectfully submitted,

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix concerning DTC and DTC's book-entry only system has been obtained from sources that the District and the Underwriter believe to be reliable, but neither the District nor the Underwriter takes any responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond will be issued for each annual maturity of the Bonds, each in the aggregate principal amount of such annual maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual

Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Bond Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, bonds will be printed and delivered to DTC.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

APPENDIX G

APPRAISAL



City of Salinas

200 Lincoln Ave., Salinas,
CA 93901
www.cityofsalinas.org

Legislation Text

File #: ID#19-605, Version: 1

Salinas Plan Quarterly Update

No action is required. This report presents information to the City Council regarding the Salinas Plan Quarterly Update.



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: NOVEMBER 19, 2019
DEPARTMENT: OFFICE OF THE CITY MANAGER
FROM: RAY CORPUZ, CITY MANAGER
BY: ANDREW MYRICK, ECONOMIC DEVELOPMENT MANAGER
TITLE: SALINAS PLAN QUARTERLY UPDATE

RECOMMENDED MOTION:

No action is required.

RECOMMENDATION:

No recommendation is provided since this Report is presented for informational purposes only.

EXECUTIVE SUMMARY:

This Report serves primarily to update the Council on progress made towards the items identified in the Salinas Plan.

BACKGROUND:

On December 4, 2018, the National Resource Network (NRN) presented the Salinas Plan to the City Council. The Salinas Plan is a comprehensive review of City finances and operations that utilizes a ten-year budget model to identify the fiscal challenges facing the City; specifically, the model found that, absent corrective action, the City would see increasing deficits eventually exceeding \$10 million per year by FY27 and \$60 million total over the next ten years. Under this projection, the City would exhaust its reserves by FY23. Further, this projection assumes no additional investment by the City to help address the housing affordability crisis the City is now facing. On its current path, the City faces the steady erosion of existing services, with no additional resources available to address the housing crisis.

To prevent this outcome, the Salinas Plan includes a list of 32 recommended initiatives (attached) that, taken together, would enable the City to maintain its fiscal solvency, maintain its core services and strategic priorities, and identify additional resources to address the housing crisis. These initiatives achieve this through a variety of methods, including savings by reducing or eliminating non-core services; identifying new revenues to fund key strategic priorities; and finding efficiencies in operations to enable the City to continue to deliver key services at a lower cost. The recommendations span nearly all City Departments and would implement workforce strategies for

employees, and proposes some changes for residents and businesses – however, if completely implemented, the City should be able to maintain core services, increase efficiencies, implement new and expanded initiatives to address the housing crisis, and do so over the long-term by implementing fiscally sustainable practices.

DISCUSSION:

The Salinas Plan was written with the intent that its recommendations be explored and, if appropriate, implemented. It was never the intention that this would be a document that would “sit on the shelf.” A Report on the Implementation of Salinas Plan Initiatives is attached to this Staff Report; it includes more specific information regarding the financial impacts and status of the individual Salinas Plan initiatives.

With regards to the implementation of the Salinas Plan, the most significant action which has occurred since the previous update in August 2019 was the adjustment of compensation and benefit levels for the Salinas Police Officer’s Association (SPOA) and the Police Manager’s Association (PMA). Both of these actions include employee concessions that will save significant City resources (estimated at \$100,100 for SPOA employees, and approximately \$168,400 for PMA employees during the remainder of FY20).

In particular, the Memorandum of Understanding (MOU) with PMA adheres closely to the recommendations of the Salinas Plan: the MOU provides employees with 2.25% cost-of-living adjustments (largely consistent with the budget model used in the Salinas Plan), while the employees have agreed to give up Management Leave (consistent with recommendation WF03 of the Salinas Plan), and contribute 5% of the cost of their health care (consistent with recommendation WF01). The MOU also provides the Chief of Police with the ability to explore other shift scheduling options for Police Department staff besides the current 4/10 schedule, an ability the Salinas Plan recommends be implemented in recommendation PS01.

The terms of this MOU represent concrete actions by the City Council and PMA employees to maintain competitive levels of compensation while ensuring that vital services continue to be provided to the community. Although the Salinas Plan recommends additional adjustments to health care sharing in later years, the terms of this Agreement are consistent with current recommendations and represent a level of employee compensation that is projected to be sustainable over the long term. If the City and other employee bargaining units are able to reach agreements on similar terms, it would represent a substantial step in resolving the City’s structural budget deficit and would significantly reduce the possibility that employee layoffs and/or reductions or elimination of services will be necessary.

CEQA CONSIDERATION:

The provision of this information to the City Council is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378).

STRATEGIC PLAN INITIATIVE:

The Salinas Plan furthers the goal of Effective, Sustainable Government as identified in the City Council's current Strategic Plan and would support other goals as well through its impacts.

DEPARTMENTAL COORDINATION:

All City Departments were consulted in the preparation of this information and will continue to be engaged on a regular basis during the exploration and implementation of recommendations contained within the Salinas Plan.

FISCAL AND SUSTAINABILITY IMPACT:

The fiscal impacts of implementation of the Salinas Plan are described throughout this Report.

ATTACHMENTS:

Report on Implementation of Salinas Plan Initiatives

- Index
- Financial Summary
- Status of Initiative Implementation
 - o *Public Safety*
 - o *Shared Services*
 - o *Managed Competition and Privatization*
 - o *Operational Efficiencies*
 - o *Investment Strategies*
 - o *New Revenues*
 - o *Risk Management*



Implementation Status of Salinas Plan Initiatives November 4, 2019

The following pages identify the current status and activities associated with the recommended initiatives in the Salinas Plan. This information will be updated on a continuous basis as progress towards each initiative is made.

Table of Contents

Index of Initiatives.....	2
Financial Summary of Initiatives.....	3
Status of Initiative Implementation	
Public Safety.....	4
Shared Services.....	7
Managed Competition and Privatization.....	8
Operational Efficiencies.....	10
Workforce.....	13
Investment Strategies.....	15
New Revenues.....	19
Risk Mitigation.....	22

The Status of each initiative is identified as being one or more of the following:

Pre-Study: City staff has initiated internal discussions but has not yet begun the process of formally studying the Initiative

Study: Staff is gathering information and exploring the parameters and feasibility of this Initiative

Design: Staff is assembling a Project or Program to accomplish the Initiative

Approval: Project or Program has been designed and is being prepared to be considered for approval

Implementation: The Initiative has been approved, and staff is currently implementing the Initiative's provisions

Complete: Implementation is complete, and the Initiative is incorporated into City practices on an ongoing basis, or the City has determined not to proceed with the referenced item.

Tasks identified represent only the current tasks being performed, and in many cases additional work will need to be performed before an initiative can be considered Complete. The numbering of each task (ie. "Task 1" or "Task 2") only serves to distinguish them and is arbitrary.

Index Of Initiatives

Code	Initiative
Public Safety	
PS01	Staffing and Overtime Reduction
PS02	Police Civilianization
PS03	Improve Police Department Technology
PS04	Evaluate Provision of Advanced Life Support Services
Shared Services	
SS01	Recover Full Cost of Service from Monterey County Regional Fire District
SS02	Consolidate Animal Services
Managed Competition and Privatization	
MC01	Eliminate Downtown Parking Fund Deficits
MC02	Eliminate General Fund Subsidy of Golf Course Debt Service
MC03	Eliminate Sherwood Hall Deficits
Operational Efficiencies	
OE01	Move Facility and Park Maintenance to Library and Community Services
OE02	Citywide Fleet Strategy
OE03	Improve Budget Process and Monitoring
OE04	Strategically Implement Consultant Studies with Action Plans and Savings Targets
OE05	Prepare a Preventive Maintenance Program for All City Facilities
Workforce Strategies	
WF01	Healthcare Cost Containment
WF02	Improve Base Pay on a Cost-Neutral Basis
WF03	Eliminate Management and Flex Leave
WF04	Continue to Address Workers' Compensation Costs, Moving Towards Sound Actuarial Funding
Investment Strategies	
IN01	Dedicate Savings to Capital Investment
IN02	Establish a Productivity Bank
IN03	Add an Analyst Position that Reports Directly to the City Manager
IN04	Convene Stakeholders to Develop an Implementation Plan to Create More than 4,000 New Units of Affordable Housing in the Next Ten Years
IN05	Establish a Housing Trust Fund with a Dedicated Revenue Stream for Affordable Housing
IN06	Develop a Land Strategy to Leverage Private Market Investment to Create up to 2,400 New Units of Affordable Housing
IN07	Create Regulations to Address Safety and Health Conditions in Rental and Other Group Housing
New Revenues	
NR01	Enact Storm Sewer Utility Fee to Fund Current Transfer of General Fund Revenues to Storm Sewer Fund
NR02	Increase Hotel Tax and Dedicate Funding that Results to Capital Investment
NR03	Establish a Mello-Roos Special Tax
NR04	Use Multiple Sources to Provide Revenue for the Housing Trust Fund
NR05	Rental Registry and Inspection Fees
Risk Mitigation	
RM01	Engage with the Salinas Community to Make the Measure G Sales Tax Permanent
RM02	Incorporate Multi-Year Financial Planning into All Budgetary Actions

Financial Summary of Initiatives

Code	Initiative	Responsible Departments	FY19 Actual Impact	FY20 Projected Impact	FY20 Budgeted Impact	Cumulative Actual+Budget Impact Through FY20	FY21 Projected Impact
Public Safety							
PS01	Staffing and Overtime Reduction	Fire, HR, Police	\$609,000		\$909,000	\$1,518,000	
PS02	Police Civilianization	HR, Police	\$0		\$0	\$0	
PS03	Improve Police Department Technology	HR, Legal, Police	\$0	\$72,033	\$109,130	\$109,130	\$149,824
PS04	Evaluate Provision of Advanced Life Support Services	Admin, Fire	\$0		\$0	\$0	
Shared Services							
SS01	Recover Full Cost of Service from Monterey County Regional Fire District	Admin, Fire	\$0	\$119,665	\$0	\$0	\$133,419
SS02	Consolidate Animal Services	Admin, Police	\$0	\$53,000	\$76,452	\$76,452	\$72,000
Managed Competition and Privatization							
MC01	Eliminate Downtown Parking Fund Deficits	Finance, PW	\$0	\$229,833	\$119,139	\$119,139	\$243,168
MC02	Eliminate General Fund Subsidy of Golf Course Debt Service	Admin, Finance	\$0	\$0	\$0	\$0	\$250,000
MC03	Eliminate Sherwood Hall Deficits	Admin, LCS	\$0	\$54,000	\$0	\$0	\$58,000
Operational Efficiencies							
OE01	Move Facility and Park Maintenance to Library and Community Services	Admin, LCS, PW	\$0	\$189,703	\$0	\$0	\$195,655
OE02	Citywide Fleet Strategy	Fire, HR, Police, PW	\$0	\$0	\$0	\$0	\$26,000
OE03	Improve Budget Process and Monitoring	Finance	\$0		\$0	\$0	
OE04	Strategically Implement Consultant Studies with Action Plans and Savings Targets	Admin	\$0		\$0	\$0	
OE05	Prepare a Preventive Maintenance Program for all City Facilities	Admin, PW	\$0		\$0	\$0	
Workforce							
WF01	Healthcare Cost Containment	Admin, HR	\$0	\$0	\$215,800	\$215,800	\$642,839
WF02	Improve Base Pay on a Cost-Neutral Basis	Admin, HR	\$0		\$0	\$0	
WF03	Eliminate Management and Flex Leave	Admin, HR	\$0	\$0	\$0	\$0	\$2,100,000
WF04	Continue to Address Workers' Compensation Costs, Moving Towards Sound Actuarial Funding	Legal, HR	\$0	\$106,600	\$0	\$0	\$111,930
Investments							
IN01	Dedicate Savings to Capital Investment	Admin, Finance	\$0		\$0	\$0	
IN02	Establish a Productivity Bank	Finance	\$0	(\$500,000)	\$0	\$0	(\$500,000)
IN03	Add an Analyst Position that Reports Directly to the City Manager	Admin, HR	\$0		\$0	\$0	
IN04	Convene Stakeholders to Develop an Implementation Plan to Create More than 4,000 New Units of Affordable Housing in the Next Ten Years	CD	\$0		\$0	\$0	
IN05	Establish a Housing Trust Fund with a Dedicated Revenue Stream for Affordable Housing	CD, Finance	\$0		\$0	\$0	
IN06	Develop a Land Strategy to Leverage Private Market Investment to Create up to 2,400 New Units of Affordable Housing	CD	\$0		\$0	\$0	
IN07	Create Regulations to Address Safety and Health Conditions in Rental and Other Group Housing	CD	\$0		\$0	\$0	
New Revenues							
NR01	Enact Storm Sewer Utility Fee to Fund Current Transfer of General Fund Revenues to Storm Sewer Fund	PW	\$0	\$0	\$0	\$0	\$0
NR02	Increase Hotel Tax and Dedicate Funding that Results to Capital Investment	Admin, Finance	\$0		\$0	\$0	
NR03	Establish a Mello-Roos Special Tax	Finance	\$0		\$0	\$0	
NR04	Use Multiple Sources to Provide Revenue for the Housing Trust Fund	Admin, CD, Finance	\$0		\$0	\$0	
NR05	Rental Registry and Inspection Fees	Admin, CD	\$0	\$431,250	\$0	\$0	\$791,200
Risk Mitigation							
RM01	Engage with the Salinas Community to Make the Measure G Sales Tax Permanent	Admin	\$0		\$0	\$0	
RM02	Incorporate Multi-Year Financial Planning into All Budgetary Actions	Finance	\$0		\$0	\$0	
		Total:	\$609,000	\$756,084	\$1,429,521	\$2,038,521	\$4,274,035

Public Safety

Code	Initiative	Responsible Departments	Current Phase	Current Task 1	Task 1 Estimated Completion Date	Current Task 2	Task 2 Estimated Completion Date
Public Safety							
PS01	Staffing and Overtime Reduction	Fire, HR, Police	Design/Implementation	Determine Optimal Police Staffing Schedule	6/30/2020	Reduce Unnecessary Overtime Through Use of iSubpoena Software	6/30/2020
PS02	Police Civilianization	HR, Police	Study	Create Inventory of Duties Performed By PD - Review Current JDs	3/31/2020		
PS03	Improve Police Department Technology	HR, Legal, Police	Design/Implementation	Meet & Confer with SEIU	12/31/2019	Develop JD, Org Charts, etc. for Council consideration	12/31/2019
PS04	Evaluate Provision of Advanced Life Support Services	Admin, Fire	Design	Review County Emergency Services Contract to Determine Appropriate Level of ALS Services to be Provided by Salinas Fire Department	12/31/2019		

PS01 Staffing and Overtime Reduction

Responsible Departments: Human Resources; Legal; Police

Salinas Plan Recommendations: Reevaluate the current 4/10 Police Staffing Schedule and establish a staffing schedule that best meets community needs. Evaluate public safety overtime expenditures and policies to determine if overtime hours can be reduced. (Pages 53-55)

Status: The City Council has recently reached an Agreement on a new Memorandum of Understanding (MOU) with the Police Manager's Association (PMA) and adjusted the MOU for the Salinas Police Officer's Association (SPOA). In both cases, considerably more flexibility is provided to the Chief of Police in the development of staffing schedules. The Chief of Police has now engaged the services of Etico Solutions to evaluate optimal Police Department staffing schedules and determine whether a change from the current 4/10 schedule would be appropriate. This process will include consultation with representatives of SPOA and PMA. A progress update on this effort is expected in March 2020. The Department also is proceeding with its efforts to implement iSubpoena software – interest has been expressed by other local law enforcement agencies in adopting this software regionally – discussions on this potential expansion in scope are currently underway. Although this may delay the initial implementation of the software, it could also result in further operational efficiencies.

PS02 Police Civilianization

Responsible Departments: Human Resources; Police

Salinas Plan Recommendations: Consider increased use of Community Service Officers (CSOs) to lower costs associated with sworn police officers performing tasks which could be performed by others at less cost. (Pages 55-56)

Status: The Collision Center has now taken over responsibilities related to non-injury accidents, which will reduce the current workload associated with those incidents for sworn officers and enable them to focus on other tasks. The Police Department is creating an inventory of all tasks currently performed by Police Department employees to determine if there are additional tasks which could be reassigned to non-sworn personnel.

PS03 Improve Police Department Technology

Responsible Departments: Human Resources; Legal; Police

Salinas Plan Recommendations: Implement new technology and software for Police records. Eliminate the Word Processing Division in the Police Department and retrain and reassign existing staff into other City positions. (Pages 56-57)

Status: Due to challenges implementing the previously selected technology for inputting reports, Police Department staff are now exploring alternative methods for automating some of the existing functions of the Word Processing Division. Human Resources and Police Department staff continue to explore potential opportunities for reorganization of the Division and retraining of existing staff.

PS04 Evaluate Provision of Advanced Life Support Services

Responsible Departments: Administration; Fire

Salinas Plan Recommendations: Redesign the delivery of Advanced Life Support (ALS) services to reduce the number of paramedics by half, with AMR assuming more responsibility and the Salinas Fire Department focusing on Basic Life Support (BLS) services. (Pages 56-58)

Status: This recommendation has been analyzed in a study by the Center for Public Safety Management (CPSM). However, the feasibility of implementation will depend partially on the ability of other organizations, such as AMR and the County of Monterey, to be able to provide comparable services at a lower cost. The City is also required to meet-and-confer with affected employee bargaining units. Until the County and AMR reach an Agreement on Countywide services, reaching any reliable conclusions regarding this recommendation is

impossible. Staff will continue to examine potential options and will present a recommendation to Council regarding whether this recommendation is feasible and/or advisable at a later date.

Shared Services

Code	Initiative	Responsible Departments	Current Phase	Current Task 1	Task 1 Estimated Completion Date	Current Task 2	Task 2 Estimated Completion Date
Shared Services							
SS01	Recover Full Cost of Service from Monterey County Regional Fire District	Admin, Fire	Design	Commence Negotiations with MCFD	11/30/2019	Evaluate Net Service Calls.	12/31/2019
SS02	Consolidate Animal Services	Admin, Police	Implementation	Amend MOA to Include Additional Cost-Sharing Opportunities	12/31/2019		

SS01 Recover Full Cost of Service from Monterey County Regional Fire District (MCRFD)

Responsible Departments: Administration; Fire

Salinas Plan Recommendations: Examine historical data regarding the net number of calls fulfilled by the City of Salinas within MCRFD jurisdiction. Negotiate revised contract with MCRFD to reflect the actual costs incurred by the City of Salinas in the provision of these duties. (Pages 60-62)

Status: The Fire Department now has access to data regarding call type and volume that was not available during the initial NRN engagement. The Fire Department is currently analyzing the data to determine the net level of services provided and the City's costs of providing that service. Staff has conducted initial outreach with MCRFD and will request to commence negotiations shortly.

SS02 Consolidate Animal Services

Responsible Departments: Administration; Police

Salinas Plan Recommendations: Combine Salinas Animal Services operations with County Animal Services operations in order to save on potentially duplicative costs. (Pages 62-64)

Status: The City and County have entered into a Memorandum of Agreement (MOA) to jointly administer both programs and have hired a joint administrator. The City and County have recently come to a conceptual agreement regarding further potential cost-saving actions. The parties have begun the meet-and-confer process with the affected City and County bargaining units and County staff is drafting a potential Agreement for City consideration.

Managed Competition and Privatization

Code	Initiative	Responsible Departments	Current Phase	Current Task 1	Task 1 Estimated Completion Date	Current Task 2	Task 2 Estimated Completion Date
Managed Competition and Privatization							
MC01	Eliminate Downtown Parking Fund Deficits	Finance, PW	Implementation	Complete Talks With Maya Cinemas Regarding Validation	12/31/2019		
MC02	Eliminate General Fund Subsidy of Golf Course Debt Service	Admin, Finance	Study	Meet with Future Citizens Foundation	12/31/2019	Pursue Alternative Funding Sources to Maintain the Program	12/31/2019
MC03	Eliminate Sherwood Hall Deficits	Admin, LCS	Study	Initiate a management and operational assessment of Sherwood Hall which will further review cost/revenue potential.	3/31/2020	Evaluate the potential of moving part of Recreation operations to this location to manage all assets in the Sherwood Park complex	3/31/2020

MC01 Eliminate Downtown Parking Fund Deficits

Responsible Departments: Finance; Public Works

Salinas Plan Recommendations: Modify parking program in Downtown Salinas to enable the Downtown Parking Fund to be self-supporting. (Pages 65-66)

Status: The City Council has adopted revisions to the Downtown parking program. This is estimated to save the City \$119,139 in FY20, with the amount increasing over the next several years. Staff is currently in discussions with Maya Cinemas regarding parking validation compensation rates. Upon completion of these negotiations, this item will be deemed complete.

MC02 Eliminate General Fund Subsidy of Golf Course Debt Service

Responsible Departments: Administration; Finance

Salinas Plan Recommendations: Identify possibilities for reducing or eliminating the amount of debt service currently paid by the Salinas General Fund for debt service on its golf courses. Possibilities include finding alternative uses for the land and redeveloping the golf courses to provide additional revenues, housing, and/or economic development opportunities. (Pages 67-68)

Status: City staff has met with representatives of the Alisal Union School District and will soon meet with Future Citizens Foundation to explore potential operational savings. City staff will also explore potential alternative funding options to reduce General Fund impacts if the courses are maintained.

MC03 Eliminate Sherwood Hall Deficits

Responsible Departments: Administration; Library and Community Services

Salinas Plan Recommendations: Explore options for ensuring that operations at Sherwood Hall are revenue-neutral or revenue-positive. Options could include the sale or lease of the facility to an outside party that would take over operations and maintenance costs of the facility. (Pages 68-70)

Status: Staff is currently performing an operational assessment of Sherwood Hall to determine current costs and/or revenues generated by operations at the site. Staff is also evaluating the possibility of moving some Recreation operations to Sherwood Hall to better manage the assets within the complex.

Operational Efficiencies

Code	Initiative	Responsible Departments	Current Phase	Current Task 1	Task 1 Estimated Completion Date	Current Task 2	Task 2 Estimated Completion Date
Operational Efficiencies							
OE01	Move Facility and Park Maintenance to Library and Community Services	Admin, LCS, PW	Design	Establish Division within LCS to Manage Maintenance of Parks/Recreation Facilities	6/30/2020	Review Park Maintenance functions and assess performance/workload measures.	6/30/2020
OE02	Citywide Fleet Strategy	Fire, HR, Police, PW	Implementation	Populate Vehicle Database; Set up Vehicle Repair and Replacement Program	3/31/2020	Meet and Confer with SEIU and IAFF regarding consolidation of vehicle maintenance function	3/31/2020
OE03	Improve Budget Process and Monitoring	Finance	Implementation	Generate Summary of Compliance with Budgetary Policies for FY19	12/31/2019	Redefine Priority-Based Budget Criteria Based Upon Updated Council Strategic Plan	5/31/2020
OE04	Strategically Implement Consultant Studies with Action Plans and Savings Targets	Admin	Study	Prepare Summary of Completion of Recommendations of Past Studies	12/31/2019		
OE05	Prepare a Preventive Maintenance Program for All City Facilities	Admin, PW	Study	Examine Existing Public Facilities to Determine Current Condition and any Needed Maintenance/Repair Work	6/30/2020		

OE01 Move Facilities and Park Maintenance to Library and Community Services

Responsible Departments: Administration, Library and Community Services; Public Works

Salinas Plan Recommendations: Shift functions related the maintenance of City facilities and infrastructure to the Library and Community Services Department. (Pages 70-72)

Status: City Staff is working towards the establishment of a Division within the Library and Community Services Department to manage and maintain parks and recreational facilities. Staff is in the process of filling a vacant Superintendent position to oversee this Division. The Department is also conducting a study examining the associated workloads to assist in deploying staff.

OE02 Citywide Fleet Strategy

Responsible Departments: Fire, Human Resources, Police, Public Works

Salinas Plan Recommendations: Implement the recommendations of the Salinas Fleet Operational Review, including recommendations for the centralization of fleet functions (including tracking, procurement, and maintenance) as well as evaluating and “right-sizing” the current fleet. (Pages 72-75)

Status: The Public Works Department will soon complete the installation of new fleet maintenance software, and staff will then begin assembling a database for all City vehicles that will be used to track inventory, maintenance, and replacement. The consolidation of fleet services into a single entity has the possibility of impacting employee work conditions, and City staff will need to meet-and-confer with the bargaining unit representatives of affected employees.

OE03 Improve Budget Process and Monitoring

Responsible Departments: Finance

Salinas Plan Recommendations: Modify budgeting policies and practices to ensure that budget policies are being followed, that revenues can be traced back to the Department and programs that collected them, and that the City is utilizing Priority-Based Budgeting to ensure that sufficient resources have been allocated to the City’s highest-priority programs. (Page 76)

Status: The City now tracks all revenues based on its point of origin, so that the net financial impact of individual programs can be analyzed. Staff will complete a summary of adherence to the City’s budget policies once all activities for the prior fiscal year have been resolved and the prior year is closed out. Council will soon be asked to develop a new three-year Strategic Plan for the City; once this is complete, the City’s Priority-Based Budgeting program will need to be aligned with the new Strategic Plan.

OE04 Strategically Implement Consultant Studies with Action Plans and Savings Targets

Responsible Departments: Administration

Salinas Plan Recommendations: Review previous studies performed for the City to determine if recommendations have been implemented and develop an accountability matrix. (Page 77)

Status: The matrix developed for the Salinas Plan (as well as models from other studies such as the Citygate Report) can be used as a model for other plans, if necessary. Staff is conducting a review of prior studies to determine the status of implementation as well as potential paths forward.

OE05 Prepare a Preventative Maintenance Program for All City Facilities

Responsible Departments: Administration; Public Works

Salinas Plan Recommendations: Develop an analysis of existing City facilities to enable the City to understand likely costs for the ongoing maintenance of these facilities in the future. This will assist the City in managing its resources to ensure that needed resources are available to perform this maintenance. (Pages 77-78)

Status: Staff has created a complete list of all City-owned real property and is assessing the current state of these assets to determine likely maintenance needs over the coming years.

Workforce Strategies

Code	Initiative	Responsible Departments	Current Phase	Current Task 1	Task 1 Estimated Completion Date	Current Task 2	Task 2 Estimated Completion Date
Workforce Strategies							
WF01	Healthcare Cost Containment	Admin, HR	Design	Provide Proposals to Miscellaneous Units		Exchange Proposals with IAFF and FSA	
WF02	Improve Base Pay on a Cost-Neutral Basis	Admin, HR	Design	Provide Proposals to Miscellaneous Units		Exchange Proposals with IAFF and FSA	
WF03	Eliminate Management and Flex Leave	Admin, HR	Design	Provide Proposals to Miscellaneous Units		Exchange Proposals with IAFF and FSA	
WF04	Continue to Address Workers' Compensation Costs, Moving Towards Sound Actuarial Funding	Legal, HR	Design	Designate an Employee to act as Citywide Safety Manager and chair Safety Committee.	12/31/2019	Develop a Citywide Safety Training Program	6/30/2020

WF01 Healthcare Cost Containment

Responsible Departments: Administration, Human Resources

Salinas Plan Recommendations: Develop a more affordable employee health care benefits package through cost-sharing with employees, adjustment of current benefit levels, or other methods which align health care benefits with market norms. (Pages 115-116)

Status: The City Council has recently reached an Agreement on a new Memorandum of Understanding (MOU) with the Police Manager's Association (PMA) and adjusted the MOU for the Salinas Police Officer's Association (SPOA). As a result, SPOA employees are contributing 5% of the cost of their health care benefits, and PMA will begin contributing 5% of the cost of their health insurance coverage starting in December 2019. Negotiations with Miscellaneous and Fire employees (many of whom already or will soon begin making contributions towards their health care benefits, although at lower levels) have begun or will soon begin over the coming months.

WF02 Improve Base Pay on a Cost-Neutral Basis

Responsible Departments: Administration, Human Resources

Salinas Plan Recommendations: In order to increase employee base pay, eliminate a variety of employee stipends and other benefits, and utilize the savings to increase employee base pay by a corresponding amount. (Page 117)

Status: Staff will negotiate this item with affected bargaining units during the current round of negotiations.

WF03 Eliminate Management and Flex Leave

Responsible Departments: Administration, Human Resources

Salinas Plan Recommendations: Eliminate employees' Management and Flex Leave benefits. (Pages 117-118)

Status: As this recommendation directly effects employee compensation packages, and modifications are subject to negotiations with employee groups. The City's new MOU with PMA calls for the employees to no longer accrue Management Leave, which will result in the use of all remaining balances and the elimination of Management Leave for this group at the end of 2019. The City will address this item with other affected bargaining units during the current round of negotiations.

WF04 Continue to Address Worker's Compensation Costs, Moving Towards Sound Actuarial Financing

Responsible Departments: Human Resources; Legal

Salinas Plan Recommendations: Work to control costs associated with worker's compensation claims. This would be accomplished by designating an employee as a Citywide Safety Manager. This employee would be responsible for implementing a citywide training program to promote employee safety and proactively identifying and mitigating unsafe work and environmental conditions. Further, the City should seek to fund its workers compensation liabilities on an actuarially sound basis. (Pages 118-119)

Status: City staff is continuously evaluating its claims to determine potential savings through settlements. Staff is currently in the process of determining the best model for designating a Citywide Safety Manager. Once this is complete, this manager would work with the existing Safety Committee to develop a Citywide Safety Program with the goal of promoting employee safety and reducing worker's compensation claims.

Investment Strategies

Code	Initiative	Responsible Departments	Current Phase	Current Task 1	Task 1 Estimated Completion Date	Current Task 2	Task 2 Estimated Completion Date
Investment Strategies							
IN01	Dedicate Savings to Capital Investment	Admin, Finance	Study	Review Current Policy Regarding Use of Annual Savings	12/31/2019		
IN02	Establish a Productivity Bank	Finance	Implementation	Announce Formation of PB to Employees	12/31/2019	Convene PB Review Board	12/31/2019
IN03	Add an Analyst Position that Reports Directly to the City Manager	Admin, HR	Design	Identify Potential Funding Sources for Position	2/28/2020		
IN04	Convene Stakeholders to Develop an Implementation Plan to Create More than 4,000 New Units of Affordable Housing in the Next Ten Years	CD	Design	Reconvene Stakeholder Groups from Previous Initiatives to Discuss Potential Options	1/31/2020	Create Housing Dashboard for Tracking Housing Development and Preservation	3/31/2020
IN05	Establish a Housing Trust Fund with a Dedicated Revenue Stream for Affordable Housing	CD, Finance	Design	Provide Report to Council exploring various funding options and presenting recommendations.	1/21/2020		
IN06	Develop a Land Strategy to Leverage Private Market Investment to Create up to 2,400 New Units of Affordable Housing	CD	Design	WASP to be considered by City Council	2/28/2020	Circulate DEIR for CASP	2/15/2020
IN07	Create Regulations to Address Safety and Health Conditions in Rental and Other Group Housing	CD	Design/Approval	Prepare Ordinance Modifying Regulations for Extended Stay Hotels to Council	1/30/2020		

IN01 Dedicate Savings to Capital Investment

Responsible Departments: Administration; Finance

Salinas Plan Recommendations: In order to maintain needed funding for capital improvements such as buildings, parks, and streets, dedicate savings from implementing the provisions of the Salinas Plan to provide one-time funding for capital projects. (Pages 78-80)

Status: The City currently has budgetary policies in place regarding the use of carry-over funds. City staff will review the current policy to determine if modifications are feasible and/or appropriate.

IN02 Establish a Productivity Bank

Responsible Departments: Finance

Salinas Plan Recommendations: Create a Productivity Bank, the purpose of which would be to create a loan fund to enable City Departments to “borrow” money for one-time costs that will result in long-term budgetary savings. (Pages 80-81)

Status: City staff has met multiple times with the heads of City Departments and employee bargaining units. Based on these conversations, a program focused on employee-initiated ideas has been designed and adopted by the Council. City staff has developed policies and forms related to the administration of this program and has initiated the process of forming a review committee for the Productivity Bank. The Bank is expected to launch in the near future.

IN03 Add an Analyst Position That Reports Directly to the City Manager

Responsible Departments: Administration; Human Resources

Salinas Plan Recommendations: Create a Management Analyst position in the City Manager’s Office to support the tracking and implementation of the Salinas Plan. (Pages 81-82)

Status: A Job Description for a Management Analyst position has been created. Staff will review the potential role of such a position as described in the Salinas Plan, as well as determine potential sources of funding for the position.

IN04 Convene Stakeholders to Develop an Implementation Plan to Create More than 4,000 New Units of Affordable Housing in the Next Ten Years

Responsible Departments: Community Development

Salinas Plan Recommendations: In order to meet a projected current shortfall of 4,000 affordable housing units, the City should engage with community partners such as the County of Monterey, State representatives, non-profit organizations, and private businesses in order to develop and implement a plan to construct these 4,000 units over a ten-year period. (Pages 130-131)

Status: City staff has developed many relationships through its prior work in the Downtown Vibrancy Plan, Alisal Vibrancy Plan, the Future Growth Area (FGA), and the Regional Farmworker Study. Staff intends to reconvene these groups to initiate this discussion. Staff

also is developing a new “dashboard” for the City’s website which would provide information relating to housing construction and rehabilitation within the City.

IN05 Establish a Housing Trust Fund with a Dedicated Revenue Stream for Affordable Housing

Responsible Departments: Community Development; Finance

Salinas Plan Recommendations: Establish a City Housing Trust Fund to enable the City to combine and leverage resources from multiple parties to support the construction of new affordable housing units in Salinas. (Pages 131-135)

Status: A City account has been created in order to serve as a vessel for a potential Housing Trust Fund, although it has not yet been allocated or received any funding. Staff is collecting information regarding a potential structure and funding options for such a fund and intends to present options to the City Council at a later date.

IN06 Develop a Land Strategy to Leverage Private Investment to Create Up to 2,400 Units of Affordable Housing

Responsible Departments: Community Development

Salinas Plan Recommendations: Identify private land within the City that can be utilized to provide up to 2,400 units of affordable housing. Areas to examine include the FGA and the Alisal Corridor. (Pages 135-137)

Status: The City’s Inclusionary Housing Ordinance requires the provision of affordable housing as a part of the development of the FGA. City staff expects to bring the West Area Specific Plan (WASP) to the City Council for consideration in the near future. Further, staff expects to be prepared to release a Draft Environmental Impact Report (DEIR) for the Central Area Specific Plan (CASP) in the near future as well.

IN07 Create Regulations to Address Safety and Health Conditions in Rental and Other Group Housing

Responsible Departments: Community Development

Salinas Plan Recommendations: Establish a number of new initiatives to ensure that residents have access to quality housing while providing additional housing options. This would include the creation of a rental registry and inspection program, protect tenants from owner retaliation, establishing occupancy standards, developing a regulatory scheme to allow for consideration and regulation of boarding

houses in residential districts, and creating a master lease program for privately owned motels to support transitional housing. (Pages 137-142)

Status: City staff has met with stakeholders numerous times to attempt to develop consensus on the potential structure of a Rental Registry and Inspection Program. Staff will provide an update to Council when a recommendation for next steps has been determined. Rather than develop a City-run master lease program, the City is working to develop a pathway to legalize the use of hotels and motels for employee housing. Several Temporary Use of Land Permit applications have been approved to temporarily accommodate the use of these facilities; staff intends to bring an Ordinance to Council in the near future to allow for these facilities to be classified as extended-stay hotels or motels to facilitate their utilization as employee housing.

New Revenues

Code	Initiative	Responsible Departments	Current Phase	Current Task 1	Task 1 Estimated Completion Date	Current Task 2	Task 2 Estimated Completion Date
New Revenues							
NR01	Enact Storm Sewer Utility Fee to Fund Current Transfer of General Fund Revenues to Storm Sewer Fund	PW	Study/Design	Complete Study to establish fee nexus, amounts, and potential structure	2/28/2020		
NR02	Increase Hotel Tax and Dedicate Funding that Results to Capital Investment	Admin, Finance	Pre-Study	Conduct Public Outreach Sessions to Determine Community Priorities	12/31/2020		
NR03	Establish a Mello-Roos Special Tax	Finance	Complete				
NR04	Use Multiple Sources to Provide Revenue for the Housing Trust Fund	Admin, CD, Finance	Study	Prepare Staff Report exploring various funding options and presenting recommendations.	1/21/2020		
NR05	Rental Registry and Inspection Fees	Admin, CD	Study/Design	Design Program, including Identification of cost and fee structures	4/30/2020		

NR01 Enact Storm Sewer Utility Fee to Fund Current Transfer of General Fund Revenues to Storm Sewer Fund

Responsible Departments: Public Works

Salinas Plan Recommendations: Eliminate General Fund support for the Storm Sewer Fund by establishing a new fee to cover the costs of implementing State and Federal requirements regarding storm water runoff. (Pages 82-83)

Status: The City is in the process of conducting a study examining potential structure and amounts of the new fee, as well as establishing a required nexus. Following this, the City will review the findings of the study to determine the appropriate next steps.

NR02 Increase Hotel Tax and Dedicate Funding the Results to Capital Investment

Responsible Departments: Administration; Finance

Salinas Plan Recommendations: Subject to voter approval, provide a dedicated funding source by increasing the current Transient Occupancy Tax (TOT) from 10% to 12%, with the funds collected to be used for long-term benefits such as capital improvements or paying down debt (including pension debt). It is recommended that this be placed on the ballot no later than November 2022. (Page 83)

Status: City staff will initiate conversations with the community to determine potential support and feasibility for such an initiative. If these meetings demonstrate there is community interest in such a measure, staff would examine potential dates to hold an election, and coordinate with the City Council regarding the placement of such a measure on the ballot.

NR03 Establish a Mello-Roos Special Tax

Responsible Departments: Finance

Salinas Plan Recommendations: Establish a Mello-Roos Special Tax on the City's Future Growth Area, with the proceeds to be used to cover general governmental operations, in order to prevent the Future Growth Area from being a financial burden on the General Fund. (Pages 83-84)

Status: After reviewing the proposal, staff has elected not to proceed with the recommendation. Staff has conducted a study which determined that the addition of such a measure would place a financial burden on projects within the FGA that could jeopardize their ability to move forward. Further, projected additional revenues from the development are expected to be sufficient to cover the City's General Fund expenditures (taking into account that maintenance of streets, parks, and other public facilities within the Future Growth Area would be covered through Assessment Districts or similar financing instrument). Given the critical need for additional housing within the City, staff does not recommend this provision be implemented.

NR04 Use Multiple Sources to Provide Revenue for the Housing Trust Fund

Responsible Departments: Administration; Community Development; Finance

Salinas Plan Recommendations: If the City forms a Housing Trust Fund (see **IN05**, above), it will be necessary to identify and engage with potential funding sources other than just the City in order to enable the Housing Trust Fund to make investments with a meaningful

impact. There are a number of potential partners within the community which could be engaged to assist with this effort; further, there are additional funding sources the City could explore in order to raise funds. (Page 142)

Status: A City account has been created in order to serve as a vessel for a potential Housing Trust Fund, although it has not yet been allocated or received any funding. Staff is collecting information regarding a potential structure and funding options for such a fund, and intends to present options to the City Council at a later date.

NR05 Rental Registry and Inspection Fee

Responsible Departments: Administration; Community Development

Salinas Plan Recommendations: In conjunction with recommendation **IN07**, above, establish fees for registration of rental units and proactive inspections of such units, in order to cover all City costs associated with the proposed program. (Pages 143-144)

Status: The City is currently developing outlines for a rental registry and inspection program that would include some tenant protections. Thus far, the City has met with stakeholders multiple times, and will continue to work with the community. Staff will examine potential program designs and will return to Council at a later date with recommendations for next steps.

Risk Mitigation

Code	Initiative	Responsible Departments	Current Phase	Current Task 1	Task 1 Estimated Completion Date	Current Task 2	Task 2 Estimated Completion Date
Risk Mitigation							
RM01	Engage with the Salinas Community to Make the Measure G Sales Tax Permanent	Admin	Pre-Study	Conduct Public Outreach Sessions to Determine Community Priorities	6/30/2022		
RM02	Incorporate Multi-Year Financial Planning into All Budgetary Actions	Finance	Complete				

RM01 Engage with the Salinas Community to Make the Measure G Sales Tax Permanent

Responsible Departments: Administration

Salinas Plan Recommendations: Due to the potentially devastating impacts that will occur to the City’s General Fund upon expiration of the Measure G Sales Tax, engage with the community well in advance of its expiration to provide information on this topic and determine support for making the tax measure permanent. The election should be held no later than November 2024 to provide time for the City to prepare in the event the tax is not made permanent. (Pages 46-47)

Status: City staff will initiate conversations with the community to determine potential support and feasibility for such an initiative. If these meetings demonstrate there is community interest in such a measure, staff would examine potential dates to hold an election, and coordinate with the City Council regarding the placement of such a measure on the ballot.

RM02 Incorporate Multi-Year Financial Planning into All Budgetary Actions

Responsible Departments: Finance

Salinas Plan Recommendations: Support the Council’s ability to evaluate proposed initiatives by implementing the use of a five-to-ten-year forecasting model to provide information to Council regarding the long-term fiscal impacts of items being considered. (Page 47)

Status: Council has adopted a Resolution directing staff to provide information regarding the long-term fiscal impacts of items that are estimated to result in annual cost or savings of \$100,000 or more over at least three years. Templates for this information have been completed and are expected to be available for staff use beginning with the August 27 Council Meeting.



City of Salinas

200 Lincoln Ave., Salinas,
CA 93901
www.cityofsalinas.org

Legislation Text

File #: ID#19-604, Version: 1

Downtown Government Center Memorandum of Understanding (MOU) 2019 Annual Review

No action is required. This Report is presented for informational purposes only.



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: NOVEMBER 19, 2019

DEPARTMENT: COMMUNITY DEVELOPMENT

FROM: MEGAN HUNTER, DIRECTOR

BY: LISA BRINTON, PLANNING MANAGER

TITLE: DOWNTOWN GOVERNMENT CENTER MEMORANDUM OF UNDERSTANDING (MOU) 2019 ANNUAL REVIEW

RECOMMENDED MOTION:

No action is required. This Report is presented for informational purposes only.

RECOMMENDATION:

As no action is required and this Report is presented for informational purposes only, this Report does not carry a recommendation. This Report presents the written 2019 Annual Review on the implementation of the Memorandum of Understanding between the City and the County of Monterey regarding mutual planning and implementation of government services and facilities in downtown Salinas.

EXECUTIVE SUMMARY:

In 2012, the County and the City entered into a Memorandum of Understanding to provide the means by which the two agencies would work together to provide necessary resources to develop a comprehensive planning and implementation program for a multi-agency campus-style government center located in and around downtown Salinas. Such collaboration was vital given each agency owns and/or occupies a significant share of downtown properties. This concentration of government offices in the downtown is beneficial for the efficient and effective provision of many government services/functions and is a key component of the economic health and well-being of the downtown Salinas.

The MOU requires that an annual review, including an update on the Schedule of Performance (Exhibit “A” to the MOU) be conducted by November 30th of each year. Staff from both agencies meet monthly to review the progress and collaborate on other opportunities that arise (e.g. Housing). In addition to the regular meetings, staff have had more focused meetings on the downtown parking and housing matters. This matrix reflects significant progress on a number of actions items, and there has been a lot of effort that is not specifically listed.

BACKGROUND:

On May 8, 2012, the City Council approved a resolution authorizing the Mayor to execute a Memorandum of Understanding (MOU) with the County of Monterey to set forth mutual understandings and actions regarding a government center planning and implementation strategy (referred herein as the “Downtown Government Center MOU”). The original term or “period of performance” of the Downtown Government Center MOU was three years, with an expiration date of May 8, 2015. On April 29, 2015, the City Council and the Board of Supervisors (BOS) approved an amendment to extend the term of the MOU to October 31, 2015 to allow additional time for City and County staff to update the document. The MOU formally expired on October 31, 2015. The Council and BOS approved a comprehensive update to the MOU on February 9, 2016.

Summary of Comprehensive Update of the Downtown Government Center MOU (2016)

The 2016 MOU reflects the current and future plans for County/City properties and facilities in downtown Salinas. While some of the prior MOU provisions remain to some degree, several new provisions were incorporated into the MOU to provide greater oversight, promote public engagement and facilitate the implementation of specified action items. Key new provisions include but are not limited to:

1. *Downtown Vibrancy Plan (DVP)* – In 2015, the City Council and the BOS accepted the Salinas Downtown Vibrancy Plan as a strategic planning document to guide the revitalization of downtown Salinas including the government center. The MOU includes several provisions addressing the numerous strategies and actions that will need to be implemented as part of the DVP.
2. *Schedule of Performance* – A Schedule of Performance was included (Exhibit “A” of the MOU) which specifies each action item in the MOU and identifies the responsible party for implementation, the estimated completion date and the funding status of each action item. The schedule is intended to keep action items on track and to apprise the Council and the BOS of upcoming funding and resource needs. The City Manager and Chief Administrative Officer may amend the Schedule of Performance administratively to address changing circumstances and/or add new action items as deemed appropriate.
3. *Annual Review* – To promote oversight and public engagement, a requirement for an annual review by the Council and BOS was included. As part of the annual review process, each agency is to prepare a written report documenting the progress of the MOU to date. The report is to include an updated Schedule of Performance showing the status (including funding) of each action and any revisions proposed from the previous year. Staff has also developed a list showing all of the items that have been completed.
4. *Timing* for this review is slated for November of each year in order to allow each agency the opportunity to allocate resources in the mid-year budgets as may be needed to keep the completion of action items moving forward. A provision was also added to ensure the public (including the Chamber and Salinas City Center Improvement

Association) has ample time to review and comment on the report prior to the BOS and Council consideration of the document. On October 21, 2019, a draft annual Schedule of Performance review matrix was provided to the Salinas Valley Chamber of Commerce, Salinas City Center Improvement Association (SCCIA), and SPARC for review and comment noon on November 4, 2019. No comments were received.

5. *Period of Performance* – The term of the MOU was increased from three years to five years. This time frame is more reflective of the implementation timeframes established in the Downtown Vibrancy Plan. The current term is until February 2021. The MOU can be extended by the mutual consent of either party.

DISCUSSION:

Downtown Government Center MOU 2019 Annual Review

General Coordination

City and County staff have a standing meeting on the third Thursday of the month to discuss and coordinate current and future planning and activities related to government owned property and facility needs in downtown Salinas identified in the MOU. The following is a brief overview of the MOU accomplishments achieved since November 2018. An updated Exhibit “A” - Schedule of Performance is provided as an attachment to this report.

Implementation of Downtown Vibrancy Plan

Amend the City’s General Plan Land Use Designation and Zoning Districts for City and County-owned parking lots identified in Exhibit “B” of this MOU. (I.b.): A key implementation recommendation of the Downtown Vibrancy Plan is to stimulate development activity through the re-zoning of public surface parking lots to allow for residential or mixed-use development, and to focus on aligning the land use approval process to facilitate private investments in downtown development. This includes amending City land use designations and regulations to allow for and incentivize the recommended type(s) of housing development.

In July 2019 the City began the process to identify a Master Developer to redevelop city-owned parking lots along the Lincoln Avenue Corridor as mixed-use development. In October 2019, the City also submitted an application for California SB2 (Building Homes and Job Act) funding to hire a consultant to prepare technical studies and environmental analysis required to process re-zoning of city-owned surface parking lots.

At the time of staff report submission, City and Monterey-Salinas Transit (MST) staff have discussed collaborating on the preparation of a grant application to the Federal Transportation Administration under its Pilot Program for Transportation Oriented Development (TOD). The proposed project evaluates bus rapid transit and its alignment with future mixed-use TOD along East Alisal Street and the downtown, including the relocation of MST’s downtown transfer station to the Salinas Intermodal Transit Center (ITC) to free up land in the downtown for mixed-used development.

At its November 5, 2019 meeting, staff will seek Council authorization for the City Manager to enter into an agreement with MST to partner to submit, and if awarded, accept and implement the

proposed scope of work. The agreement will also address the required twenty percent (20%) local match to be shared with MST. The application is due November 18, 2019.

Parking, facility needs and fiscal assessment of existing government facilities. (1.c) and Coordinate on future planning activities related to the disposition of the Old County Jail, provision of open space and parking and shared parking facility or facilities (1.d.(ii)(1)(2)(3)):

Monthly City and County staff meetings include evaluation of downtown parking conditions. The Agreement for County use of the ITC parking lot for juror parking terminated on September 13, 2019. To address parking demands around the government center, the County explored development of a temporary surface parking lot at Gabilan and Church Streets. City and County staff also collaborated to identify alternative locations for juror parking, in consultation with the Courts. In August and September, the City Council and County Board of Supervisors approved Amendment 1 to Lease of City Property that expanded the County use of Lot 17 for juror and employee parking. County and Courts have agreed to consider utilizing City surface parking lots to manage parking demands while City, County and Courts continue to evaluate the feasibility of a joint permanent parking structure at Gabilan and Church streets to serve the Downtown Government Center.

Public Works continues to work with parking consultants to develop a Downtown Parking Management Master Plan (PMP). The PMP will make recommendations for 1) location and timing for the development of new parking structures, 2) pricing parking to encourage efficient use of available parking; and 3) the financing of City parking projects. The PMP (draft January 2020) will include the anticipated recommendation for paid on-street parking for Downtown, incorporation of latest parking arrangements with the County, and a parking needs assessment taking into account new fiscal estimates based on recent rate changes. Efforts in FY 2018-2019 focused on parking rate adjustments and enforcement to establish a revenue base for parking enterprises. This step was needed prior analyzing facility needs. The City Council expanded parking enforcement services in December 2018, and in January 2019 approved a 2-year parking rate adjustment that went into effect July 2019. The rate adjustment took longer than anticipated due to needed discussion with the community. Both parking enforcement and the downtown parking program show promise of being self-sustaining.

Provide for attractive, safe and convenient pedestrian linkages and green spaces. (1.e.): The Downtown Complete Streets Project was awarded on October 8, 2019 with construction commencing Fall 2019. This project includes sidewalk, bike lane and traffic lane improvements along W. Alisal Street from Blanco Road to Front Street. The improvements will increase safety, efficiency and provide travel options for transit users, bicyclists and pedestrians. The project also includes high-speed internet conduit in Alisal Street design from Central Park to 312 East Alisal. Construction documents for the Streetscape Master Plan for the 100, 200, and 300 Blocks of Main Street are being finalized and will incorporate a gateway arch designed by the Salinas Rotary. It is anticipated that the City Council will consider approval to release a request for bids by end of 2019.

Coordination of City and County facilities (1.f. and 1.g.) The City released a Request for Qualifications (July 2019) and a Request for Proposals (September 2019) to identify a master developer for the Lincoln Avenue Corridor. The City owns approximately ten-acres of property

along the Lincoln Avenue between West Market Street and San Luis Street. Desired uses include development of 1) a new parking structure to be used primarily by City, County and Courts, but also to support private development; 2) a new civic center to consolidate and house non-safety city service departments, and 3) redevelopment of city surface parking lots and obsolete facility parcels as mixed-use development. Community stakeholders, including the Salinas Valley Chamber of Commerce, Salinas City Center Improvement Association, and the County have been, and will continue to be, included in the selection of the master developer and the creation and implementation of the master plan.

The County issued, but received no responses, to two Request for Proposals seeking adaptive reuse of the old jail building (Fall 2018 and March 2019). In September 2019 the Board of Supervisors (BOS) identified three preferred options for future use: Scheme 3 -Retain Admin Wing with new building behind; Scheme 7-Retain Alisal Façade with Park behind; Hybrid Schemes 3/7- Retain Admin Wing with Park behind. County staff is to return to the BOS by June 2020 to report on efforts seeking possible State funding sources. See Attachment 2, BOS staff report, attachments and presentation for schemes and option details. City and County staff also coordinated to include language in the Lincoln Avenue Corridor RFP for an option to reuse/redevelop the Old Jail site. In addition, the RFP recognizes that a parking structure of adequate size could open potential use of other County lands (e.g. surface parking lot at Alisal and Capitol).

Other Coordination efforts

The City/County monthly meetings also provide staff the opportunity to share information and coordinate the processing of development proposals at the periphery of the City, the Alisal Vibrancy Plan, the status of the West and Central Area Specific Plans, homelessness (clean ups, temporary warming shelter and permanent/transitional housing), and housing (affordable, farm worker and accessory dwelling units).

Private Investment in Downtown

As a result of public sector investment in the Downtown, private investors have renovated buildings with active dining and entertainment on the ground floor with residential units above (212 Main Street and the Pour House). Since the adoption of the Adaptive Reuse Ordinance in 2018, applications have been received to convert 301 Main Street (the former Rabobank building) into 50 residential units with ground floor retail and The Californian office building at 123 West Alisal Street into 40 Multi-Family dwelling units. More recently building permits were issued for a mixed-use project at 213 Monterey Street which includes six residential units, a TOGOs and a Mexican restaurant and tenant improvements were finalized for the Bearded Bean at 210 Main Street. In addition, the new owners of the El Rey Theater/Cinema 1 (363 Main Street) have submitted applications to restore the building. A permit has been issued to remove finishes.

CEQA CONSIDERATION:

The proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines section 15378). Any subsequent discretionary projects resulting from implementation of MOU policies and actions will be assessed for CEQA applicability.

STRATEGIC PLAN INITIATIVE:

The MOU facilitates the continuation of the County's and City's mutual planning and implementation efforts related to the downtown government center which promotes all the Council goals – Economic Diversity and Prosperity; Safe, Livable Community; Effective Sustainable Government; Excellent Infrastructure, and Quality of Life.

DEPARTMENTAL COORDINATION:

Community Development, Economic Development and Public Works staff attend monthly City/County coordination meetings and contributed to the annual review update. As highlighted in the Annual Review, Community Development and Public Works coordinated efforts to support implementation of MOU tasks including assessing government center parking and facility needs and providing for attractive, safe and convenient pedestrian linkages and green spaces throughout the downtown.

FISCAL AND SUSTAINABILITY IMPACT:

There is no direct or indirect fiscal impacts to the City associated with the acceptance of the Annual Review or for staff's time to collaborate with the County on implementation of the MOU, as these efforts are already allocated in the City's budget for review of inter-agency projects and issues.

There will be capital and other costs associated with implementing the proposed action items listed in the Downtown MOU Schedule of Performance (Exhibit "A") for which funding is not currently identified or allocated in the City's budget. The Council may determine the potential allocation of funding for these items as part of the MOU annual review, the annual and mid-year budget process and/or as part of the continued implementation of the Salinas Downtown Vibrancy Plan, as applicable.

ATTACHMENTS:

1. 2019 Annual Review Exhibit A - Schedule of Performance Matrix
2. Monterey County Board of Supervisors Board Report, Legistar File Number 19-0663 with attachments and presentation slides.

EXHIBIT “A”
SCHEDULE OF PERFORMANCE
2019 Annual Report

MOU Section	Action Item	Responsible Party	Completion Date per MOU	Funding Appropriation/Status	Current Status	Next Steps/ Action Items
1.a.	Complete CEQA analysis for the Downtown Vibrancy Plan (DVP).	City	December 2016 Revised: 2020 to 2024	General Plan/Zoning Amendments: \$237K Measure G	The City is proceeding to implement DVP recommendations and actions that do not require CEQA review. Implementation measures such as 1.b listed below, which trigger land use/zoning changes will be based on the findings and recommendations of the 2017 Housing Target Market Assessment (HTMA).	Broader scale land use/zoning changes will be considered as part of the General Plan update process, which is planned to commence FY 2020/2021.

EXHIBIT “A”
SCHEDULE OF PERFORMANCE
2019 Annual Report

MOU Section	Action Item	Responsible Party	Completion Date per MOU	Funding Appropriation/Status	Current Status	Next Steps/ Action Items
1.b.	Amend the City’s General Plan Land Use Designation and Zoning Districts for City and County-owned parking lots identified in Exhibit “B” of this MOU.	City	December 2016 Revised: 2020/2021	SB2 Funds: General Plan/Zoning Amendments: \$237K Measure G	City submitted grant application for California SB2 (Building Homes and Job Act) funding to hire a consultant to prepare technical studies required to process re-zoning of city-owned surface parking lots. (October 2019)	Select consultant to prepare technical studies to process re-zoning of surface parking lots. (late 2019/ early 2020)

EXHIBIT “A”
SCHEDULE OF PERFORMANCE
2019 Annual Report

MOU Section	Action Item	Responsible Party	Completion Date per MOU	Funding Appropriation/ Status	Current Status	Next Steps/ Action Items
1.c.	Complete a parking and facility needs and fiscal assessment of existing government facilities.	City and County	Complete parking and facility needs and fiscal assessment by December 2016 Revised date: Parking Strategy March 2020	Parking Enforcement: \$200K Measure G Parking Management: \$150K Measure G	Developing Downtown Parking Master Plan with parking consultant. Focused on parking rate adjustments and enforcement in FY 2018-2019. Expanded parking enforcement services in January 2019. Council approved 2-year parking rate adjustment First year effective July 2019. Monthly City and County staff meetings include evaluation of downtown parking conditions. Agreement between City and County to use existing City lots for juror parking while work on long-term plan. Police Dept move March 2020 Temp Warming Shelter move April 2021	Short term: Consider County and Courts utilizing City surface parking lots to manage parking demands. Long term: Work collaboratively on a future parking structure at City-County Government Center. Undertake appropriate technical studies and environmental review.

EXHIBIT “A”
SCHEDULE OF PERFORMANCE
2019 Annual Report

MOU Section	Action Item	Responsible Party	Completion Date per MOU	Funding Appropriation/Status	Current Status	Next Steps/ Action Items
1.d.(i)(1)	Complete East/West Wing building renovation.	County	December 2018	Funded	Renovation complete August 2018 and District Attorney offices moved into East/West Wing building August 2018.	ACTION COMPLETE
1.d.(i)(2)	Relocate Public Defender’s Office into the County Administrative Building.	County	December 2018	Funded	Renovation complete and Public Defender offices moved to 2 nd Floor of County Admin building June 2018.	ACTION COMPLETE

EXHIBIT “A”
SCHEDULE OF PERFORMANCE
2019 Annual Report

MOU Section	Action Item	Responsible Party	Completion Date per MOU	Funding Appropriation/Status	Current Status	Next Steps/ Action Items
1 .d.(i)(3)	Remove modular buildings.	County	Within 90-calendar days of the relocation of the District Attorney’s and Public Defender’s offices.	Funded	Public Defender modular #4 to be retained as a temporary warming shelter through April 2021. Removal of modular buildings Nos 1, 2, 3, and 6 completed October 2018.	ACTION COMPLETE

EXHIBIT “A”
SCHEDULE OF PERFORMANCE
2019 Annual Report

MOU Section	Action Item	Responsible Party	Completion Date per MOU	Funding Appropriation/ Status	Current Status	Next Steps/ Action Items
1.d.(ii)(1)(2)(3)	Coordinate on future planning activities related to the disposition of the Old County Jail, provision of open space and parking and shared parking facility or facilities.	County and City	On-going and/or as otherwise provided in this MOU.	TBD	<p>County: No responses received to two RFPs seeking adaptive reuse of the old jail building released Fall 2018 and March 2019. Board identified three preferred options (Façade/Park, Admin/Park, Admin/New Bldg)</p> <p>County explored development of an 81 stall temporary parking lot at Gabilan and Church Streets. Estimated cost \$1.8M.</p> <p>As an alternative to developing a temp parking lot, City and County approved Amendment 1 to Lease of City Property approved August 2019 allowing County use of Lot 17 for juror and employee parking (August 2019), and consider use of other surface parking if needed.</p>	<p>Select Lincoln Avenue Corridor Master Developer to develop plan that includes development of a parking structure at Gabilan and Church Streets as Phase I.</p> <p>County exploring possible State funding for preferred Old Jail site options, reporting back by June 2020.</p>

EXHIBIT “A”
SCHEDULE OF PERFORMANCE
2019 Annual Report

MOU Section	Action Item	Responsible Party	Completion Date per MOU	Funding Appropriation/ Status	Current Status	Next Steps/ Action Items
1.d.(iii)(1)	Complete a facility needs and fiscal assessment for a new Salinas City Hall facility.	City	Revised: December 2020	TBD	<p>This task is currently a three to five-year horizon to be in sync with the County campus plan.</p> <p>Police Department to move to new Headquarters in March 2020 would free up space for expansion of the city campus.</p> <p>City released RFQ (July 2019) and RFP (Sept 2019) to identify Lincoln Avenue Corridor Master Developer. A new civic center is included in requested scope.</p>	<p>City to seek funding for feasibility study in at mid-year budget consideration early 2020.</p> <p>Complete facility needs and fiscal assessment for a new civic center as part of Lincoln Corridor Master Plan scope of work.</p>

EXHIBIT “A”
SCHEDULE OF PERFORMANCE
2019 Annual Report

MOU Section	Action Item	Responsible Party	Completion Date per MOU	Funding Appropriation/Status	Current Status	Next Steps/ Action Items
1.d.(iv)	City and County agree to coordinate with the Courts to address their existing and future facility needs.	City and County	On-going	NA	<p>Courts expressed interest but no funding to participate in parking structure (expect to be provided).</p> <p>Courts exploring new facilities in Greenfield and Seaside/Marina, and possible use of King City courthouse.</p>	<p>County will continue to coordinate with Court to identify needs.</p> <p>Discussions with Courts regarding shared Parking considerations.</p>

EXHIBIT “A”
SCHEDULE OF PERFORMANCE
2019 Annual Report

MOU Section	Action Item	Responsible Party	Completion Date per MOU	Funding Appropriation/Status	Current Status	Next Steps/ Action Items
1.e.	Provide for attractive, safe and convenient pedestrian linkages and green spaces.	City and County	In accordance with the timeframes specified in the DVP Revised: 2021/2022	Main Street Streetscape Project: \$12M Measure X Downtown Complete Streets Project (W. Alisal Improvements): Design: \$310K Construction: \$7.3M (HSIP, RSTP, Measure X) Seeking funds for other improvements.	Finalizing construction documents for Streetscape Master Plan for the 100, 200, and 300 Blocks of Main Street. The Downtown Complete Streets Project, awarded on October 8, 2019, includes high-speed internet conduit in Alisal Street design from Central Park to 312 East Alisal. Conduit for broadband service is also to be provided as part of Main Street Streetscape Master Plan implementation.	Commence construction of Downtown Complete Streets Project (Fall 2019) Incorporate Rotary Arch design into the Main Street Construction Documents. Approve project and go to bid by end of 2019.

EXHIBIT “A”
SCHEDULE OF PERFORMANCE
2019 Annual Report

MOU Section	Action Item	Responsible Party	Completion Date per MOU	Funding Appropriation/ Status	Current Status	Next Steps/ Action Items
1.f.	Consider the Government Center’s relationship with surrounding land uses and plans.	City and County	On-going	NA	<p>City and County staff meet monthly to discuss the Government Center’s relationship with surrounding land uses and plans.</p> <p>County staff met with SCCIA regarding current and future plans for County lands downtown.</p> <p>City released RFQ (July 2019) and RFP (Sept 2019) to identify Lincoln Avenue Corridor Master Developer. A new civic center is included in requested scope.</p>	City and County working with prospective developers.

EXHIBIT “A”
SCHEDULE OF PERFORMANCE
2019 Annual Report

MOU Section	Action Item	Responsible Party	Completion Date per MOU	Funding Appropriation/ Status	Current Status	Next Steps/ Action Items
1.g.	Evaluate the potential reuse, preservation or replacement of City-and County- owned historic structures (the Old County Jail is addressed in Action Item 1.d.(ii)(1)(2)(3) above).	City and County	December 2019 Revised: June 2020	TBD	No responses received for two County RFQ/RFPs for adaptive reuse of the old jail building Fall 2018 and March 2019.	Board direction to explore possible State funding for three preferred Old Jail site options, reporting back by June 2020.
2.	Provide mutual support and assistance for continued presence of primary State (Courts), federal, and other agency offices in the downtown.	City and County	On-going	TBD	On-going Coordination: City and County staff meet monthly.	Meet with Courts as needed.

EXHIBIT “A”
SCHEDULE OF PERFORMANCE
2019 Annual Report

MOU Section	Action Item	Responsible Party	Completion Date per MOU	Funding Appropriation/ Status	Current Status	Next Steps/ Action Items
3.	Explore partnerships and to co-leverage funding.	City and County	On-going	TBD	On-going Coordination: City and County staff meet monthly.	Future.
4.	Continue License Agreement between the County and the City to allow jurors to park in designated City parking facilities.	City and County	Current Agreement in place/On-going.	No City fiscal impact; County assumed continuance of shuttle and related services.	ITC parking lot for juror parking terminated as of September 13, 2019. City and County approved Amendment 1 to Lease of City Property to allow County use of Lot 17 for juror and employee parking. (August 2019)	Consider use of other surface parking if needed. Continue to explore long-term solution of a shared parking structure for the government center.

EXHIBIT “A”
SCHEDULE OF PERFORMANCE
2019 Annual Report

MOU Section	Action Item	Responsible Party	Completion Date per MOU	Funding Appropriation/ Status	Current Status	Next Steps/ Action Items
8.	Annual Review	City and County	By November 30 th of each year.	NA	Report presented to City Council and Supervisors (consent item) on November 19, 2019.	Maintain Performance Schedule Matrix for 2020 annual report.
<p>The Schedule of Performance may be modified in accordance with the requirements of Section 9 of this MOU.</p> <p>TBD – To be determined</p> <p>NA – Funding status is generally not applicable.</p>						

ACCOMPLISHMENTS	
TASK	COMPLETED
Adoption of Government Center MOU	May 2012
Land Holding Map	July 2012
County Major Capital Plan	January 2013
Parking Agreement	February 2013
Vibrancy Plan Consultant	March 2013
Harris Road Agreement	May 2013
MOU Matrix	June 2014
Acceptance of Vibrancy Plan	May 2015 (CC)/August 2015
Extension of MOU	May 2015
Downtown Community Benefit District	July 2015
Adoption of the updated City/County Downtown Government Center MOU	February 2016
Code Enforcement Coordination	April 2016

EXHIBIT “A”
SCHEDULE OF PERFORMANCE
2019 Annual Report

ACCOMPLISHMENTS	
TASK	COMPLETED
Property Exchange Agreement Property exchanged New PSHQ groundbreaking	March 2016 June 2018 September 10, 2018
Prepared 2016 MOU Annual Review	November 2016
Completed Downtown Housing Target Market Analysis and Parking Memo	June 2016
Phase I East/West Wing Renovation Completed	November 2016
County Resource Management Agency moved to 1441 Schilling Place	June 2017
Housing Target Market Analysis and Parking Memo presented to City Council and processed Downtown CBD Expansion	July 2017
Commenced Main Street Streetscape Design	August 2017
Main Street Streetscape Master Plan presented to City Council	October 2017
Parking Management Plan (Presentation 1 of 3 to City Council)	November 2017
Completed Relocation of Public Defender's Office	November 2017
Completed 2017 MOU Annual Review	November 2017
Adopted Adaptive Reuse Ordinance for Downtown Core	July 2018
Completed renovation of East-West Wings at old County Courthouse	August 2018
Expanded Adaptive Reuse Ordinance area to include Central City Overlay	September 2018
District Attorney moved into E-W Wings and temporary modular buildings removed	October 2018
Completed 2018 MOU Annual Review	November 2018
City approved expanded parking enforcement services	December 2018

EXHIBIT “A”
SCHEDULE OF PERFORMANCE
2019 Annual Report

ACCOMPLISHMENTS	
TASK	COMPLETED
Downtown Complete Streets Grant Authorization for Construction	January 2019
Downtown Parking Rates Increase	January 2019
City Approved Plans and Specifications for Downtown Complete Streets Project and bid the project	February 2019
Rejected bids for the Downtown Complete Streets Project	April 2019
Approved Revised Downtown Complete Street Project	July 2019
Downtown Parking Rates Increase	February 2019
Approved Amendment 1 to City Lease of Property Agreement	August 2019
Accepted Bid for Downtown Complete Streets Project	October 2019
Completed 2019 MOU Annual Review	November 2019



Monterey County

Board Report

Legistar File Number: 19-0663

Monterey County
Government Center
Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901
September 10, 2019

Introduced: 8/21/2019

Version: 1

Current Status: Agenda Ready

Matter Type: General Agenda Item

- a. Receive an update on the Old Monterey County Jail; and
 - b. Review options for the disposition of the Old Jail; and
 - c. Provide direction on a preferred option for the disposition of the Old Jail.
- (Board Referral #: 2017.15)

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Receive an update on the Old Monterey County Jail; and
- b. Review options for the disposition of the Old Jail; and
- c. Provide direction on a preferred option for the disposition of the Old Jail.

SUMMARY:

Monterey County has conducted numerous studies of the Old Jail, defining its historic significance and evaluating and ranking a range of options for disposition. Multiple meetings have been held with key community stakeholders relative to the adaptive reuse options proposed by these studies. Other ideas have been presented at these meetings; however, to date, there have been no formal proposals for adaptive reuse that include plans that demonstrate financial feasibility.

On September 13, 2016, the Board of Supervisors considered nine options for disposition of the Old Jail and identified the preferred option as Scheme 9 - remove the Old Jail, create new urban space for civic engagement and to commemorate the historicity of the site. On August 29, 2017, Supervisor Alejo submitted a Board referral (Board Referral #: 2017.15) requesting: "Resolution to approve an RFP to solicit proposals for Adaptive Reuse of the Historic Old Monterey County Jail at 142 W. Alisal Street in Salinas (historic landmark where farmworker leader Cesar Chavez was jailed in 1970)."

Having completed Board Referral #: 2017.15 for a Request for Proposal (RFP) for Adaptive Reuse, staff returns to the Board of Supervisors with this update and review of previous options and seeks additional Board direction. Staff requests Board direction on a preferred option for disposition of the Old Jail. Disposition options range from demolition of the entire structure to renovating the entire existing structure. Costs for these options (schemes) range from about \$4.3 million to \$35.8 million (Attachment A adjusts estimates to 2019 dollars). Any impact to the historical significance of the structure would trigger requirement of an environmental impact report (EIR), which would add about \$500,000 to the project cost.

DISCUSSION:

Around 2000, Monterey County developed a long-term vision for Alisal campus. To date work completed includes renovation of the North Wing (240 Church Street), construction of the Administrative Building (168 W. Alisal), and renovation of the East-West Wing (142 W. Alisal). The plan included disposition of the Old Jail that was initiated around 2003 but was halted due to legal actions that resulted in listing the Monterey County Old Jail on the National Register of Historic Places. In 2011, staff procured design services to design weatherization improvements, including re-roofing of the Administration Wing and other roof decks (other than the cellblock roof), limited repairs to the facade and parapet concrete and steel work, weatherization of four 'arched' front windows, and removal of the exercise yard enclosure fencing. Those improvements were designed and constructed in 2012. Currently the building is considered hazardous to enter.

An Adaptive Reuse Feasibility Study, Old Monterey County Jail, completed in October 2014, developed a range of six (6) options (schemes) for disposition of the Old Jail, which includes an estimated magnitude of cost:

Scheme 1. Demolish the Old Jail and convert to parking or open space; this option will require an EIR at an estimated cost of \$500,000 and an estimated project cost of \$4.3 million, for a total of \$4.9 million.

Scheme 2. Save Historic Alisal Facade with New Building behind, at an estimated project cost of \$35.8 million.

Scheme 3. Retain Admin Wing with New Building behind, at an estimated project cost of \$24.2 million.

Scheme 4. Rehabilitate Original 1930 Construction with New First Floor, at an estimated project cost of \$22.6 million.

Scheme 5. Full Rehabilitation of Entire Jail, at an estimated project cost of \$16.4 million.

Scheme 6. Full Preservation of the Facility (Mothballing), at an estimated initial project cost of \$2.6 million, plus annual maintenance in accordance with Department of Interior Standards.

Staff presented this feasibility study to the Capital Improvement Committee, and was directed to include three additional schemes:

Scheme 7. Alisal Façade Preservation with Park at an estimated project cost of \$11.0 million.

Scheme 8. Restoration of 1930's Construction at an estimated project cost of \$34.0 million.

Scheme 9. Remove Old Jail and replace with New Commemorative Park an estimated project cost of \$5.0 million.

California Environmental Quality Act (CEQA) exempts maintenance, repair, stabilization, restoration, preservation, conservation or reconstruction of historic resources *in a manner consistent with Department of Interior Standards*. Depending on how the project is scoped, most of the schemes (options) would require an EIR at an estimated cost of \$500,000, in addition to the estimated project cost. Staff should note that these cost estimates were from 2014 so would likely have increased over the past five years.

Following months of seeking key community stakeholder responses to the adaptive reuse options proposed by the feasibility study, on September 13, 2016, the Board of Supervisors considered nine options for a project at the Old Jail Site (**Attachment A**, estimates adjusted to 2019 dollars) and selected as the preferred option, Scheme 9 to remove the Old Jail, create new urban space for civic engagement and to commemorate the historicity of the site. The Board of Supervisors selected Scheme 9 (removal of the Jail) for the purposes of establishing a project description suitable for

pursuing an Environmental Impact Report (EIR). The EIR would include an environmental analysis for the removal of the Old Monterey County Jail and replacement with a commemorative park as well as an examination of a full range of alternatives compliant with CEQA. The EIR was proposed for commencement following occupancy of the former courthouse East/West Wing Renovation project in 2018.

On October 10, 2017, the Board of Supervisors directed staff to solicit proposals for adaptive reuse of the Old Monterey County Jail as a final attempt for public/private development before considering other options for disposition. Resource Management Agency (RMA) worked with County Administrative Office-Contracts/Purchasing to develop a Request for Proposal that requested a public-private partnership (P3) format for adaptive reuse of the structure, including a financial plan showing fiscal feasibility of the proposal. In December 2018, the Contracts/Purchasing, on behalf of RMA, issued RFP 10700. No proposals were received, and there was no contact to inquire (questions), indicate interest or request additional time.

RMA updated the Board of Supervisors on March 19, 2019 and the Board directed staff to issue a new RFP with greater outreach to the development community. RFP 10724 was released May 9, 2019. The deadline to submit proposals was July 9, 2019. No proposals were received, and there was no contact to indicate interest or request additional time.

The standard solicitation period for capital projects is about four (4) weeks, and both RFPs were circulated for nine (9) week solicitation periods. Both RFPs were advertised and posted in the typical places for capital projects: the Monterey County Weekly, and listing in the County Contracts / Purchasing Solicitation Center. In addition, staff sent direct email to members of Alliance of Monterey Area Preservationists (AMAP) so they could distribute to any known interested parties. With the second RFP, staff sent notification of the RFP release to the City of Salinas Economic Development in order to broaden the search for a development entity. As part of that, staff coordinated with the City of Salinas for the Old Jail to be included as an option with a larger RFP that they are soliciting for redevelopment of the Lincoln Avenue corridor.

On June 20, 2019, during the second solicitation period, RMA participated in a Community Meeting hosted by the Salinas City Center Association, Alliance of Monterey Area Preservationists and Supervisor Luis Alejo. A number of ideas were presented at that meeting, and information was shared about programs that could be used to help financially. Staff noted that proposals need to include a financial plan demonstrating that the project is feasible, meaning that the entity has fiscal capability to complete the project.

OTHER AGENCY INVOLVEMENT:

In the course of facilitating assessments and determining feasibility of multiple schemes, staff has met/talked with representatives from numerous public and private agencies, business owners and citizens, including but not limited to County Historic Resources Review Board, Salinas Historic Resources Board, State Office of Historic Preservation, and Cesar Chavez Foundation. If and when approved, the commencement of an EIR as part of the CEQA process would include other Agency involvement. RMA has worked in collaboration with the County Administrative Office Contracts / Purchasing Division and with the Office of the County Counsel-Risk Management in the RFP

development and process.

FINANCING:

Staff time associated with the development and issuance of the RFP are estimated to cost \$25,000. The Fiscal Year (FY) 2019-20 budget includes \$90,207 in the Facilities Master Plan Project Fund 404 - Facilities Utilization Program (FUP) to support the pre-planning efforts required to fulfill the 2003 Master Plan at the Alisal Government Center Campus, which includes the Old Jail. Costs for future efforts on the disposition of the Old Jail will depend on Board direction. Once staff receives direction, staff will evaluate costs and funding sources for the Board to consider.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The long-term vision for the County campus includes the disposition of the Old Jail. The recommended action supports the following Board of Supervisors' Strategic Initiatives below:

- ☒ Economic Development
- ☐ Administration
- ☐ Health & Human Services
- ☒ Infrastructure
- ☐ Public Safety

Prepared by: Dave Pratt, Project Manager II (831)796-6091

Approved by: Carl Holm, AICP, Director Resource Management Agency



Attachment A - Nine Options from the 2014/2015 Adaptive Reuse Study

COST ESTIMATES

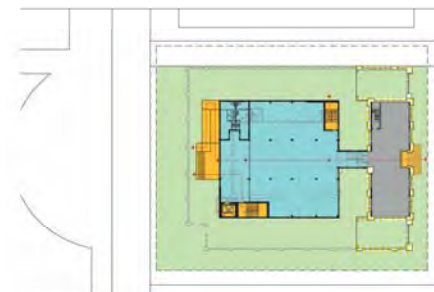
OPTIONS	APPROX. AREA	ESTIMATED PROJECT COST	ESTIMATED COST/SF
Scheme 1 – Remove Jail/Convert to parking or landscaped area	17,700 GSF	\$4,258,000	\$241
Scheme 2 - Save Historic Alisal Facade with New Building behind	20,550 GSF	\$35,776,000	\$1,741
Scheme 3 - Retain Admin Wing with New Building behind	20,550 GSF	\$24,186,000	\$1,177
Scheme 4 - Rehab Original 1930 Construction with New First Floor	22,650 GSF	\$22,632,000	\$999
Scheme 5 - Full Rehabilitation of Entire Jail	23,325 GSF	\$16,424,000	\$704
Scheme 6 - Full Preservation (Mothballing) Facility	30,095 GSF	\$2,569,000	\$86
Scheme 7 - Alisal Façade Preservation with Park	N/A	\$11,000,000	N/A
Scheme 8 - 1930 Restoration of Original Jail	20,000 GSF	\$34,000,000	\$1,700
Scheme 9 – Remove Jail/replace with New Commemorative Park	TBD	\$5,000,000	N/A



Scheme 1



Scheme 2



Scheme 3



Scheme 4



Scheme 5



Scheme 6



**DISPOSITION OF
OLD COUNTY JAIL
SEPTEMBER 10, 2019**



OLD MONTEREY COUNTY JAIL

158 W. ALISAL STREET

SALINAS





- A. Administrative Building
- B. Old County Jail
- C. Old Courthouse (aka East/West Wing)
- D. Courthouse (aka North Wing)
- E. Former Modular Complex



MONTEREY COUNTY GOVERNMENT CENTER CAMPUS

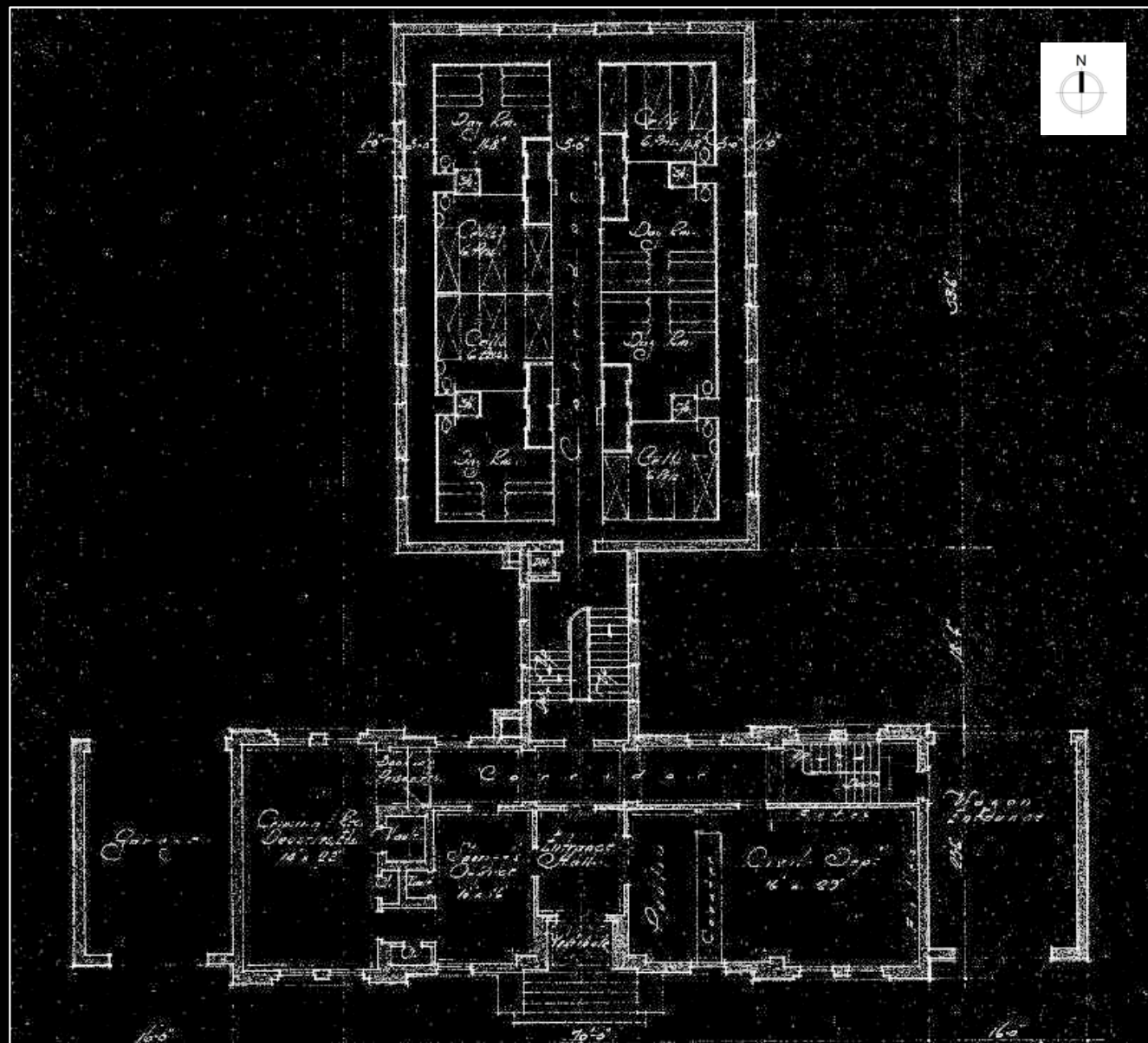


Original Building (c. 1930)

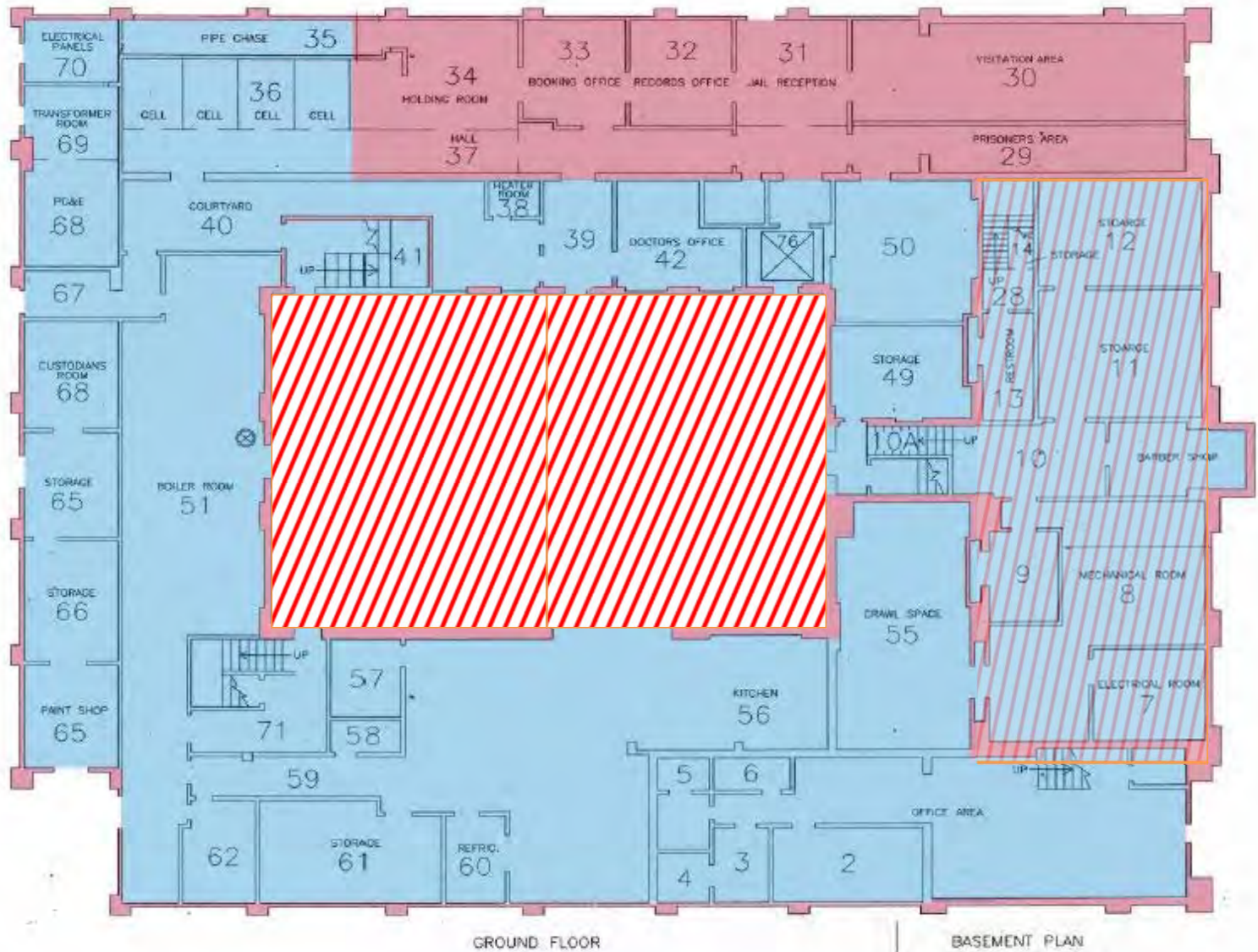
Reed & Corlett,
Architects and
Engineers
Oakland, CA

Additions (c. 1950)

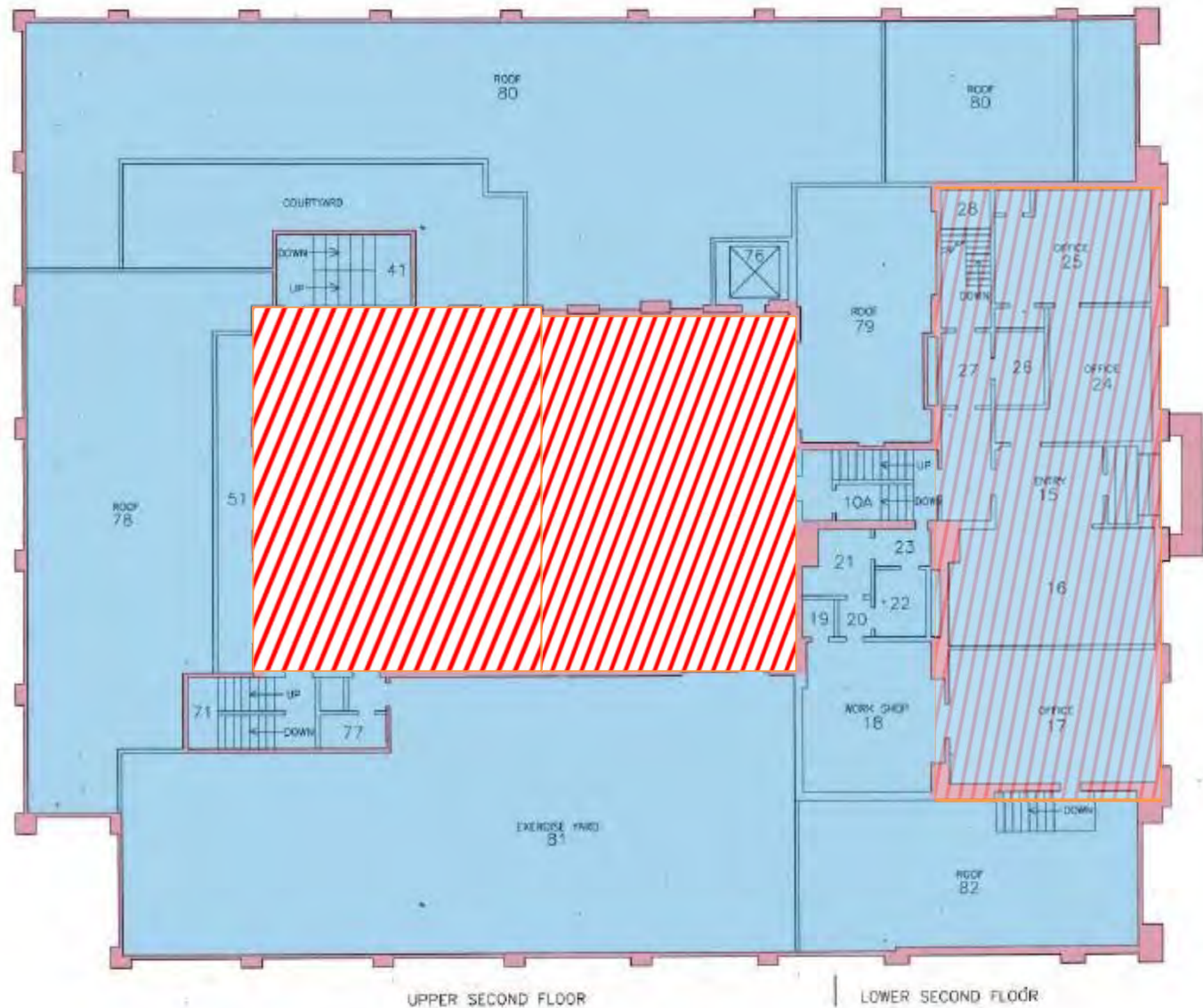
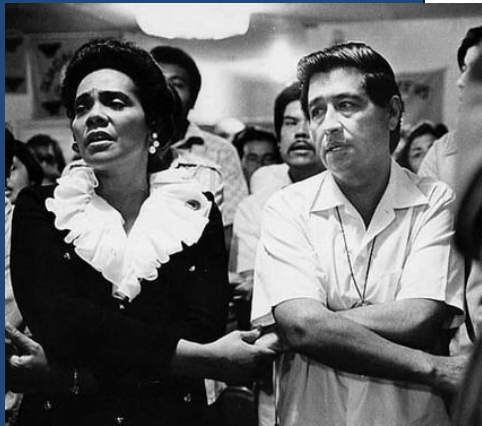
Belli, Fox &
Kuska Architects
Salinas, CA



County Jail c. 1930



County Jail c. 1970 – Ground and Sub-Level



LEGEND



Contributing



Non-Contributing



1930's Footprint

DRAWING NOT TO SCALE

County Jail c. 1970 – Upper Floor



Historic Building Preservation Actions



PRESERVATION BRIEF 31; SEPTEMBER 1993 U.S. DEPARTMENT OF THE INTERIOR NATIONAL PARKS SERVICE (NPS)

• **Documentation Phase**

- September 1998 - March 2014
 - Hazardous Materials Inspection Reports issued
 - Dept. of Parks and Rec. Historic Inventory conducted
 - Condition Reports Issued
 - Microbial Evaluation Reports Issued
 - Historical Monograph Published
 - Historic Resources Evaluation Supplement conducted
 - Historic Analysis and Reuse Studies conducted

• **Stabilization Phase**

- September 2002- January 2013
 - Hazardous Materials Abatement conducted
 - Weatherization, Cleanup and Encapsulation conducted

• **Mothballing Phase**

- Pre-2007 – April 2014
 - Utility services terminated
 - Closure of all openings/penetrations
 - Intermittent surveillance monitoring

OPTIONS	APPROX. AREA	EST PROJECT COST	EST COST/SF
Scheme 1 -Demolish Jail, Replace with parking/landscape	17,700 GSF	\$4,258,000	\$241
Scheme 2 -Retain Alisal Façade, Add New Building behind	20,550 GSF	\$35,776,000	\$1,741
Scheme 3 -Retain Admin Wing, Add New Building behind	20,550 GSF	\$24,186,000	\$1,177
Scheme 4 -Rehabilitate Original Jail (c. 1930), New 1 st Floor	22,650 GSF	\$22,632,000	\$999
Scheme 5 -Rehabilitate Entire Jail (c. 1970)	23,325 GSF	\$16,424,000	\$704
Scheme 6 -Preserve (Mothball) Facility	30,095 GSF	\$2,569,000	\$86
Scheme 7 -Alisal Façade Preservation with New Park	N/A	\$11,000,000	N/A
Scheme 8 -Restore Original Jail (c. 1930)	20,000 GSF	\$34,000,000	\$1,700
Scheme 9 -Demolish Jail, Replace with New Commemorative Park	TBD	\$5,000,000	N/A

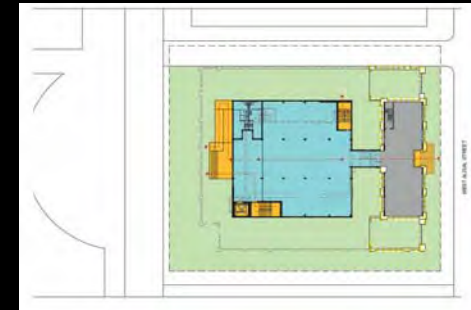
* Estimates adjusted to 2019 dollars



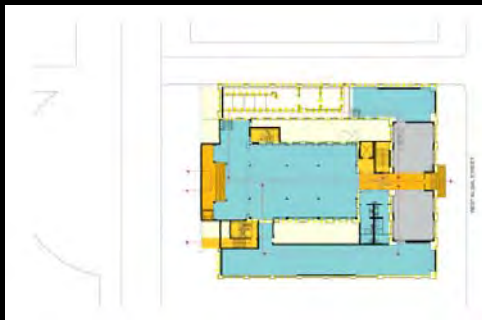
Scheme 1



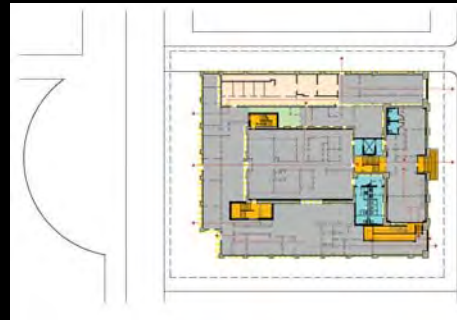
Scheme 2



Scheme 3



Scheme 4



Scheme 5



Scheme 6





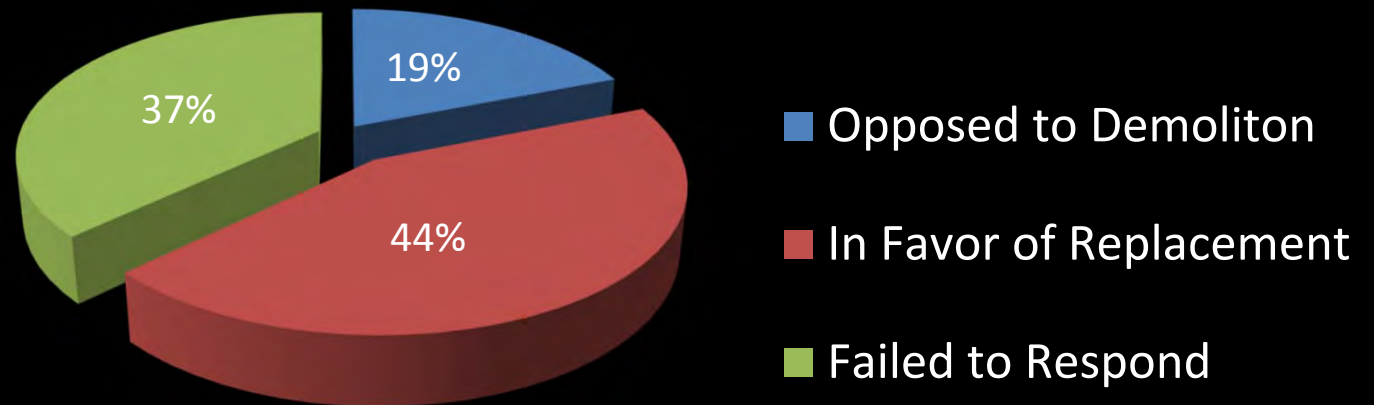
Community Stakeholders included:

Preservationists, Historians, Neighbors, Salinas Residents, Educators, Municipal Officials, Business Groups, and State Politicians.

Survey by RMA-Architectural Services

Stakeholder Outreach

SUMMER 2015-
SPRING 2016



Community Outreach



Preferred Option

Board of Supervisors
September 13, 2016

The Board of Supervisors selected a Preferred Option for a project at the Old Jail Site to establish a Project Description needed as part of the California Environmental Quality Act (CEQA) review process.

- Demolish the Old Jail;
- Remove the existing Alisal/Capital Street Parking Lot;
- Create a new urban space for civic engagement while commemorating the historicity of the site;
- Relocate and/or expand parking



Requests for
Proposal-
Adaptive Reuse
Board of Supervisors

October 10, 2017

Staff directed to issue Request for Proposal (RFP):

- Adaptive Reuse of the building
- Public/Private Partnership
- Financial Capability

December 2018

RMA issued RFP for adaptive reuse

- No response received

May 2019

RMA (re)issued RFP for adaptive reuse

- No response received



OLD MONTEREY COUNTY JAIL 158 W. ALISAL STREET SALINAS

Actions

- Review Options, previously developed
- Provide direction on a preferred option for the Old Jail





Options

Summary

Scheme 1

Demolish Old Jail, Replace with parking/landscape

Scheme 2

Retain Alisal Façade, Add New Building behind

Scheme 3

Retain Admin Wing, Add New Building

Scheme 4

Rehabilitate Original Jail (c. 1930), New 1st Floor

Scheme 5

Rehabilitate Entire Jail (c. 1970)

Scheme 6

Preserve (Mothball) Facility

Scheme 7

Alisal Façade Preservation with New Park

Scheme 8

Restore Original Jail (c. 1930)

Scheme 9

Demolish Old Jail, Replace with New Commemorative Park



OLD MONTEREY COUNTY JAIL 158 W. ALISAL STREET SALINAS

Actions

- Per Board of Supervisors Referral 2019.08, direct staff to seek State funding and to explore other funding mechanisms to fund a capital project to repurpose the Historic Old Jail





City of Salinas

200 Lincoln Ave., Salinas,
CA 93901
www.cityofsalinas.org

Legislation Text

File #: ID#19-626, Version: 1

Minutes

Approve minutes of November 5, 2019.



City of Salinas

200 Lincoln Ave., Salinas,
CA 93901
www.cityofsalinas.org

Legislation Text

File #: ID#19-625, Version: 1

Financial Claims

Approve financial claims report.

City of Salinas

Claim Check Report 435779-435957

From Payment Date: 11/4/2019 - To Payment Date: 11/5/2019

Number	Date	Status	Payee Name	Transaction Amount
General Account - General Account				
<u>Check</u>				
435779	11/04/2019	Open	Central Coast Federal Credit Union	\$22,400.00
435780	11/04/2019	Open	Central Coast Federal Credit Union	\$13,927.34
435781	11/04/2019	Open	Roberto Moreno	\$6,230.00
435782	11/04/2019	Open	SUBA	\$24,173.59
435783	11/04/2019	Open	U.S. Bank National Association ND	\$23,421.35
435784	11/05/2019	Open	Angeline Sickler	\$20.00
435785	11/05/2019	Open	Eda Herrera	\$9.93
435786	11/05/2019	Open	Jamie Tugel	\$47.50
435787	11/05/2019	Open	Jeffrey Arensdorf	\$51.00
435788	11/05/2019	Open	Jim Pia	\$201.99
435789	11/05/2019	Open	Joseph Gunter	\$120.00
435790	11/05/2019	Open	Katherine Hogan	\$150.03
435791	11/05/2019	Open	Mary Lagasca	\$20.00
435792	11/05/2019	Open	Ulises Carrango	\$12.75
435793	11/05/2019	Open	Victor Baez	\$12.75
435794	11/05/2019	Open	David Poulin	\$74.00
435795	11/05/2019	Open	Liebert Cassidy Whitmore	\$1,350.00
435796	11/05/2019	Open	4Leaf Inc	\$13,333.40
435797	11/05/2019	Open	7 Eleven	\$8.03
435798	11/05/2019	Open	A To Z Party Rental	\$233.31
435799	11/05/2019	Open	Alhambra and Sierra Spring DS Waters of America LP	\$117.91
435800	11/05/2019	Open	Alisal Union School District	\$35.00
435801	11/05/2019	Open	All Safe Security Alarm	\$195.00
435802	11/05/2019	Open	Amazon.Com	\$1,362.53
435803	11/05/2019	Open	American Supply Company	\$873.17
435804	11/05/2019	Open	Amerigas	\$1,331.36
435805	11/05/2019	Open	Anderson Pacific Engineering Construction Inc.	\$20,693.78
435806	11/05/2019	Open	Andrew McLaughlin	\$100.00
435807	11/05/2019	Open	Automotive and Industrial	\$59.26
435808	11/05/2019	Open	Bearing Engineering Company	\$27.26
435809	11/05/2019	Open	BNP Media dba Engineering News Record	\$29.95
435810	11/05/2019	Open	Brent DeBorde	\$88.75
435811	11/05/2019	Open	Bruce Bush	\$100.00
435812	11/05/2019	Open	Cadence Team, LLC	\$4,500.00
435813	11/05/2019	Open	Cal-West	\$12,135.00
435814	11/05/2019	Open	California Towing and Transport	\$525.00
435815	11/05/2019	Open	California Water Service	\$3,436.85
435816	11/05/2019	Open	Candi Swinscoe	\$100.00
435817	11/05/2019	Open	Canon Financial Services Inc	\$508.02
435818	11/05/2019	Open	Carlons Fire Extinguishers Inc	\$105.43
435819	11/05/2019	Open	Cassie McSorley	\$100.00

City of Salinas

Claim Check Report 435779-435957

From Payment Date: 11/4/2019 - To Payment Date: 11/5/2019

Number	Date	Status	Payee Name	Transaction Amount
General Account - General Account				
<u>Check</u>				
435820	11/05/2019	Open	CDW-G	\$10,634.21
435821	11/05/2019	Open	Central Coast Federal Credit Union	\$20,000.00
435822	11/05/2019	Open	Charlie D. Zarza	\$182.00
435823	11/05/2019	Open	Chris Swinscoe	\$100.00
435824	11/05/2019	Open	Cintas	\$955.91
435825	11/05/2019	Open	Citibank, N.A. dba CAT Commercial Revolving Accoun	\$701.06
435826	11/05/2019	Open	Coast Automotive Warehouse Inc	\$281.52
435827	11/05/2019	Open	Comcast (Business)	\$115.45
435828	11/05/2019	Open	Comcast (Business)	\$106.23
435829	11/05/2019	Open	Comcast (Business)	\$354.01
435830	11/05/2019	Open	Community Homeless Solutions	\$46,052.00
435831	11/05/2019	Open	Copymat	\$570.29
435832	11/05/2019	Open	Craig Fairbanks	\$100.00
435833	11/05/2019	Open	CSC Of Salinas	\$162.22
435834	11/05/2019	Open	Daniel David Green	\$100.00
435835	11/05/2019	Open	Dave Shaw	\$100.00
435836	11/05/2019	Open	David L Crabill	\$100.00
435837	11/05/2019	Open	David Yates	\$100.00
435838	11/05/2019	Open	Dilbeck And Sons	\$1,370.00
435839	11/05/2019	Open	Dino Bardoni	\$100.00
435840	11/05/2019	Open	Dioscor Gama Sanchez Db a Corie Construction	\$562.46
435841	11/05/2019	Open	Direct TV LLC	\$131.98
435842	11/05/2019	Open	Donald Cline	\$100.00
435843	11/05/2019	Open	Edges Electrical Group, LLC	\$12,072.13
435844	11/05/2019	Open	Edilcia Perez dba Ella Fitness	\$195.00
435845	11/05/2019	Open	Emergency Vehicle Specialists, Inc.	\$4,914.36
435846	11/05/2019	Open	Envision Ware Inc	\$3,028.28
435847	11/05/2019	Open	Ernesto Sanchez	\$100.00
435848	11/05/2019	Open	Fastenal Company	\$1,076.43
435849	11/05/2019	Open	Gabriel Hernandez	\$100.00
435850	11/05/2019	Open	Gerry Davis	\$100.00
435851	11/05/2019	Open	Golden State Emergency Vehicle Service Inc	\$143.29
435852	11/05/2019	Open	Golden State Truck and Trailer Repair	\$3,292.46
435853	11/05/2019	Open	Granite Construction Company	\$16,613.11
435854	11/05/2019	Open	Great West Equipment	\$320.16
435855	11/05/2019	Open	Green Rubber Kennedy Ag	\$55.63
435856	11/05/2019	Open	GRID Alternatives	\$17,101.90
435857	11/05/2019	Open	Ground Zero Analysis, Inc	\$908.00
435858	11/05/2019	Open	Harris and Associates	\$26,230.70
435859	11/05/2019	Open	Harris and Associates	\$11,672.50
435860	11/05/2019	Open	Heath Johnson	\$100.00

City of Salinas

Claim Check Report 435779-435957

From Payment Date: 11/4/2019 - To Payment Date: 11/5/2019

Number	Date	Status	Payee Name	Transaction Amount
General Account - General Account				
<u>Check</u>				
435861	11/05/2019	Open	Henry Gomez	\$100.00
435862	11/05/2019	Open	Hollister Honda	\$3,284.82
435863	11/05/2019	Open	Housing Resource Center of Monterey	\$6,804.50
435864	11/05/2019	Open	Hydro Turf	\$477.16
435865	11/05/2019	Open	iHeart Communications Inc dba iHeartMedia, TTWN Me	\$2,518.72
435866	11/05/2019	Open	Ines Mendoza Petty Cash Custodian	\$127.35
435867	11/05/2019	Open	Ingram Book Company	\$3,152.31
435868	11/05/2019	Open	Institute of Transportation Engineers, Inc.	\$310.00
435869	11/05/2019	Open	Interim Inc	\$21,588.83
435870	11/05/2019	Open	Jacqueline Pacelli	\$100.00
435871	11/05/2019	Open	Jahaira Paola Navarro dba Dance Into Fitness with	\$585.00
435872	11/05/2019	Open	Jeff Gibson	\$100.00
435873	11/05/2019	Open	Jeffrey Paul Lofton	\$90.94
435874	11/05/2019	Open	Jesse Pinon	\$100.00
435875	11/05/2019	Open	Jesus Orozco	\$100.00
435876	11/05/2019	Open	Jim Clark	\$100.00
435877	11/05/2019	Open	Jim Pia	\$76.13
435878	11/05/2019	Open	Jimenez Autobody Parts, Inc dba C & J Auto Parts	\$56.81
435879	11/05/2019	Open	Johnson Associates	\$18.03
435880	11/05/2019	Open	Jonathan Barnes	\$100.00
435881	11/05/2019	Open	Jonathan Smith	\$100.00
435882	11/05/2019	Open	Jose Luis Corral dba Salinas Pizza	\$515.32
435883	11/05/2019	Open	Julita Galleguillos Dba Core Education	\$900.00
435884	11/05/2019	Open	Kimley Horn And Assoc Inc	\$89,522.50
435885	11/05/2019	Open	Kysmet Security & Patrol	\$594.00
435886	11/05/2019	Open	Lance Miraco	\$100.00
435887	11/05/2019	Open	Macias Gini & O'Connell LLP	\$4,000.00
435888	11/05/2019	Open	Manuel Perrien	\$100.00
435889	11/05/2019	Open	Maria Teresa Heffington	\$100.00
435890	11/05/2019	Open	Mark Freedman	\$100.00
435891	11/05/2019	Open	Mark Putnam	\$100.00
435892	11/05/2019	Open	Martin Persijn	\$100.00
435893	11/05/2019	Open	Michael Groves	\$100.00
435894	11/05/2019	Open	Midwest Tape, LLC dba Midwest Tape	\$2,577.41
435895	11/05/2019	Open	Mike Andresen	\$806.00
435896	11/05/2019	Open	Mission Communications, LLC	\$10,484.40
435897	11/05/2019	Open	Mission Uniform Service	\$235.41
435898	11/05/2019	Open	Monterey County Recorders	\$28.00
435899	11/05/2019	Open	Monterey County Tax Collector	\$236,215.84
435900	11/05/2019	Open	National Community Development Association	\$1,545.00
435901	11/05/2019	Open	Neil Herrier	\$100.00

City of Salinas

Claim Check Report 435779-435957

From Payment Date: 11/4/2019 - To Payment Date: 11/5/2019

Number	Date	Status	Payee Name	Transaction Amount
General Account - General Account				
<u>Check</u>				
435902	11/05/2019	Open	New Image Landscape Company	\$21,523.00
435903	11/05/2019	Open	Norcliff Wiley	\$100.00
435904	11/05/2019	Open	Office Depot Business Service Division	\$1,801.22
435905	11/05/2019	Open	Pacific Gas and Electric Company	\$322.31
435906	11/05/2019	Open	Pacific Products and Services LLC	\$6,203.98
435907	11/05/2019	Open	Pacific Truck Parts Inc	\$142.68
435908	11/05/2019	Open	Paramount's Great America	\$1,632.82
435909	11/05/2019	Open	Partners For Peace	\$4,884.06
435910	11/05/2019	Open	Peninsula Messenger, LLC	\$210.00
435911	11/05/2019	Open	Petsmart	\$499.17
435912	11/05/2019	Open	Pinnacle Medical Group Inc	\$468.00
435913	11/05/2019	Open	PLM Lender Services Inc	\$1,550.00
435914	11/05/2019	Open	Quality Water Enterprises	\$341.04
435915	11/05/2019	Open	Ray Corpuz	\$44.51
435916	11/05/2019	Open	Recorded Books	\$542.38
435917	11/05/2019	Open	Richard Maldonado	\$100.00
435918	11/05/2019	Open	Ricky Williams	\$100.00
435919	11/05/2019	Open	Rincon Consultants, Inc.	\$6,621.99
435920	11/05/2019	Open	Robert Eggers	\$100.00
435921	11/05/2019	Open	Robert Eggleston	\$100.00
435922	11/05/2019	Open	Robert S. Jaques	\$1,625.00
435923	11/05/2019	Open	Salinas City School District	\$205.30
435924	11/05/2019	Open	Salinas Toyota	\$27.20
435925	11/05/2019	Open	Salinas Valley Ford Inc	\$171.58
435926	11/05/2019	Open	Salinas Valley Memorial Hospital Healthcare	\$250.00
435927	11/05/2019	Open	Same Day Shred	\$32.50
435928	11/05/2019	Open	Scott Tyler	\$100.00
435929	11/05/2019	Open	Sheldon Bryan	\$100.00
435930	11/05/2019	Open	Simon Jimenez	\$100.00
435931	11/05/2019	Open	Smart and Final Iris	\$343.99
435932	11/05/2019	Open	Smith and Enright Landscaping	\$22,630.44
435933	11/05/2019	Open	Smokey Key Service	\$471.37
435934	11/05/2019	Open	Snow Signs	\$607.86
435935	11/05/2019	Open	Steve Striffler	\$1,000.00
435936	11/05/2019	Open	Steven Furtado	\$100.00
435937	11/05/2019	Open	Steven M Barone	\$16,637.59
435938	11/05/2019	Open	Suzanne Cottle-Gavalla	\$100.00
435939	11/05/2019	Open	Terry Gerhardstein	\$100.00
435940	11/05/2019	Open	The Foundation Center	\$2,995.00
435941	11/05/2019	Open	Thomas Luzod	\$100.00
435942	11/05/2019	Open	Todd Swinscoe	\$100.00

City of Salinas

Claim Check Report 435779-435957

From Payment Date: 11/4/2019 - To Payment Date: 11/5/2019

Number	Date	Status	Payee Name	Transaction Amount
General Account - General Account				
<u>Check</u>				
435943	11/05/2019	Open	Tracy Molfino	\$100.00
435944	11/05/2019	Open	Tri County Fire Protection	\$143.12
435945	11/05/2019	Open	Trowbridge Enterprises dba Palace Art and Office S	\$25.26
435946	11/05/2019	Open	U.S. Bank National Association ND	\$2,964.18
435947	11/05/2019	Open	Valley Saw Shop	\$159.63
435948	11/05/2019	Open	Verizon Wireless	\$206.11
435949	11/05/2019	Open	Verizon Wireless	\$639.96
435950	11/05/2019	Open	Verizon Wireless	\$1,029.04
435951	11/05/2019	Open	Vicky Burnett	\$100.00
435952	11/05/2019	Open	Victoria Gray	\$100.00
435953	11/05/2019	Open	Vision Service Plan	\$312.26
435954	11/05/2019	Open	Wallace Group A California Corporation	\$135,222.70
435955	11/05/2019	Open	Walmart Community BRC	\$51.78
435956	11/05/2019	Open	Wayne Vance	\$100.00
435957	11/05/2019	Open	Zukunft Incorporated dba Autotek Services	\$1,145.79
Type Check Totals:				\$958,723.83
General Account - General Account Totals				

City of Salinas

Claim Check Report 435958-436127

From Payment Date: 11/12/2019 - To Payment Date: 11/12/2019

Number	Date	Status	Payee Name	Transaction Amount
General Account - General Account				
<u>Check</u>				
435958	11/12/2019	Open	Alberto Duran	\$334.50
435959	11/12/2019	Open	Angeline Sickler	\$57.72
435960	11/12/2019	Open	Beth Mariano	\$24.75
435961	11/12/2019	Open	Brian Frus	\$41.25
435962	11/12/2019	Open	Chris Callihan	\$35.00
435963	11/12/2019	Open	Doyle McFarland	\$62.75
435964	11/12/2019	Open	Elani Trejo	\$20.65
435965	11/12/2019	Open	Gerardo Gonzalez	\$51.00
435966	11/12/2019	Open	James Arensdorf	\$136.50
435967	11/12/2019	Open	Jesse Gilpas	\$12.00
435968	11/12/2019	Open	Jissella Duarte	\$120.42
435969	11/12/2019	Open	John McNeil	\$334.50
435970	11/12/2019	Open	John Murray	\$213.17
435971	11/12/2019	Open	Katherine Hogan	\$35.00
435972	11/12/2019	Open	Mary Lagasca	\$24.75
435973	11/12/2019	Open	Rhonda Combs	\$40.32
435974	11/12/2019	Open	Ronald Patterson	\$51.00
435975	11/12/2019	Open	Scott Myhre	\$1,784.28
435976	11/12/2019	Open	South Bay Regional Public Safety	\$340.00
435977	11/12/2019	Open	Teresa Kistler	\$22.97
435978	11/12/2019	Open	Ulises Carrango	\$12.75
435979	11/12/2019	Open	Angel Gonzalez	\$171.25
435980	11/12/2019	Open	Cassandra Arias	\$144.00
435981	11/12/2019	Open	City of Santa Cruz	\$29.00
435982	11/12/2019	Open	Daniel Aledo	\$32.75
435983	11/12/2019	Open	Juventino Nunez	\$12.75
435984	11/12/2019	Open	Leslie Sterian	\$847.50
435985	11/12/2019	Open	Mario Soto	\$51.00
435986	11/12/2019	Open	Mario Soto	\$51.00
435987	11/12/2019	Open	MCWLA	\$90.00
435988	11/12/2019	Open	MCWLA	\$90.00
435989	11/12/2019	Open	Mona Sotelo	\$97.37
435990	11/12/2019	Open	2NDNATURE, LLC	\$19,206.25
435991	11/12/2019	Open	4 Imprint	\$3,057.91
435992	11/12/2019	Open	Airgas, Inc dba Airgas USA, LLC	\$2,825.94
435993	11/12/2019	Open	Alco Water	\$24,057.92
435994	11/12/2019	Open	Alhambra and Sierra Spring DS Waters of America LP	\$457.57
435995	11/12/2019	Open	Allstar Fire Equipment Inc	\$2,829.28
435996	11/12/2019	Open	Amazon.Com	\$9.25
435997	11/12/2019	Open	Ameri Pride Valley Uniform Services	\$135.55
435998	11/12/2019	Open	American Supply Company	\$1,488.53

City of Salinas

Claim Check Report 435958-436127

From Payment Date: 11/12/2019 - To Payment Date: 11/12/2019

Number	Date	Status	Payee Name	Transaction Amount
General Account - General Account				
<u>Check</u>				
435999	11/12/2019	Open	Appraisal Resource Group	\$2,700.00
436000	11/12/2019	Open	Arrowhead Forensics	\$2,913.70
436001	11/12/2019	Open	Beatriz A Barajas - Petty Cash Custodian	\$627.88
436002	11/12/2019	Open	Bridgestone Americas, Inc dba Bridgestone America	\$1,265.01
436003	11/12/2019	Open	Budget Blinds of Monterey Bay	\$9,802.13
436004	11/12/2019	Open	Cal-West	\$4,356.64
436005	11/12/2019	Open	California Department of Transportation	\$126.00
436006	11/12/2019	Open	California State University Monterey Bay	\$713.42
436007	11/12/2019	Open	California Towing and Transport	\$2,373.00
436008	11/12/2019	Open	California Water Service	\$55,516.64
436009	11/12/2019	Open	Carlos A Esquivel DbA Jacobs Maintenance Services	\$10,960.00
436010	11/12/2019	Open	CDW-G	\$24,472.00
436011	11/12/2019	Open	CEB	\$272.93
436012	11/12/2019	Open	Cintas	\$953.55
436013	11/12/2019	Open	Clark Pest Control	\$158.00
436014	11/12/2019	Open	Coast Automotive Warehouse Inc	\$2,064.62
436015	11/12/2019	Open	Comcast (Business)	\$303.20
436016	11/12/2019	Open	Comcast (Business)	\$54.18
436017	11/12/2019	Open	Commercial Truck Company	\$81.00
436018	11/12/2019	Open	CorVel Corporation Inc dba CorVel Enterprise Compa	\$17,528.41
436019	11/12/2019	Open	County of Monterey	\$100,000.00
436020	11/12/2019	Open	County of Monterey Information Technology Dept	\$7,106.94
436021	11/12/2019	Open	Dale's Glass Shop Inc	\$163.11
436022	11/12/2019	Open	Dataflow Business Systems Inc	\$9.24
436023	11/12/2019	Open	Don Chapin Inc	\$150.00
436024	11/12/2019	Open	Donald A Gibbons DbA Portobello's	\$310.82
436025	11/12/2019	Open	East Bay Tire Company	\$1,389.60
436026	11/12/2019	Open	Fashion Streaks	\$277.31
436027	11/12/2019	Open	FAST Services	\$360.00
436028	11/12/2019	Open	Fastenal Company	\$131.01
436029	11/12/2019	Open	First United Methodist Church Salinas	\$4,762.50
436030	11/12/2019	Open	Girl Scouts Of California Central Coast	\$16,380.14
436031	11/12/2019	Open	Gleason's Salinas RV, Inc.	\$3,625.27
436032	11/12/2019	Open	Golden State Truck and Trailer Repair	\$1,677.26
436033	11/12/2019	Open	GovernmentalJobs.com dba NEOGOV	\$17,560.20
436034	11/12/2019	Open	Granite Construction Company	\$11,151.86
436035	11/12/2019	Open	Granite Rock Co	\$742.93
436036	11/12/2019	Open	GraniteRock dba PAVEX CONSTRUCTION	\$146,228.36
436037	11/12/2019	Open	Green Rubber Kennedy Ag	\$1,229.42
436038	11/12/2019	Open	Harris and Associates	\$12,530.00
436039	11/12/2019	Open	Heather A Hardee dba Hardee Polygraph Services	\$1,200.00

City of Salinas

Claim Check Report 435958-436127

From Payment Date: 11/12/2019 - To Payment Date: 11/12/2019

Number	Date	Status	Payee Name	Transaction Amount
General Account - General Account				
<u>Check</u>				
436040	11/12/2019	Open	Hollister Honda	\$1,842.54
436041	11/12/2019	Open	Hope Rehabilitation Services	\$676.78
436042	11/12/2019	Open	Hydro Turf	\$1,099.45
436043	11/12/2019	Open	Ingram Book Company	\$4,144.21
436044	11/12/2019	Open	Jan Roehl DbA Jan Roehl Consulting	\$6,566.25
436045	11/12/2019	Open	Jayson F. Cardinalli dba Clean Brothers	\$2,000.00
436046	11/12/2019	Open	Jesse And Evan Inc dba La Plaza Bakery	\$151.99
436047	11/12/2019	Open	Jimmy Vanhove dba Precision K9	\$1,250.00
436048	11/12/2019	Open	Joaquin Vasquez DbA Rose Backflow Services	\$132.51
436049	11/12/2019	Open	Johnson Electronics	\$198.00
436050	11/12/2019	Open	Kelly-Moore Paint Company	\$209.05
436051	11/12/2019	Open	L.C. Action	\$786.60
436052	11/12/2019	Open	L.N. Curtis & Sons dba Curtis Blue Line	\$99,298.47
436053	11/12/2019	Open	Lehr Auto Electric	\$3,086.46
436054	11/12/2019	Open	Leticia Altamirano	\$399.00
436055	11/12/2019	Open	Liebert Cassidy Whitmore	\$100.00
436056	11/12/2019	Open	Max Blackwell	\$709.03
436057	11/12/2019	Open	Medics For Life Inc	\$500.00
436058	11/12/2019	Open	Mercury Associates, Inc.	\$7,770.00
436059	11/12/2019	Open	Midwest Tape, LLC dba Midwest Tape	\$1,171.36
436060	11/12/2019	Open	MNS Engineers, Inc	\$2,985.00
436061	11/12/2019	Open	Monterey County Bar Association	\$297.00
436062	11/12/2019	Open	Monterey County Sheriffs Office	\$130,902.21
436063	11/12/2019	Open	Monterey County Tax Collector	\$29,009.13
436064	11/12/2019	Open	Monterey One Water	\$5,947.52
436065	11/12/2019	Open	Monterey One Water	\$33,952.00
436066	11/12/2019	Open	Monterey One Water	\$3,507.44
436067	11/12/2019	Open	Monterey Transfer and Storage Inc	\$182.25
436068	11/12/2019	Open	My Chevrolet	\$93.72
436069	11/12/2019	Open	Napa Auto Parts	\$126.10
436070	11/12/2019	Open	New Image Landscape Company	\$1,290.00
436071	11/12/2019	Open	Newton Construction & Management, Inc	\$89,272.15
436072	11/12/2019	Open	Office Depot Business Service Division	\$445.73
436073	11/12/2019	Open	Owen Equipment Sales	\$4,773.02
436074	11/12/2019	Open	Pacific Gas and Electric Company	\$1,219.16
436075	11/12/2019	Open	Partners For Peace	\$2,965.19
436076	11/12/2019	Open	Pedro C Estrada DbA Estrada Janitorial Service	\$8,350.00
436077	11/12/2019	Open	Petsmart	\$72.09
436078	11/12/2019	Open	Pinnacle Medical Group Inc	\$20.00
436079	11/12/2019	Open	Professional Police Supply, Inc dba Adamson Police	\$2,764.03
436080	11/12/2019	Open	Quality Water Enterprises	\$283.25

City of Salinas

Claim Check Report 435958-436127

From Payment Date: 11/12/2019 - To Payment Date: 11/12/2019

Number	Date	Status	Payee Name	Transaction Amount
General Account - General Account				
<u>Check</u>				
436081	11/12/2019	Open	Ray Corpuz	\$100.13
436082	11/12/2019	Open	RDO Equipment Company	\$435.92
436083	11/12/2019	Open	Recorded Books	\$129.65
436084	11/12/2019	Open	RELX Inc. dba LexisNexis, Division of RELX Inc.	\$924.00
436085	11/12/2019	Open	Remcho, Johansen & Purcell, LLP	\$712.50
436086	11/12/2019	Open	Rene Parra DbA Rene Extrem Team Martial Arts	\$494.00
436087	11/12/2019	Open	S & L Investments dba Salinas Valley ProSquad	\$223.42
436088	11/12/2019	Open	Safety-Kleen Corp	\$5,031.89
436089	11/12/2019	Open	Salinas Valley Solid Waste Authority	\$2,915.09
436090	11/12/2019	Open	Same Day Shred	\$32.50
436091	11/12/2019	Open	San Diego Police Equipment Company	\$1,585.76
436092	11/12/2019	Open	Shred-It US JV LLC dba Shred-It USA LLC	\$191.35
436093	11/12/2019	Open	Skidcar Systems Inc.	\$18,904.25
436094	11/12/2019	Open	Smart and Final Iris	\$607.84
436095	11/12/2019	Open	Smith and Enright Landscaping	\$3,390.00
436096	11/12/2019	Open	Smokey Key Service	\$342.31
436097	11/12/2019	Open	SpeakWrite LLC	\$8,234.97
436098	11/12/2019	Open	Summit Uniform	\$959.22
436099	11/12/2019	Open	Target Pest Control	\$195.00
436100	11/12/2019	Open	Tehama Golf Club LLC	\$1,800.00
436101	11/12/2019	Open	Tiffanys Body Shop	\$862.65
436102	11/12/2019	Open	Tracy Molfino	\$10,000.00
436103	11/12/2019	Open	Tri County Fire Protection	\$279.03
436104	11/12/2019	Open	U.S. Bank National Association ND	\$7,259.86
436105	11/12/2019	Open	United Parcel Service	\$233.12
436106	11/12/2019	Open	University Corporation at Monterey Bay	\$2,457.58
436107	11/12/2019	Open	V & S Auto Care, Inc. dba One Stop Auto Care	\$90.00
436108	11/12/2019	Open	Vals Plumbing and Heating Inc	\$6,193.27
436109	11/12/2019	Open	Veritiv Operating Company Formerly xpedx	\$120.37
436110	11/12/2019	Open	Verizon Wireless	\$50.30
436111	11/12/2019	Open	Verizon Wireless	\$6,344.91
436112	11/12/2019	Open	Verizon Wireless	\$2,947.02
436113	11/12/2019	Open	Voyager	\$1,642.92
436114	11/12/2019	Open	Water Tech	\$525.00
436115	11/12/2019	Open	Williams Equipment Company	\$567.73
436116	11/12/2019	Open	Zachary Linnane	\$695.00
436117	11/12/2019	Open	Centro Cristiano Jerusalem	\$1,285.80
436118	11/12/2019	Open	CM Corporation c/o Bart Disalvo	\$1,563.00
436119	11/12/2019	Open	County of Monterey Health Department	\$568.95
436120	11/12/2019	Open	Credit Consulting Services	\$348.00
436121	11/12/2019	Open	Emmanuel Cauntay	\$1,000.00

City of Salinas

Claim Check Report 435958-436127

From Payment Date: 11/12/2019 - To Payment Date: 11/12/2019

Number	Date	Status	Payee Name	Transaction Amount
General Account - General Account				
<u>Check</u>				
436122	11/12/2019	Open	Gerardo Jacobo	\$878.76
436123	11/12/2019	Open	Isabel Jimenez	\$96.75
436124	11/12/2019	Open	Kathie Huynh	\$100.00
436125	11/12/2019	Open	Leslie Sterian	\$50.41
436126	11/12/2019	Open	Nationwide Retirement Solutions	\$8,176.15
436127	11/12/2019	Open	Sergio Lizaola Cruz	\$117.00
Type Check Totals:				<hr/> \$1,075,880.45
General Account - General Account Totals				



City of Salinas

200 Lincoln Ave., Salinas,
CA 93901
www.cityofsalinas.org

Legislation Text

File #: ID#19-481, Version: 1

Janitorial Services Agreements for City Facilities

Approve a Resolution awarding Janitorial Service Agreements to Estrada Janitorial Service and Karla's Janitorial & Suppliers, LLC.



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: NOVEMBER 19, 2019

DEPARTMENT: PUBLIC WORKS

FROM: DAVID JACOBS, DIRECTOR

THRU: HILDA GARCIA, PW ADMIN SUPERVISOR

TITLE: JANITORIAL MAINTENANCE SERVICE AGREEMENTS

RECOMMENDED MOTION:

A motion to approve a resolution (1) awarding two janitorial service agreements for City facilities; and (2) approving an appropriation of \$87,828 from ten separate divisions' operations budgets to cover the services through the end of the fiscal year.

RECOMMENDATION:

It is recommended that the City Council approve a resolution awarding janitorial service agreements to Estrada Janitorial Service for the sum of \$11,700 per year, and Karla's Janitorial & Suppliers LLC for the sum of \$410,988 per year; and approving the General Fund appropriations to cover the services through the end of fiscal year 19/20.

EXECUTIVE SUMMARY:

On July 31, 2019, a Request for Proposals ("RFP") for City Wide Janitorial Services was published via PlanetBids, an online bidding tool. Seven vendors submitted proposals for evaluation. An evaluation committee was formed to review the proposals for city-wide facilities. Facilities requiring janitorial services are comprised of a mix of libraries, recreation centers, office/public buildings and park facilities. In evaluating the facilities, Staff has determined that for administrative purposes, the janitorial services agreement will be split in two: one contractor for the Sherwood Community Center and one for the remaining facilities. Based on cost proposals received, budget transfers and general fund appropriations will be required.

BACKGROUND:

On July 31, 2019 a Request for Proposals ("RFP") for City Wide Janitorial Services was published via PlanetBids, an online bidding tool. A total of 54 vendors were notified, subsequently 15 registered as prospective bidders. A pre-proposal conference, attended by eight prospective bidders, was held on August 8th. Proposals were due on August 23rd, at which time seven vendors submitted proposals for evaluation.

An evaluation committee, comprised of six, cross-departmental City staff members, was formed. The committee conducted a thorough evaluation of the proposals, based on the criteria set forth in the RFP. Proposals' prices were then evaluated using the Ratio Method and a final score assigned to each respondent per facility group. With the Ratio Method, the proposal with the lowest cost receives the maximum points allowed. All other proposals receive a percentage of the points available based on their cost relationship to the lowest. This method is one of three methods suggested by the State Procurement Bureau for scoring the cost portion of an RFP response. For a summary of evaluations, refer to Exhibit A.

The City facilities requiring janitorial services consist of a mix of libraries, recreation centers, office/public buildings and park facilities. These include:

GROUP/CATEGORY	FACILITY	LOCATION
Libraries	Cesar Chavez Library	665 Williams Road, 93905
	John Steinbeck Library	350 Lincoln Avenue, 93901
	Library Connection at Northridge	796 Northridge Drive, 93906
Rec Centers	Bread Box Recreation Center	745 S. Sanborn Road, 93905
	Central Park Recreation Center	420 Central Avenue, 93901
	El Dorado Recreation Center	1655 El Dorado Drive, 93906
	Hebbron Heights Recreation Center	683 Fremont Street, 93905
	Salinas Recreation Center	320 Lincoln Avenue, 93901
	Fire House Recreation Center	1330 E. Alisal Street, 93905
Offices / Public Buildings	Maintenance Yard	426 Work Street, 93901
	Train Station	11 Station Place, 93901
	City Hall and Rotunda	200 Lincoln Avenue, 93901
	Permit Center	65 West Alisal Street, 93901
	City Park Restrooms	Various Locations
Other Facilities	Sherwood Hall	940 N Main Street, 93906
	Salinas Municipal Airport	30 Mortenson Avenue, Building 240 (240 Mortensen Avenue) and the Southside Restrooms (1545 & 1595 Moffett Street), 93905

In evaluating the facilities, Staff determined that for administrative purposes, the janitorial services agreement will be split. Originally, three vendors were selected to service facilities; One for the Airport, one for Sherwood Hall and one for the remainder of the facilities. The highest scoring firm for the Airport declined the offer. The next highest scoring firm for the Airport was already in negotiations for other facilities and was more than agreeable to adding the Airport facility to its contract.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378).

STRATEGIC PLAN INITIATIVE:

This item relates to the City Council's Strategic Plan to have a Well Planned City and Excellent Infrastructure. It's the City's goal to safely and efficiently manage the infrastructure with which we have been entrusted.

DEPARTMENTAL COORDINATION:

The Maintenance Services and Administration divisions within Public Works Department worked hand in hand in the formulation of the RFP and throughout the procurement process. Library, Rec Park and Airport Staff made up the evaluation committee and worked closely during the RFP submittal review process. Legal staff will review the contract agreement as to form and legality, while Finance will assist Public Works in the issuance of a purchase order and monitoring of progress payments.

FISCAL AND SUSTAINABILITY IMPACT:

The contract with Estrada Janitorial Service is for \$11,700 per year. The other with Karla's Janitorial & Suppliers Services is for \$410,988 per year. Both will be funded through the departments' operation budgets or the respective cost centers.

The current city-wide janitorial service contract has been costing \$9,790 per month not including emergency call backs or additional work. Costs related to emergency call backs and additional work are approximately \$6,337 per month and are paid on an as-needed basis. The contract for last years' services was totaled \$193,500.

The current janitorial service contract was initially bid out over seven years ago. A combination of inflation and the expansion of facilities over the years are the main contributing factors to the increase in contract cost. According to the Bureau of Labor Statistics' consumer price index, today's prices are 11.83% higher than the average prices throughout 2012. Also, some facilities (Cesar Chavez Library and the Train Station) have expanded throughout the years, thus increasing the need for additional routine maintenance.

Available budget and proposed costs are outlined in the table below.

FACILITY	GENERAL LEDGER BUDGET	PROPOSED ANNUAL COST	AVAILABLE BUDGET (THRU JUNE 2020)	PROPOSED COST (Dec THRU JUNE 2020)	SHORTFALL
Cesar Chavez Library	1100.60.6012-63.4500	\$46,200	\$14,433	\$26,950	(\$12,517)
John Steinbeck Library	1100.60.6011-63.4500	\$46,680	\$24,090	\$27,230	(\$3,140)
Library Connection at Northridge	1100.60.6013-63.4500	\$4,620	\$3,500	\$2,695	-0-
Bread Box Recreation Center	1000.55.6244-63.4500	\$11,940	-0-	\$6,965	(\$6,965)
Central Park Recreation Center	1000.55.6235-63.4500	\$6,552	-0-	\$3,822	(\$3,822)

El Dorado Recreation Center	1000.55.6234-63.4500	\$8,160	-0-	\$4,760	(\$4,760)
Hebbron Heights Rec Center	1000.55.6241-63.4500	\$15,912	-0-	\$9,282	(\$9,282)
Salinas Recreation Center	1000.55.6239-63.4500	\$19,980	-0-	\$11,655	(\$11,655)
Fire House Recreation Center	1000.55.6240-63.4500	\$20,232	\$4,500	\$11,802	(\$7,302)
Train Station	1000.80.8010-63.5400	\$20,340	\$12,000	\$11,865	-0-
Maintenance Yard	1000.50.5232-63.4500	\$12,048	\$82,910	\$7,028	-0-
City Hall and Rotunda	1000.50.5232-63.4500	\$62,880		\$36,680	
Permit Center	1000.50.5232-63.4500*	\$40,560		\$23,660	
Salinas Municipal Airport	6100.50.5340-63.4900	\$24,324	\$38,500	\$14,189	-0-
Sherwood Hall	1000.55.6243-63.4500	\$11,700	-0-	\$6,825	(\$6,825)
Park Restrooms (nightly gate locking only)	1000.50.5238-63.4500	\$3,360	\$9,600	\$1,960	(\$31,560)
Park Restrooms (daily restroom cleaning)	1000.50.5238-63.4500	\$67,200		\$39,200	
				TOTAL	\$97,828

*Portion of Permit Center will be paid from Permit Center Enterprise Fund 6500 (Approximately 37.5%)

Currently, different temp City staff have been taking on the duty of nightly gate locking and servicing the permit center. In order to fund the service contract, the following transfer will be required:

FROM	TO	AMOUNT
1000.50.5238 (Salaries)	1000.50.5238-63.4500 (Outside Services)	\$10,000

And the following appropriations will be required to fund services at different facilities thru the end of fiscal year 2019/2020:

GENERAL LEDGER ACCOUNT		ADDITIONAL APPROPRIATION FROM GENERAL FUND
50.5238	Facilities Maintenance	\$21,560
55.6234	El Dorado	\$4,760
55.6235	Central Park	\$3,822
55.6239	Recreation Center	\$11,655
55.6240	Firehouse Recreation Center	\$7,302
55.6241	Hebbron Heights Rec Center	\$9,282
55.6243	Community Center	\$6,825
55.6244	Breadbox Center	\$6,965
60.6011	Steinbeck Library	\$3,140
60.6012	Cesar Chavez Library	\$12,517
	Total	\$87,828

ATTACHMENTS:

Resolution
Exhibit A – Evaluation / Cost Summary
Draft Agreements for Services

RESOLUTION NO. _____ (N.C.S.)

A RESOLUTION OF THE SALINAS CITY COUNCIL AWARDING JANITORIAL SERVICE AGREEMENTS TO ESTRADA JANITORIAL SERVICE AND KARLA'S JANITORIAL & SUPPLIERS, LLC.

WHEREAS, on July 31, 2019 the City conducted a request for proposals ("RFP") for city wide janitorial services at various city facilities; and

WHEREAS, proposals for said work were received at the office of the City Clerk at City Hall, 200 Lincoln Avenue, Salinas California until 2:00pm on August 23, 2019; and

WHEREAS, a total of seven vendors submitted proposals for evaluation; and

WHEREAS, an evaluation committee, comprised of six, cross-departmental City staff members, conducted a thorough evaluation and scoring of the proposals based on the criteria set forth in the RFP; and

WHEREAS, using the Ratio Method each proposal's cost was evaluated, assigned a score and then combined with the evaluation committees' score (from the RFP criteria), thus providing a final "score" from each vendor per facility; and

WHEREAS, an appropriation of \$87,828 to operations budgets is required in order to fund the services.

NOW, THEREFORE, BE IT RESOLVED that the Salinas City Council, pursuant to Salinas Municipal Code Section 12-21, in reference to janitorial services contract, that all said proposals are rejected except the proposal of Estrada Janitorial Service ("Estrada"), being the most qualified which is hereby accepted for the Sherwood Hall Community Center facility. The subject contract agreement is hereby awarded to Estrada for the sum of \$11,700 per year (for a period of 2 years, with six, one-year annual renewal options), and more specifically at the unit and extra work prices particularly set forth and contained in Estrada's Proposal for City-Wide Janitorial Services, included as Exhibit C in service agreement.

BE IT FURTHER RESOLVED, that the Salinas City Council, pursuant to Salinas Municipal Code Section 12-21, in reference to janitorial services contract, that all said proposals are rejected except the proposal of Karla's Janitorial & Suppliers L.L.C ("Karla's"), being the most qualified which is hereby accepted for the Libraries, Rec Centers, Airport and Office / Public Building facilities. The subject contract agreement is hereby awarded to Karla's for the sum of \$410,988 per year (for a period of 2 years, with six, one-year annual renewal options), and more specifically at the unit and extra work prices particularly set forth and contained in Karla's Proposal for City-Wide Janitorial Services, included as Exhibit C in service agreement.

BE IT FURTHER RESOLVED that Salinas City Council hereby approves an appropriation of \$87,828 to the following operations budgets to be distributed as follows:

GENERAL LEDGER ACCOUNT		ADDITIONAL APPROPRIATION FROM GENERAL FUND
50.5238	Facilities Maintenance	\$21,560
55.6234	El Dorado	\$4,760
55.6235	Central Park	\$3,822
55.6239	Recreation Center	\$11,655
55.6240	Firehouse Recreation Center	\$7,302
55.6241	Hebbron Heights Rec Center	\$9,282
55.6243	Community Center	\$6,825
55.6244	Breadbox Center	\$6,965
60.6011	Steinbeck Library	\$3,140
60.6012	Cesar Chavez Library	\$12,517
	Total	\$87,828

PASSED AND APPROVED this 19th day of November 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Joe Gunter, Mayor

ATTEST:

Patricia M. Barajas, City Clerk

COST PROPOSAL SUMMARY
REQUEST FOR PROPOSALS: CITY-WIDE JANITORIAL SERVICES
RFP Published: July 2019; Awarded: November 2019

			ADS-Myers, Inc.			Estrada Janitorial Service			IMPEC GROUP		
BUILDING		LOCATION	MONTHLY LABOR HOURS	MONTHLY COST	ANNUAL COST	MONTHLY LABOR HOURS	MONTHLY COST	ANNUAL COST	MONTHLY LABOR HOURS	MONTHLY COST	ANNUAL COST
A. LIBRARIES											
A1	Cesar Chavez Library	665 Williams Road, 93905	73	\$ 7,690.49	\$ 92,285.88	150	\$ 4,200.00	\$ 50,400.00	160	\$ 4,958.37	\$ 59,500.44
A2	John Steinbeck Library	350 Lincoln Ave, 93901	216	\$ 8,819.30	\$ 105,831.60	160	\$ 4,350.00	\$ 52,200.00	165	\$ 5,113.32	\$ 61,359.84
A3	Library Connection at Northridge	796 Northridge Drive 93906	6.5	\$ 287.70	\$ 3,452.40	15	\$ 650.00	\$ 7,800.00	13	\$ 402.87	\$ 4,834.44
TOTAL FOR LIBRARIES			\$ 201,569.88			\$ 110,400.00			\$ 125,694.72		
B. RECREATION CENTERS											
B1	Bread Box Recreation Center	745 S. Sanborn Rd., 93905	40	\$ 1,793.64	\$ 21,523.68	40	\$ 1,650.00	\$ 19,800.00	48	\$ 1,487.51	\$ 17,850.12
B2	Central Park Recreation Center	420 Central Avenue 93901	6.5	\$ 371.51	\$ 4,458.12	26	\$ 750.00	\$ 9,000.00	11	\$ 340.89	\$ 4,090.68
B3	El Dorado Recreation Center	1655 El Dorado Drive, 93906	24	\$ 1,093.90	\$ 13,126.80	30	\$ 950.00	\$ 11,400.00	26	\$ 805.74	\$ 9,668.88
B4	Hebbron Heights Recreation Center	683 Fremont Street, 93905	50	\$ 2,215.91	\$ 26,590.92	48	\$ 1,495.00	\$ 17,940.00	63	\$ 1,952.36	\$ 23,428.32
B5	Salinas Recreation Center	320 Lincoln Avenue, 93901	140	\$ 5,930.13	\$ 71,161.56	78	\$ 2,400.00	\$ 28,800.00	85	\$ 2,634.13	\$ 31,609.56
B6	Fire House Recreation Center	1330 E. Alisal Street, 93905	80	\$ 3,678.68	\$ 44,144.16	53	\$ 1,795.00	\$ 21,540.00	63	\$ 1,952.36	\$ 23,428.32
TOTAL FOR RECREATION CENTERS			\$ 181,005.24			\$ 108,480.00			\$ 110,075.88		
SALINAS MUNICIPAL AIRPORT											
C5	Salinas Municipal Airport	30 Mortenson Avenue, Building 240 (240 Mortensen Avenue) and the Southside Restrooms (1545 & 1595 Moffett Street).				100	\$ 3,300.00	\$ 39,600.00	63	\$ 1,952.36	\$ 23,428.32
TOTAL FOR AIRPORT FACILITIES			\$ -			\$ 39,600.00			\$ 23,428.32		
SHERWOOD HALL											
C6	Sherwood Hall	940 N Main Street, 93906				15	\$ 975.00	\$ 11,700.00			\$ -
TOTAL FOR SHERWOOD HALL FACILITY			\$ -			\$ 11,700.00			\$ -		
C. OTHER CITY FACILITIES											
C1	Maintenance Yard	426 Work Street, 93901				44	\$ 1,295.00	\$ 15,540.00	37	\$ 1,146.62	\$ 13,759.44
C2	Train Station	11 Station Place, S 93901				80	\$ 3,595.00	\$ 43,140.00	69	\$ 2,138.30	\$ 25,659.60
C3	City Hall and Rotunda	200 Lincoln Avenue, 93901				300	\$ 9,000.00	\$ 108,000.00	225	\$ 6,972.71	\$ 83,672.52
C4	Permit Center	65 West Alisal Street, 93901				150	\$ 4,500.00	\$ 54,000.00	121	\$ 3,749.77	\$ 44,997.24
C7a	City Park Restrooms (nightly gate locking only)	Various Locations				55	\$ 1,650.00	\$ 19,800.00	423	\$ 13,108.69	\$ 157,304.28
C7b	City Park Restrooms (daily restroom cleaning)	Various Locations				396	\$ 11,995.00	\$ 143,940.00			
TOTAL FOR OTHER CITY FACILITIES						\$ 384,420.00			\$ 325,393.08		
D. SPECIAL EVENTS				BASE RATE	HOURLY RATE		BASE RATE	HOURLY RATE		BASE RATE	HOURLY RATE
D1	Sherwood Hall Center Special Events	940 N Main Street, 93906		\$ 100	\$ 33.95		\$ 100.00	\$ 30.00		min 4 hour call	\$ 35.00
E. EMERGENCY CALL BACKS				BASE RATE	HOURLY RATE		BASE RATE	HOURLY RATE		BASE RATE	HOURLY RATE
E1	Emergency Call Backs	Locations will vary		\$ 100	\$ 33.95 \$ 50.00		\$ 100.00	\$ 30.00		min 4 hour call	\$ 45.00

COST PROPOSAL SUMMARY
REQUEST FOR PROPOSALS: CITY-WIDE JANITORIAL SERVICES
RFP Published: July 2019; Awarded: October 2019

			Jacob's Maintenance			Karla's Janitorial			S. Sarkissian Company		
BUILDING		LOCATION	MONTHLY LABOR HOURS	MONTHLY COST	ANNUAL COST	MONTHLY LABOR HOURS	MONTHLY COST	ANNUAL COST	MONTHLY LABOR HOURS	MONTHLY COST	ANNUAL COST
A. LIBRARIES											
A1	Cesar Chavez Library	665 Williams Road, 93905	155	\$ 4,650	\$ 55,800	145	\$ 3,850	\$ 46,200	80	\$ 3,500	\$ 42,000
A2	John Steinbeck Library	350 Lincoln Ave, 93901	160	\$ 4,800	\$ 57,600	146	\$ 3,890	\$ 46,680	80	\$ 3,500	\$ 42,000
A3	Library Connection at Northridge	796 Northridge Drive 93906	21	\$ 630	\$ 7,560	13	\$ 385	\$ 4,620	48	\$ 1,500	\$ 18,000
TOTAL FOR LIBRARIES			\$ 120,960			\$ 97,500			\$ 102,000		
B. RECREATION CENTERS											
B1	Bread Box Recreation Center	745 S. Sanborn Rd., 93905	40	\$ 1,200	\$ 14,400	36	\$ 995	\$ 11,940	80	\$ 3,000	\$ 36,000
B2	Central Park Recreation Center	420 Central Avenue 93901	15	\$ 450	\$ 5,400	21	\$ 546	\$ 6,552	48	\$ 1,500	\$ 18,000
B3	El Dorado Recreation Center	1655 El Dorado Drive, 93906	25	\$ 750	\$ 9,000	25	\$ 680	\$ 8,160	80	\$ 3,000	\$ 36,000
B4	Hebbron Heights Recreation Center	683 Fremont Street, 93905	35	\$ 1,050	\$ 12,600	48	\$ 1,326	\$ 15,912	80	\$ 3,000	\$ 36,000
B5	Salinas Recreation Center	320 Lincoln Avenue, 93901	60	\$ 1,800	\$ 21,600	60	\$ 1,665	\$ 19,980	80	\$ 3,000	\$ 36,000
B6	Fire House Recreation Center	1330 E. Alisal Street, 93905	70	\$ 2,100	\$ 25,200	62	\$ 1,686	\$ 20,232	80	\$ 3,000	\$ 36,000
TOTAL FOR RECREATION CENTERS			\$ 88,200			\$ 82,776			\$ 198,000		
SALINAS MUNICIPAL AIRPORT											
C5	Salinas Municipal Airport	30 Mortenson Avenue, Building 240 (240 Mortensen Avenue) and the Southside Restrooms (1545 & 1595 Moffett Street).	84	\$ 2,520	\$ 30,240	80	\$ 2,027	\$ 24,324	48	\$ 1,500	\$ 18,000
TOTAL FOR AIRPORT FACILITIES			\$ 30,240.00			\$ 24,324.00			\$ 18,000.00		
SHERWOOD HALL											
C6	Sherwood Hall	940 N Main Street, 93906	127	\$ 3,810	\$ 45,720	184	\$ 5,800	\$ 69,600	80	\$ 5,000	\$ 60,000
TOTAL FOR SHERWOOD HALL FACILITY			\$ 45,720.00			\$ 69,600.00			\$ 60,000.00		
C. OTHER CITY FACILITIES											
C1	Maintenance Yard	426 Work Street, 93901	25	\$ 750	\$ 9,000	38	\$ 1,004	\$ 12,048	80	\$ 3,000	\$ 36,000
C2	Train Station	11 Station Place, S 93901	55	\$ 1,650	\$ 19,800	62	\$ 1,695	\$ 20,340	80	\$ 3,000	\$ 36,000
C3	City Hall and Rotunda	200 Lincoln Avenue, 93901	195	\$ 5,850	\$ 70,200	195	\$ 5,240	\$ 62,880	80	\$ 5,000	\$ 60,000
C4	Permit Center	65 West Alisal Street, 93901	191	\$ 5,730	\$ 68,760	123	\$ 3,380	\$ 40,560	80	\$ 3,500	\$ 42,000
C7a	City Park Restrooms (nightly gate locking only)	Various Locations	60	\$ 1,800	\$ 21,600	10	\$ 280	\$ 3,360	80	\$ 3,000	\$ 36,000
C7b	City Park Restrooms (daily restroom cleaning)	Various Locations	390	\$ 11,700	\$ 140,400	210	\$ 5,600	\$ 67,200			
TOTAL FOR OTHER CITY FACILITIES			\$ 329,760			\$ 206,388			\$ 210,000		
D. SPECIAL EVENTS				BASE RATE	HOURLY RATE		BASE RATE	HOURLY RATE		BASE RATE	HOURLY RATE
D1	Sherwood Hall Center Special Events	940 N Main Street, 93906		\$ 100	\$ 30		\$ 29.95	\$ 29.95			
E. EMERGENCY CALL BACKS				BASE RATE	HOURLY RATE		BASE RATE	HOURLY RATE		BASE RATE	HOURLY RATE
E1	Emergency Call Backs	Locations will vary		\$ 100	\$ 30		\$ 35	\$ 35			

COST PROPOSAL SUMMARY
REQUEST FOR PROPOSALS: CITY-WIDE JANITORIAL SERVICES
RFP Published: July 2019; Awarded: October 2019

			Klimas Janitorial		
BUILDING		LOCATION	MONTHLY LABOR HOURS	MONTHLY COST	ANNUAL COST
A. LIBRARIES					
A1	Cesar Chavez Library	665 Williams Road, 93905			\$ -
A2	John Steinbeck Library	350 Lincoln Ave, 93901			\$ -
A3	Library Connection at Northridge	796 Northridge Drive 93906			\$ -
TOTAL FOR LIBRARIES			\$ -		
B. RECREATION CENTERS					
B1	Bread Box Recreation Center	745 S. Sanborn Rd., 93905			\$ -
B2	Central Park Recreation Center	420 Central Avenue 93901			\$ -
B3	El Dorado Recreation Center	1655 El Dorado Drive, 93906			\$ -
B4	Hebbron Heights Recreation Center	683 Fremont Street, 93905			\$ -
B5	Salinas Recreation Center	320 Lincoln Avenue, 93901			\$ -
B6	Fire House Recreation Center	1330 E. Alisal Street, 93905			\$ -
TOTAL FOR RECREATION CENTERS			\$ -		
SALINAS MUNICIPAL AIRPORT					
C5	Salinas Municipal Airport	30 Mortenson Avenue, Building 240 (240 Mortensen Avenue) and the Southside Restrooms (1545 & 1595 Moffett Street).	120	\$ 1,800	\$ 21,600
TOTAL FOR AIRPORT FACILITIES			\$ 21,600.00		
SHERWOOD HALL					
C6	Sherwood Hall	940 N Main Street, 93906			
TOTAL FOR SHERWOOD HALL FACILITY					
C. OTHER CITY FACILITIES					
C1	Maintenance Yard	426 Work Street, 93901			\$ -
C2	Train Station	11 Station Place, S 93901			\$ -
C3	City Hall and Rotunda	200 Lincoln Avenue, 93901			\$ -
C4	Permit Center	65 West Alisal Street, 93901			\$ -
C7a	City Park Restrooms (nightly gate locking only)	Various Locations			\$ -
C7b	City Park Restrooms (daily restroom cleaning)	Various Locations			
TOTAL FOR OTHER CITY FACILITIES			\$ -		
D. SPECIAL EVENTS				BASE RATE	HOURLY RATE
D1	Sherwood Hall Center Special Events 940 N Main Street, 93906			\$ 100	\$ 30
E. EMERGENCY CALL BACKS				BASE RATE	HOURLY RATE
E1	Emergency Call Backs Locations will vary			\$ 100	\$ 30

EVALUATION SUMMARY
REQUEST FOR PROPOSALS: CITY-WIDE JANITORIAL SERVICES
RFP Published: July 2019; Awarded: November 2019

Weight	Criteria	Evaluation Criteria's Description	ADS Myers		Estrada Janitorial		IMPC Group		Jacob's Maintenance		Karl's Janitorial		Klimas Janitorial		S. Sarkissian	
			# of Avg Points	Weighted Score	# of Avg Points	Weighted Score	# of Avg Points	Weighted Score	# of Avg Points	Weighted Score	# of Avg Points	Weighted Score	# of Points	Weighted Score	# of Avg Points	Weighted Score
25%	Qualifications of Entity and Key Personnel	Includes the ability to provide the requested scope of services, the contractor's financial capacity, recent experience conducting work of similar scope, complexity, and magnitude for other public agencies of similar size and references.	85.50	21.38	84.17	21.04	94.67	23.67	82.50	20.63	94.17	23.54	42.33	10.58	49.17	12.29
10%	Approach to Providing the Requested Scope of Service	Includes an understanding of the RFP and of the project's scope of services, knowledge of applicable laws and regulations related to the scope of services.	88.83	8.88	91.17	9.12	90.83	9.08	87.50	8.75	93.00	9.30	47.50	4.75	56.67	5.67
15%	Innovative and/or creative approaches	Does the proposal seek efficiencies, safety, and other innovative ways to providing the services that provide additional efficiencies or increased performance capabilities	85.83	12.88	71.67	10.75	87.83	13.18	70.00	10.50	92.00	13.80	40.50	6.08	60.00	9.00
		Subtotal		43.13		40.91		45.93		39.88		46.64		21.41		26.96
				Annual Cost		Annual Cost		Annual Cost		Annual Cost		Annual Cost				Annual Cost
50%	Cost Proposal for Libraries			\$ 201,570		\$ 110,400		\$ 125,695		\$ 120,960		\$ 97,500				\$ 102,000
		Points for Libraries	48.37	24	88.32	44	77.57	39	80.61	40	100.00	50			95.59	48
10%		Local Preference				9										
		TOTAL SCORE FOR LIBRARIES		67.32		93.57		84.71		80.18		96.64				74.75
50%	Cost Proposal for Rec Centers			\$ 181,005		\$ 108,480		\$ 110,076		\$ 88,200		\$ 82,776				\$ 198,000
		Points for Rec Centers	45.73	23	76.31	38	75.20	38	93.85	47	100.00	50			41.81	21
10%		Local Preference				8										
		TOTAL SCORE FOR REC CENTERS		66.00		86.97		83.52		86.80		96.64				47.86
50%	Cost Proposal for Airport Only					\$ 39,600		\$ 23,428		\$ 30,240		\$ 24,324		\$ 21,600		\$ 18,000
		Points for Airport Only			45.45	23	76.83	38	59.52	30	74.00	37	83.33	42	100.00	50
10%		Local Preference				9										
		TOTAL SCORE FOR AIRPORT ONLY				72.14		84.34		69.64		83.64		63.08		76.96
50%	Cost Proposal for Sherwood Only					\$ 11,700				\$ 45,720		\$ 69,600				\$ 60,000
		Points for Sherwood Hall Only			100.00	50			25.59	13	16.81	8			19.50	10
10%		Local Preference				9										
		TOTAL SCORE FOR SHERWOOD HALL ONLY				97.24				59.72		58.41				30.65
50%	Cost Proposal for Other City Facilities					\$ 384,420		\$ 325,393		\$ 329,760		\$ 206,388				\$ 210,000
		Points for City Facilities			53.69	27	63.43	32	62.59	31	100.00	50			98.28	49
10%		Local Preference				7										
		TOTAL SCORE FOR OTHER CITY FACILITIES				74.53		77.64		71.17		96.64				76.10



City of Salinas

200 Lincoln Ave., Salinas,
CA 93901
www.cityofsalinas.org

Legislation Text

File #: ID#19-559, Version: 1

Agreement for Services with Tina La Perle

Approve a Resolution authorizing an Agreement for Services with Tina La Perle (Contractor) for California Department of Housing and Community Development California Emergency Solutions and Housing Program Manager and Homeless Outreach Coordinator.



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: NOVEMBER 19, 2019

DEPARTMENT: COMMUNITY DEVELOPMENT DEPARTMENT

FROM: MEGAN HUNTER, DIRECTOR

BY: CHRISTOPHER VALENZUELA, PLANNING MANAGER

TITLE: AGREEMENT FOR SERVICES WITH TINA LA PERLE

RECOMMENDED MOTION:

A motion to approve a resolution for an Agreement for Services with Tina La Perle (Contractor) for California Department of Housing and Community Development (HCD) California Emergency Solutions and Housing (CESH) Program Manager and Homeless Outreach Coordinator.

RECOMMENDATION:

The Community Development Department (CDD) recommends that City Council approve an Agreement for Services with Contractor for HCD CESH Program Manager and Homeless Outreach Coordinator in an amount not to exceed \$102,728.

EXECUTIVE SUMMARY:

The City of Salinas (City) initially allocated CDD Housing Division General Funds and approved a PSA with Contractor for the term of March 18, 2019 to June 30, 2019 in an amount of \$35,000 to provide homeless outreach coordination services within the Chinatown and Downtown districts and other targeted areas within the City. Prior to the expiration of the original PSA term, three additional PSA amendments were executed for purposes of adding an additional \$27,280 of CDD Housing Division General Funds and extending the term to November 30, 2019. Going forward the City intends to fund the Contractor through a new Agreement for Services with a combination of first round HCD CESH Program grant administration funding combined with California Department of Health Care Services (DHCS) matching funds through the County of Monterey (County) Whole Person Care (WPC) Program. The City received a fully executed first round HCD CESH Standard Agreement (Grant Contract) in the amount of \$1,027,285 on July 25, 2019. Per HCD CESH Program guidelines, five percent or \$51,364 can be utilized for administration purposes. In addition, on October 8, 2019, the County received approval from DHCS to provide an additional \$51,364 of WPC Program matching funds. As a result, the City desires to enter into a new Agreement for Services with the Contractor in the amount of \$102,728 for the term of December 1, 2019 to August 31, 2020.

BACKGROUND:

Homelessness is a serious and ongoing problem in the City and throughout the County and requires support among the City and County for the preservation of public peace, health, and safety of our community. The number of homeless individuals and families has persisted countywide. Persons experiencing homelessness are at high risk for physical and mental health issues, and other chronic illnesses. The City has taken drastic measures to allocate funding and resources toward the issue of homelessness. The City continues to allocate General Fund, United States Department of Housing and Urban Development (HUD) and HCD Emergency Solutions Grants (ESG) Program, HUD Community Development Block Grant (CDBG) Program and most recently HCD CESH Program funding to help reduce homelessness in the community. In addition, the City recently hired a Homeless Outreach Team (HOT) officer and executed a PSA with the Downtown Streets Team (DST) to address challenges in the Chinatown district along with increasing overall employment and engagement opportunities for the homeless population in our community.

DISCUSSION:

Under agreed upon terms in this Agreement for Services, the Contractor will perform the following scope of work:

CESH Program Manager

The CESH Program Manager will provide guidance and direction to awarded CESH subrecipients which includes fulfillment support, monitoring of progress, and evaluation of a Chinatown and Downtown Pilot Project to reduce homelessness. The role will involve extensive collaboration with multiple agencies, including but not limited to; County Health Department, Community Homeless Solutions (Monterey & San Benito Counties), Central Coast Center for Independent Living (CCCIL), Interim Inc., Coalition of Homeless Services Providers, California State University Monterey Bay (CSUMB) and various subcontractors to develop and execute an innovative bridge housing and co-located navigation service model, which empowers and moves those living on the street from unhoused to housed.

Homeless Outreach Coordinator

The Homeless Outreach Coordinator (HOC) is proposed to provide direct support and continued collaboration across multiple City departments such as CDD, Police, Public Works and Legal. The HOC will represent the City at targeted homeless meetings along with facilitating the City's interdepartmental Homeless Coordination Meeting and Chinatown Town Hall meeting. The HOC will attend multiple Coalition of Homeless Services Providers meetings to represent the City's voice in the development of programming and to address Continuum of Care (CoC) needs. The HOC will aide City planning efforts related to homelessness, such as the Chinatown Revitalization Plan, ESG programming, and provide periodic support with messaging, public education, and outreach.

The HOC will provide direct support to the Chinatown district in conjunction with the HOT officer, as needed. The HOC will assist with crisis de-escalation and intervention to the Chinatown district and other service providers, including the DST. As time permits, the HOC's role may evolve to address and respond to homelessness issues that fall outside of the Chinatown and Downtown districts.

Agreement for Services Funding

The City received a fully executed Grant Contract for HCD CESH Program first round grant funding on July 25, 2019 in the amount of \$1,027,285. As a result, the City is eligible to utilize up to five percent or \$51,364 of HCD CESH Program first round funding for administration purposes. In addition, the DHCS will provide matching funds through the County WPC Program in the amount of \$51,364. As a result, this Agreement for Services for the Contractor in the amount of \$102,278 will cover the term of December 1, 2019 to August 31, 2020.

Proposed Agreement for Services Funding		
Agency	Funding Source	Dollar Amount
City of Salinas	CESH (Round 1) Administration Funds	\$51,364
California Department of Health Care Services (DHCS)	County Whole Person Care (WPC) Program	\$51,364
Total		\$102,728

CEQA CONSIDERATION:

The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) per Guidelines Section 15378. CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

STRATEGIC PLAN INITIATIVE:

This Agreement for Services will help advance the following City Council strategic goals: 1) Economic Diversity and Prosperity; 2) Safe, Livable Community; 3) Effective, Sustainable Government and 4) Quality of Life.

DEPARTMENT COORDINATION:

This agenda item is solely administered by the City's CDD Housing Division. However, other City departments that contributed with their staff time and resources included Finance and Legal. The CDD Housing Division also collaborated with the County Health Department.

Department	Contribution
Finance	Assists in helping manage expenditures related to the Agreement for Services.
Legal	Provides legal guidance on all contracts and legal documents related to this agenda item.
County Health Department	Providing DHCS matching funds through the County WPC Program.

FISCAL AND SUSTAINABILITY IMPACT:

Funding for this Agreement for Services is proposed to derive from HCD CESH Program first round grant funding (\$51,364) and DHCS matching funds through the County WPC Program (\$51,364). There is no proposed General Fund impact associated with this agenda item.

ATTACHMENTS:

- Resolution
- Draft Agreement for Services

RESOLUTION NO. _____ (N.C.S.)

A RESOLUTION OF THE CITY OF SALINAS CITY COUNCIL APPROVING AN AGREEMENT FOR SERVICES WITH TINA LA PERLE FOR CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT CALIFORNIA EMERGENCY SOLUTIONS AND HOUSING PROGRAM MANAGER AND HOMELESS OUTREACH COORDINATOR

WHEREAS, the California Department of Housing and Community Development (HCD) issued a Notice of Funding Availability (NOFA) for the first-round allocation of funding for the California Emergency Solutions and Housing (CESH) Program on August 15, 2018; and

WHEREAS, HCD approved \$1,027,285 of CESH Program first-round funding to the City of Salinas (City) on January 11, 2019; and

WHEREAS, the City and HCD fully executed a CESH Program first-round grant contract in the amount of \$1,027,285 on July 25, 2019; and

WHEREAS, per HCD CESH Program guidelines, the City is eligible to utilize up to five percent or \$51,364 for administration funds; and

WHEREAS, on October 8, 2019, the County of Monterey (County) Health Department received approval from the California Department of Health Care Services (DHCS) to provide additional DHCS matching funds in the amount of \$51,364 through the County Whole Person Care (WPC) Program toward the City's HCD CESH Program administration funds; and

WHEREAS, the City intends to utilize \$51,364 of first-round HCD CESH Program funding plus the DHCS matching funds through the County WPC Program in the amount of \$51,364 to fund this Agreement for Services for the term of December 1, 2019 to August 31, 2020 in an amount not to exceed \$102,728.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Salinas that it hereby authorizes and directs the Mayor, for and on behalf of the City of Salinas, to execute this Agreement for Services along with any amendments, contracts or related documents that are deemed necessary to carry out the terms and conditions as set forth in this Agreement for Services as presented to the City Council on this date; and

PASSED AND APPROVED this 19th day of November 2019 by the following vote:

AYES:

NOES:

ABSENT:

APPROVED

Joe Gunter, Mayor

ATTEST

Patricia M. Barajas, City Clerk

**AGREEMENT FOR SERVICES BETWEEN
THE CITY OF SALINAS AND TINA LA PERLE**

**CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
CALIFORNIA EMERGENCY SOLUTIONS AND HOUSING PROGRAM MANAGER
AND HOMELESS OUTREACH COORDINATOR**

THIS AGREEMENT is executed this 1st day of December, 2019, (“Agreement” or “Contract”) between the City of Salinas, a California Charter city and municipal corporation (hereinafter “City”) and Tina La Perle, an individual, (Hereinafter “Contractor”).

IT IS HEREBY MUTUALLY AGREED AS FOLLOWS:

1. **Scope.** Contractor hereby agrees to provide to the City, as the scope of services under this Agreement, the following services: California Department of Housing and Community Development (HCD) California Emergency Solutions and Housing (CESH) Program Manager and Homeless Outreach Coordinator as fully described in Attachment B.
2. **Timeliness.** Contractor shall perform all tasks in a timely fashion, as set forth more specifically in Section 3 below. Failure to so perform is hereby deemed a material breach of this Agreement, and City may terminate this Agreement with no further liability hereunder, or the city may agree in writing with Contractor to an extension of time.
3. **Term.** The work under this Agreement shall commence December 1, 2019 and shall be completed by August 31, 2020 unless City grants a written extension of time as set forth in Section 2 above.
4. **Payment.** City agrees to pay and Contractor agrees to accept as full and fair consideration for the performance of this Agreement, One Hundred Two Thousand Seven Hundred and Twenty-Eight Dollars (\$102,728), as more fully described in the budget in Attachment C. Contractor has no right of reimbursement for expenses under this Agreement. Compensation shall become due and payable 30 days after City’s approval of Contractor’s submission of monthly written invoices to the City. The payment of any compensation shall be contingent upon performance of the terms and conditions of this Agreement to the satisfaction of the City. If City determines that the work set forth in the written invoice has not been performed in accordance with the terms of this Agreement, City shall not be responsible for payment until such time as the work has been satisfactorily performed.
5. **Meet & Confer.** Contractor agrees to meet and confer with City or its agents or employees with regard to services as set forth herein as may be required by City to insure timely and adequate performance of this Agreement.
6. **Insurance.** Contractor shall procure and maintain for the duration of this Agreement insurance meeting the requirements specified in Attachment A hereto.
7. **Indemnification.** Contractor shall hold harmless, defend at its own expense, and

indemnify City and its officers, officials, employees, agents, and volunteers from and against all liability, claims, damages, losses, and/or expenses including reasonable City attorney fees arising from all acts or omissions of Contractor or its officers, agents, or employees arising

out of the performance of the work under this Contract, caused in whole or in part by any negligent act or omission of the Contractor, any subcontractor, anyone directly or indirectly employed by any of them, or anyone for whose acts any of them may be liable, except where caused by the active negligence, sole negligence or willful misconduct of the City.

8. **Licensing.** Contractor warrants that it is properly licensed to perform the work specified under this Agreement, including but not limited to possession of a current City business license.

9. **Termination.** City may terminate this Agreement upon ten days' written notice. The amount of damages, if any, as a result of such termination may be decided by negotiations between the parties or before a court of competent jurisdiction.

10. **Agency.** In performing the services specified under this Agreement, Contractor is hereby deemed to be an independent contractor and not an agent or employee of City.

11. **Non-Assignability.** The rights and obligations of Contractor hereunder are not assignable and cannot be delegated without written consent of City.

12. **Entire Agreement.** This Agreement constitutes the entire Agreement between the parties hereto and supersedes any and all prior agreements, whether oral or written, relating to the subject matter thereof. Any modification of the Agreement will be effective only if it is in writing signed by both parties hereto.

13. **Validity.** If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will continue in full force without being impaired or invalidated in any way.

14. **Counterparts.** This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

15. **Laws.** Contractor agrees that in the performance of this Agreement it will comply with all applicable State, Federal and local laws and regulations. This Agreement shall be governed by and construed in accordance with the laws of the State of California, County of Monterey, and City of Salinas.

IN WITNESS WHEREOF, this Agreement is entered into by the parties hereto on the day and year first written above.

CITY OF SALINAS

Joe Gunter
Mayor

APPROVED AS TO FORM:

Christopher A. Callihan, City Attorney, or
Rhonda Combs, Assistant City Attorney

CONTRACTOR

Tina La Perle
Contractor

Insurance Requirements

Contractor shall procure and maintain for the duration of the contract, and for three years thereafter, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Contractor, his/her/its officers, agents, representatives, employees, and/or subcontractors.

MINIMUM SCOPE AND LIMIT OF INSURANCE

Coverage shall be at least as broad as:

1. **Commercial General Liability** (“CGL”): Insurance Services Office (“ISO”) Form CG 00 01 covering CGL on an occurrence basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than **\$2,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO Form CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.
2. **Automobile Liability**: ISO Form CA 0001 covering Code 1 (any auto), with limits no less than **\$1,000,000** per accident for bodily injury and property damage.
3. **Workers’ Compensation**: as required by the State of California, with Statutory Limits, and Employers’ Liability insurance with a limit of no less than \$1,000,000 per accident for bodily injury or disease.
4. **Contractors’ Pollution Legal Liability and/or Asbestos Legal Liability and/or Errors and Omissions** (if project involves environmental hazards): with limits no less than \$1,000,000 per occurrence or claim, and \$2,000,000 policy aggregate, on an annual basis.

If the Contractor maintains broader coverage and/or higher limits than the minimums shown above, the Contractor requires and shall be entitled to the broader coverage and/or higher limits maintained by the Contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

Self-Insured Retentions

Self-insured retentions must be declared to and approved by the City. At the option of the City, either: the Contractor shall cause the insurer shall to reduce or eliminate such self-insured retentions as respects the City, its officers, officials, employees, and volunteers; or the Contractor shall provide a financial guarantee satisfactory to the City guaranteeing payment of losses and related investigations, claim administration, and defense expenses. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or City.

Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions:

1. **The City, its officers, officials, employees, and volunteers are to be covered as additional insureds** on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts, or equipment furnished in connection with such work or operations and automobiles owned, leased, hired, or borrowed by

or on behalf of the Contractor. General liability coverage can be provided in the form of an endorsement to the Contractor's insurance (at least as broad as ISO Form CG 20 10, CG 11 85 or **both** CG 20 10, CG 20 26, CG 20 33, or CG 20 38; **and** CG 20 37 forms if later revisions used).

2. For any claims related to this project, the **Contractor's insurance coverage shall be primary** insurance coverage at least as broad as ISO CG 20 01 04 13 as respects the City, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.

3. Each insurance policy required by this clause shall provide that coverage shall not be canceled, except with notice to the City.

4. A copy of the claims reporting requirements must be submitted by Contractor to the City.

5. If the services involve lead-based paint or asbestos identification/remediation, the Contractor's Pollution Liability policy shall not contain lead-based paint or asbestos exclusions. If the services involve mold identification/remediation, the Contractor's Pollution Liability policy shall not contain a mold exclusion, and the definition of Pollution shall include microbial matter, including mold.

Acceptability of Insurers

Insurance is to be placed with insurers authorized to conduct business in the state with a current A.M. Best rating of no less than A: VII, unless otherwise acceptable to the City.

Waiver of Subrogation

Contractor hereby agrees to waive rights of subrogation which any insurer of Contractor may acquire from Contractor by virtue of the payment of any loss. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the City for all work performed by the Contractor, its employees, agents and subcontractors.

Verification of Coverage

Contractor shall furnish the City with original Certificates of Insurance including an additional insured endorsement and all required amendatory endorsements (or copies of the applicable policy language effecting coverage required by this clause) and a copy of the Declarations and Endorsement Page of the CGL policy listing all policy endorsements to City before work begins. However, failure to obtain the required documents prior to the work beginning shall not waive the Contractor's obligation to provide them. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements, required by these specifications, at any time.

Subcontractors

Contractor shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Contractor shall ensure that City is an additional insured on insurance required from subcontractors. For CGL coverage subcontractors shall provide coverage with a form at least as broad as CG 20 38 04 13.

Maintenance of Insurance

Maintenance of insurance by Contractor as specified shall in no way be interpreted as relieving

Contractor of its indemnification obligations or any responsibility whatsoever and the Contractor may carry, at its own expense, such additional insurance as it deems necessary.

Special Risks or Circumstances

City reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

Scope of Work

CESH Program Manager

CESH Program Manager provides set-up guidance and direction to awarded CESH Agencies, fulfillment support, monitoring of progress, and evaluation of this new Pilot Project to reduce homelessness - specific to the Chinatown and Downtown districts. The role will involve extensive collaboration with approximately ten (10) Agencies, including Monterey County Department of Health -Whole Person Care, Community Homeless Solutions (Monterey & San Benito Counties), Central Coast Center for Independent Living, Interim, Monterey County Behavioral Health, the Coalition of Homeless Service Providers, as well as California State University - Monterey Bay (CSUMB), and Coast & Valley Property Management, two sub-contractors, to develop and to execute an innovative bridge housing and service model which empowers and moves those living on the street from unhoused to housed.

Homeless Outreach Coordinator (HOC)

The Homeless Outreach Coordinator (HOC) role provides direct support/aide, continued collaboration across City departments, and assistance to Community Development Department (CDD) to address homelessness. HOC represents City interests at several targeted homeless meetings. HOC chairs the interdepartmental Homeless Coordination Meeting and the Chinatown Town Hall meeting. HOC attends the Coalition of Homeless Service Providers meetings to represent the City's voice in the development of programming to address Continuum and County-wide need, for example an outreach/encampment response team. HOC aides City planning efforts, related to homelessness, such as Chinatown Revitalization Implementation, ESG programming, addresses advocate & constituent concerns, and provides periodic assistance with messaging, public education, and outreach.

Homeless Outreach Coordination Chinatown/Downtown

1. Conduct discovery in Chinatown/Downtown with regard to service provider/s (SPs) current efforts, processes, and outcomes. Grasp what is in place, working, and areas for improved strategy. Keep on-going pulse of global effort.
2. Coordinate and facilitate SPs CESH working group to provide oversight of street outreach or engagement, implementing new ideas/solutions to ensure positive movement, progress towards outcomes, and to oversee the City's interest in reducing homelessness on the street.
3. Co-facilitate weekly CESH case conferencing in conjunction with SPs involved in the project.
4. Focus on engagement of residents residing on the streets of Chinatown/Downtown. Provide intervention, including working closely with Salinas Police Department Homeless Outreach Team (HOT) Officer.
5. Under CESH, provide support to SPs, CSUMB Housing Navigators, and Housing

Locators to enable them to best prep homeless applicants for appropriate housing options. Support the Housing Navigators/Locators in search efforts, as needed.

6. Attend collaborative meetings regarding housing availability/stock/access with other City Staff, County Staff, SPs, landlords, agencies, constituents, and execute necessary follow-up.
7. Attend Coalition and/or targeted homelessness meetings.
8. Assist City Staff with CESH outcome monitoring for Chinatown/Downtown grantees/SPs and provide data integrity & monitoring of HMIS/CARS data.
9. Chair and/or attend targeted City Staff meetings.
10. Assist City Staff with CESH Program Notice of Funding Availability (NOFA), rating and ranking, budget planning and overall program management.
11. Assist City Staff with messaging and community education/outreach, at public meetings, committee meetings, City events, etc... as needed.
12. Assist with reviewing and inputting CESH data in the City's on-line software system City Data Services (CDS).

Budget

Tina La Perle is proposed to work an average of 32 hours per week on scope of work activities and may work up to 40 hours per week periodically, as approved in advance by the City Planning Manager or Designee. Weekdays may be exchanged for weekend/after-hours work as needed and approved by the Planning Manager or Designee. Maintain a flexible work week as needed. City Holidays will be honored as part of this agreement.

Tina La Perle will be compensated at an hourly rate of \$83.75 per hour for a total not to exceed One Hundred Two Thousand Seven Hundred and Twenty-Eight Dollars (\$102,728.00) for the term of this agreement.

Funding Source	Dollar Amount
City CESH Program (Round 1) Administration Funds	\$51,364
California Department of Health Care Services (DHCS) Matching Funds Through County Whole Person Care (WPC) Program	\$51,364
Total	\$102,728



City of Salinas

200 Lincoln Ave., Salinas,
CA 93901
www.cityofsalinas.org

Legislation Text

File #: ID#19-593, Version: 1

Williams Road Improvements, CIP 9071

Approve a Resolution approving the proposal from Harris and Associates to prepare plans, specifications, and estimate for the Williams Road Improvements; Project No. 9071 in the amount of \$380,381.



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: NOVEMBER 19, 2019

DEPARTMENT: PUBLIC WORKS DEPARTMENT

FROM: DAVID JACOBS, P.E., L.S., PUBLIC WORKS DIRECTOR

THRU: JONATHAN ESTEBAN, JUNIOR ENGINEER

TITLE: WILLIAMS ROAD IMPROVEMENTS, CIP 9071

RECOMMENDED MOTION:

A motion to approve a Resolution to accept the proposal from Harris & Associates for engineering services to prepare plans, specifications, and estimate (PS&E) for the Williams Road Improvements Project No. 9071, and add the proposed scope of work to the Master Services Agreement with Harris & Associates in the amount of \$380,381.

RECOMMENDATION:

Staff recommends that the City Council approve a resolution approving the proposal from Harris & Associates to prepare plans, specifications, and estimate (PS&E) for the Williams Road Improvements CIP Project 9071.

EXECUTIVE SUMMARY:

The purpose of the project is to begin the environmental process and PS&E phase of the Williams Road Improvements. Harris & Associates will prepare the PS&E to include roadway rehabilitation/reconstruction, sewer and storm improvements, intersection improvements, storm water treatment features, design of streetlight/pedestrian lighting and landscaping, signal modifications at John St/Williams Rd and E Market St/Williams Rd, a HAWK pedestrian signal, crosswalk improvements, bulb-outs, median island, and utility coordination (see attached Concept Plan).

As part of this effort, the City will provide 90% completed plans to PG&E to allow them to begin the design for Phase 1 of the Rule 20A project: Utility Undergrounding of Williams Road. PG&E estimates one-year to complete plans. Public Work's goal is to deliver the 90% plans to PG&E as soon as possible, with a target for groundbreaking in 2022 for the Williams Road Improvements.

BACKGROUND:

On June 4, 2013, the City Council adopted an ordinance establishing the boundaries of the Williams Road Utility Underground District No. 24. Due to insufficient Rule 20A funds, the utility district was split into two Phases. Phase 1 is from E Alisal St to Grandhaven St and Phase 2 is from Grandhaven St to 350' past Bardin Rd. In 2017, the utility companies notified the City that sufficient Rule 20A credits are available for PG&E to design and construct Phase 1 with the condition that the City provide a 90% design of Williams Road Improvements.

On October 11th, 2017, the City Council approved the Civil Engineering On-Call Consultant List and Master Service Agreement. Public Works staff selected Harris & Associates as the most qualified on-call civil engineering consultant to prepare the conceptual design for the Williams Road Improvements on May 15th, 2018.

The conceptual design involved close coordination with the Community Development Department's effort to develop the Alisal Vibrancy Plan. The concept design plan promotes two of the transportation and infrastructure goals of the Alisal Vibrancy Plan, specifically goal TI 1 "Design And Maintain Safe Streets" and goal TI 3 "Provide High Functioning Infrastructure and Attractive Streets with Pedestrian Amenities".

The Public Works Department also hosted two community outreach workshops. The first workshop was to listen to and document concerns and priorities from the community and the second workshop was to present the plan to the community and receive feedback. The conceptual plan incorporated elements to address concerns expressed by the public including additional lighting and roadway landscaping, pedestrian safety enhancements, and decorative streetlights. The plan was well received at the second workshop.

On September 10th, 2019, Harris & Associates completed the Conceptual Plan and submitted a proposal to continue preparing the plans, specifications, and estimate.

CEQA CONSIDERATION:

The scope of work in the proposal includes environmental services to confirm project exemption.

STRATEGIC PLAN INITIATIVE:

This item aligns with the Strategic plan of "Well Planned City and Excellent Infrastructure" and also meets goals established in the Alisal Vibrancy Plan. This project will reconstruct the roadway and address vehicles and pedestrian safety concerns throughout the Williams Road corridor.

DEPARTMENTAL COORDINATION:

Community Development and the Alisal Vibrancy Plan Team assisted in coordinating public outreach for the conceptual phase of the project and provided information gathered from its own

Alisal Vibrancy Plan community meetings. Input for the conceptual phase was taken from the Fire Department for the portion of Williams Road fronting Fire Station #4 and from City Maintenance for Landscaping and Street/Pedestrian Lighting.

Additionally, there has been coordination with TAMC for the concept plan during the conceptual phase.

FISCAL AND SUSTAINABILITY IMPACT:

As of October 25, 2019, the current budget for Project 9071—Williams Road Street/Streetscape is as follows:

	FY 19-20				
CIP #	Funding Source	Appropriations	Expenditures as of 9/30/19	Encumbrances as of 3/26/18	Available Budget
9071	Development Fees-Arterial	720,831.69	-	-	720,831.69
9071	Gas Tax - 2105	100,621.89	-	-	100,621.89
9071	MX-Transport Safety & Inv Plan	420,000.00	-	-	420,000.00
	TOTAL	1,241,453.58	-	-	1,241,453.58

Below is a summary of the projected costs for the design phase:

Description of costs	Cost
Harris and Associates Fee	\$380,381.00
City Compliance Officer Oversight (1%)	\$3,803.81
Project Management Oversight and Coordination (8%)	\$30,430.48
Contingency (5%)	\$19,019.05
SUBTOTALS	\$433,634.34

Sufficient funds are budgeted and available to proceed with the environmental, design of the plans, specifications, and estimate.

ATTACHMENTS:

Resolution
Location Map
Harris and Associates Proposal
Concept Plan

RESOLUTION NO. ____ (N.C.S.)

A RESOLUTION APPROVING A PROPOSAL FROM HARRIS AND ASSOCIATES FOR ENGINEERING AND PROJECT MANAGEMENT SERVICES TO PREPARE THE PLANS, SPECIFICATIONS, AND ESTIMATE IN THE AMOUNT OF \$380,381 FOR THE WILLIAMS ROAD IMPROVEMENTS PROJECT NO. 9071

WHEREAS, on June 4, 2013, the City Council approved the establishment of the Utility Underground District No. 24 boundaries for Williams Road (East Alisal/John Street to Bardin Road); and

WHEREAS, in 2017, the Rule 20A coordinator notified the City of having sufficient Rule 20A credits available to design and construct Phase 1 of the Utility Undergrounding for Williams Road; and

WHEREAS, PG&E is requesting a 90% design of the Williams Road Improvements Project for PG&E to begin their utility undergrounding design; and

WHEREAS, on October 11, 2017, the City Council pursuant to Resolution No. 21271 (N.C.S.) approved the Civil Engineering on-call consultant list and Master Service Agreement to support the City's Public Works Department to engineer various City of Salinas Capital Improvement projects; and

WHEREAS, the City desires to retain the services of Harris and Associates to render such Professional Services associated with the design and environmental compliance for the Williams Road Improvement Project CIP 9071; and

WHEREAS, Harris and Associates, will provide design, project management, and environmental services to prepare plans, specifications, and estimate per attached proposal, fee schedule and timeline schedule in the amount of \$380,381.

NOW, THEREFORE, BE IT RESOLVED that the City Council hereby finds and determines that the above recitals and accompanying staff report are true and correct and have served as the basis, in part, for the actions of the City Council set forth below.

BE IT FURTHER RESOLVED, that the City Council authorizes the attached Proposal become part of the Master Services Agreement with Harris and Associates dated October 11th, 2017 for consulting services to provide engineering, environmental, and project management services to prepare plans, specifications, and estimate for the Williams Road Improvements Project, CIP 9071, in the amount of \$380,381.

BE IT FURTHER RESOLVED, that the City Council authorizes the City Manager to take such other actions and execute such other documents as are appropriate to effectuate the intent of this Resolution.

PASSED AND APPROVED this 19th day of November 2019, by the following vote:

AYES:

NOES:

ABSENT:

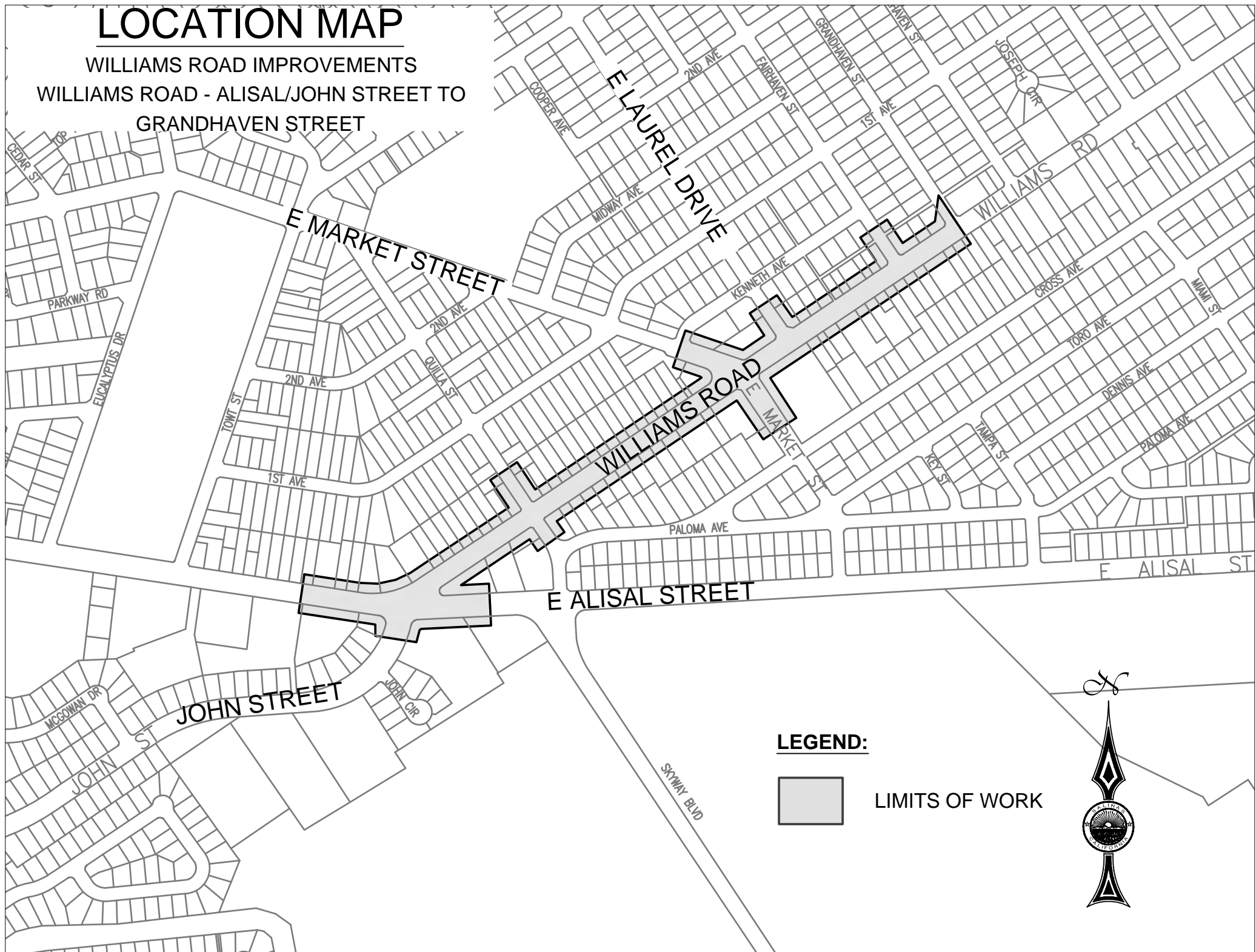
Joe Gunter, Mayor

ATTEST:

Patricia M. Barajas, City Clerk

LOCATION MAP

WILLIAMS ROAD IMPROVEMENTS
WILLIAMS ROAD - ALISAL/JOHN STREET TO
GRANDHAVEN STREET





Harris & Associates®

October 21, 2019

Eda Herrera, PE
Associate Engineer
City of Salinas – Public Works
200 Lincoln Avenue
Salinas, CA 93901

City of Salinas Williams Road Improvement Project – Proposal for Design Services during Plans, Specifications & Estimate (PS&E) Phase

Dear Eda,

The Harris Team and the City of Salinas have been working together to prepare the Phase 1 & 2 design concept for improvements to Williams Road. This proposal is to take the design through the next **Phase 3**, which includes preparing 60%, 90% and Final design Plans, Specifications and Engineer's opinion of probable construction costs (PS&E). The following includes our project understanding and work plan for Phase 3.

PROJECT UNDERSTANDING

The project is located on Williams Road from E. Alisal Street to Grandhaven Street (approximately 0.57 miles). Williams Road is an existing four lane roadway with a two-way left turn lane. This corridor is a high pedestrian, high traffic area in a mixed commercial/high density residential area with two private church schools, mobile home parks, and a fire station fronting this road. The right of way for the street is 84-feet with approximately 64-feet to 66-feet of travelled way, face-of-curb to face-of-curb from Alisal St. to Grandhaven St

As part of the Phase 1 & 2 efforts, the Harris team presented the City of Salinas with two design options to consider for Williams Road. These options were based on conducting traffic analysis, input from community outreach meeting and in coordination with the Alisal Vibrancy Plan committee. City selected a preferred option, which include reconstructing the roadway section in order to adjust the existing cross slopes, constructing curb bulb-outs at various intersections in order to mitigate traffic and provide safer pedestrian crossings. The next Phase of the project will include preparing the construction documents, which will also be used for coordinating the planned undergrounding work with PG&E.

The Phase 3 - PS&E Design (i.e., 60%, 90% and Final Design) will include the following:

- Preparing plans for roadway rehabilitation/reconstruction based on the conceptual design plan that was approved by City.
- Design Storm drain improvements and prepare plans and profiles
- Design Sanitary Sewer improvements and prepare plans and profiles
- Curb and sidewalk redesigns at the intersections.

- Design of stormwater treatment features
- Design of street lighting, pedestrian lighting, and landscaping
- Provide Environmental Services to confirm project exemption and process Notice of Exemption
- Design traffic signal modifications at John Street/Williams Road/E. Alisal Street
- Design traffic signal modifications at Williams Street/Market Street
- Design a HAWK signal installation at William Street/Fairhaven Street
- Design SWPPP or Erosion and Sediment Control Plan
- Review Rule 20A Plans against City improvement plans to include street light and fiber optic conduit placement and costs; and services for existing traffic signal, existing street lights, and future HAWK system.

PROJECT SCOPE

PHASE 3 - SCOPE OF SERVICES		
Task	Description	Deliverables
TASK 1: PROJECT MANAGEMENT		
1.1 Project Management	<p>Project Management responsibilities will involve preparation and maintenance of the scope, budget, schedule and resource management (including subconsultants).</p> <p>A brief progress report will accompany each monthly Harris invoice. It will discuss budget, schedule, and "next steps."</p>	A monthly progress report will be presented with the monthly invoice.
1.2 Meetings	Progress meetings with City staff and others as appropriate throughout design process to discuss design. (5 meetings are budgeted). This includes design review meetings following the 60% and 90% design submittals.	Minutes of each meeting highlighting action items.
TASK 2: PRELIMINARY ENGINEERING		
2.1 Supplemental Topographic Survey	<p>Our sub consultant will provide supplemental survey on an as-needed basis, if deemed necessary during the project design.</p> <p>An allowance is included for this service.</p>	Topographic Survey in CAD format.
TASK 3: 60% & 90% PS&E DESIGN		
3.1 Photometric Plans	Submittal of Photometric Plans for Review prior to submittal of 60% PS&E.	<p>Photometric Plan Base files in CAD format.</p> <p>Photometric Plans in electronic PDF format.</p>

PHASE 3 - SCOPE OF SERVICES		
Task	Description	Deliverables
3.2 60% Plans Preparation	<p>We will develop and submit 60% plans of the following:</p> <ul style="list-style-type: none"> • Title Sheet • Key Map • Demolition Plan • Paving Plan • Grading and Drainage Plan • Sewer Plan and Profile • Construction Details • Traffic Signal Plans and Schedules • Signing & Striping Plan • Street & Pedestrian Lighting Plans (Alta) • Landscape & Irrigation Plans (Alta) • Electrical plans for streetlights (Alta) 	Electronic PDF format.
3.3 60% Specifications	At the 60% complete stage, we will prepare preliminary technical specifications and Contract Documents. Technical specifications will be based upon City and Caltrans standard documents.	60% draft technical Specifications and electronic PDF format.
3.4 60% Quantity takeoff and OPC	We will prepare a 60% Opinion of Probable Cost (OPC).	60% itemized cost opinion spreadsheet in electronic PDF format.
3.5 Internal Quality Review	Prior to the 60% submittal, all plans and documents will be reviewed by Harris' Quality Control Manager.	N/A
3.6 Biddability & Constructability Review	In parallel with City review of the 60% submittal, our in-house construction manager will also review the 60% PS&E for biddability and constructability.	N/A
3.7 90% Submittal Plans	<p>Once all comments are resolved, we will prepare and submit the 90% Plans.</p> <p>Harris and Associates to submit 90% AutoCAD Plans to PG&E for design of Rule 20A Utility Undergrounding.</p>	Electronic PDF format.
3.8 90% Specifications	At the 90% complete stage, we will prepare pre-final technical specifications and Contract Documents. Technical specifications will be based upon City and Caltrans 2018 standard documents.	90% technical Specifications and electronic PDF format.
3.9 90% Quantity takeoff and OPC	We will prepare a 90% preliminary Opinion of Probable Cost (OPC).	90% itemized cost opinion spreadsheet.
3.10 Quality Review	Prior to the 90% submittal, all plans and documents will be reviewed by Harris' Quality Control Manager.	N/A.

<u>PHASE 3 - SCOPE OF SERVICES</u>		
Task	Description	Deliverables
TASK 4: FINAL PS&E DESIGN		
4.1 Final Submittal Plans	We will finalize Plans based upon City review comments on the 90% PS&E and PG&E Rule 20A Utility Undergrounding Design.	One (1) set of Full size hard copy plans Electronic copy of plans (e-transmit of AutoCAD files with x-refs and pen settings. PDF copy of all drawing sheets
4.2 Final Specifications	Based upon City review comments on the 90% PS&E, we will finalize the Specifications.	Electronic copy in Word and PDF and one (1) hardcopy version of specifications
4.3 Final Quantity takeoff and OPC	Based upon City review comments on the 90% PS&E, we will finalize the Opinion of Probable Cost (OPC).	Electronic and hardcopy versions.
4.4 Quality Review	Prior to the final submittal, all plans and documents will be reviewed by Harris' Quality Control Manager.	N/A

Alta Planning + Design (Street Lights, Landscaping and Electrical Design)

Alta Planning + Design will prepare construction drawings for the landscaping, irrigation, and lighting portions of the project. This scope of work assumes that the City will provide Alta with the point-of-connection location(s).

Areas to be landscaped will be based on the 30% concept design plans and will be limited to the roadway medians, islands, and curb bulb-outs. Alta will utilize drought tolerant, low-maintenance plant species that are well adapted to the Salinas climate. The Irrigation design will utilize efficient drip emitters for the shrub and tree areas that adhere to City standards. Design plans will be prepared in AutoCAD format at a scale of 1" = 20'. All final plans will be stamped and signed by a licensed landscape architect. Construction plans will be submitted to the City for review at the 60%, 90%, and 100% stages. Applicable review comments received will be addressed in the 90%, 100% submittals.

Zeiger Engineers will provide electrical engineering services for the proposed improvements including:

1. Coordination with PG&E on the joint trench design.
2. Coordination with the new/existing meter pedestals for the existing and new signalization within the project. Provide for signal interconnect.
3. Provide the design for the connection of the new streetlights/existing lights, irrigation controller(s), and new pedestrian lights.
4. A site survey of the existing street and its utilities.
5. Provide a photometric study of the new lighting within this project. Zeiger Engineering will design the street lighting to meet the IES standard for Roadway lighting (IES RP-8). The team

will need to select the correct distribution for the fixture to perform the photometrics to meet the requirements. The photometric study will be reviewed by the City prior to the 60% submittal.

6. Review Rule 20A Plans against City improvement plans to include streetlight and fiber optic conduit placement and costs; and services for traffic signal, streetlights, and future HAWK system.

Design plans will provide the layout and details for street lighting and decorative pedestrian scale lighting. Design plans will be prepared in AutoCAD format at a scale of 1" = 20'. All final plans will be stamped and signed by a licensed electrical engineer. Construction plans will be submitted to the City for review at the 60%, 90%, and 100% stages. It is understood that Harris and Associates will submit 90% plans to PG&E for design of Rule 20A Utility Undergrounding. Applicable review comments received will be addressed in the 90%, 100% submittals.

Specifications:

Alta will assist Harris with preparation of technical specifications utilizing the City's preferred format. Alta will produce specifications for the design elements above for which Alta is specifically responsible (landscaping, irrigation, and lighting). Technical specifications will be based upon City and Caltrans 2018 standard documents. The technical specifications will be developed and submitted by Harris to the City for review at the 90% stage. Applicable review comments received will be addressed in the final 100% submittal.

Engineers Opinion of Probable Construction Cost:

Alta will assist Harris with preparation of an engineer's opinion of probable construction costs, which will be prepared using standard engineering estimate procedures for each design submittal (60%, 90%, and 100%). Actual construction costs may vary due to availability of labor, equipment, materials, or market conditions. Alta will produce item estimates for the elements above for which Alta is specifically responsible (landscaping, irrigation, and lighting). Applicable review comments received will be addressed in the 90% and 100% submittals.

PROJECT SCHEDULE

A preliminary schedule for the design is included in **Attachment 1**.

PROPOSED FEES

Our level of effort and fee for the above scope is included in **Attachment 2**.

The Harris team is ready to collaborate with you on this important project, can start immediately, and will keep this project a priority until the project is constructed. Our proposed staff is committed to you. Please feel free to contact me directly should you have any questions regarding this scope of work and cost estimate.

Sincerely,

Harris & Associates, Inc.

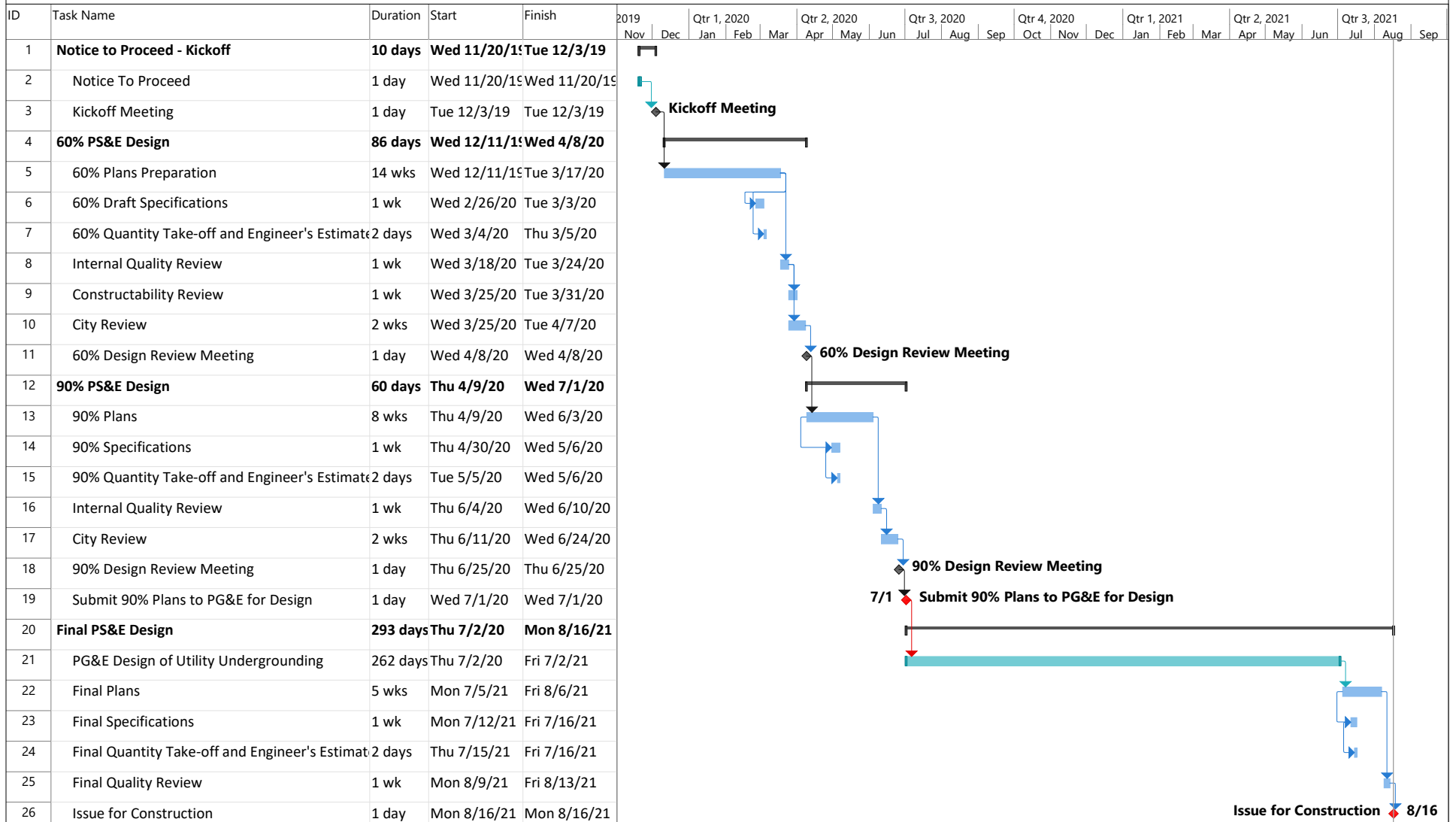
A handwritten signature in black ink, appearing to read 'Frank Lopez', with a stylized flourish at the end.

Frank Lopez, PE, QSD, CFM
Sr. Director, Engineering Services
Ph: (831) 233-9242
■ Frank.Lopez@WeAreHarris.com

Attachment 1 - Schedule

Attachment 2 – Level of Effort

City of Salinas Williams Rd Improvements (Phase 3 - PS&E Design)



ATTACHMENT 1

Date: Mon 10/21/19

Task		Inactive Task		Manual Summary Rollup		External Milestone	
Split		Inactive Milestone		Manual Summary		Deadline	
Milestone		Inactive Summary		Start-only		Progress	
Summary		Manual Task		Finish-only		Manual Progress	
Project Summary		Duration-only		External Tasks			



City of Salinas
Williams Road Improvements
PS&E Design
FEE ESTIMATE

Task/Subtask	Harris & Associates						Subconsultants		Subtotals
	Sr. Director QA/QC <i>Frank Lopez</i>	Project Manager <i>Armando Fernandez</i>	Traffic Engineer <i>Lynne Filson</i>	Project Engineer <i>Christian Mercado</i>	Design Engineer <i>Hilary Whelan</i>	B&C Review <i>Dana Vanhorn</i>	Survey <i>MBE</i>	Streetlight & Landscape Design <i>Alta</i>	
Task/Subtask	\$250.00	\$195.00	\$240.00	\$155.00	\$135.00	\$200.00	Allowance		
PHASE 3: PS&E Design									
Task 1 Project Management									
1.1 Project Management		120							\$23,400
1.2 Meetings (5 budgeted)	6	20		10	10				\$8,300
Subtotal Hours =	6	140	0	10	10	0			166
Subtotal (\$) =	\$1,500	\$27,300	\$0	\$1,550	\$1,350	\$0	\$0	\$0	\$31,700
Task 2 Preliminary Engineering									
2.1 Supplemental Topographic Survey (As Needed)	0	8	0	16	0	0	\$30,000		\$34,040
Subtotal Hours =	0	8	0	16	0	0			24
Task 2 Subtotal (\$) =	\$0	\$1,560	\$0	\$2,480	\$0	\$0	\$30,000	\$0	\$34,040
Task 3 60% PS&E Design									
3.1 Photometric Plans								\$12,000	\$12,000
3.2 60% Plans Preparation		60	60	180	240			\$18,888	\$105,288
3.3 60% Draft Specifications		16	16	24					\$10,680
3.4 60% Quantity Take-off and Engineer's Estimate		4	2	8	12				\$4,120
3.5 Internal Quality Review	24								\$6,000
3.6 Constructability Review						40			\$8,000
90% PS&E Design									
3.7 90% Plans		48	40	90	160			\$25,248	\$79,758
3.8 90% Specifications		8	10	16					\$6,440
3.9 90% Quantity Take-off and Engineer's Estimate		2	2	4	8				\$2,570
3.10 Internal Quality Review	24								\$6,000
Subtotal Hours =	48	138	130	322	420	40			1,098
Task 3 Subtotal (\$) =	\$12,000	\$26,910	\$31,200	\$49,910	\$56,700	\$8,000	\$0	\$56,136	\$240,856
Task 4 Final PS&E Design									
4.1 Final Plans		32	8	64	92			\$17,756	\$48,256
4.2 Final Specifications		4	2	12					\$3,120
4.3 Final Quantity Take-off and Engineer's Estimate		2	2	4	4				\$2,030
4.4 Final Quality Review	16								\$4,000
Subtotal Hours =	16	38	12	80	96	0			242
Task 4 Subtotal (\$) =	\$4,000	\$7,410	\$2,880	\$12,400	\$12,960	\$0	\$0	\$17,756	\$57,406
Total Hours by Classification =	70	324	142	428	526	40			1,530
Total (\$) by Classification =	\$17,500	\$63,180	\$34,080	\$66,340	\$71,010	\$8,000	30,000	73,892	\$364,002
Direct Expenses =	\$5,000							\$900	\$5,900
Total (\$) =	\$265,110						\$30,000	\$74,792	\$369,902
Total Harris									\$265,110
Total Subs									\$104,792
Sub Markup (10%)									\$10,479
Total =									\$380,381

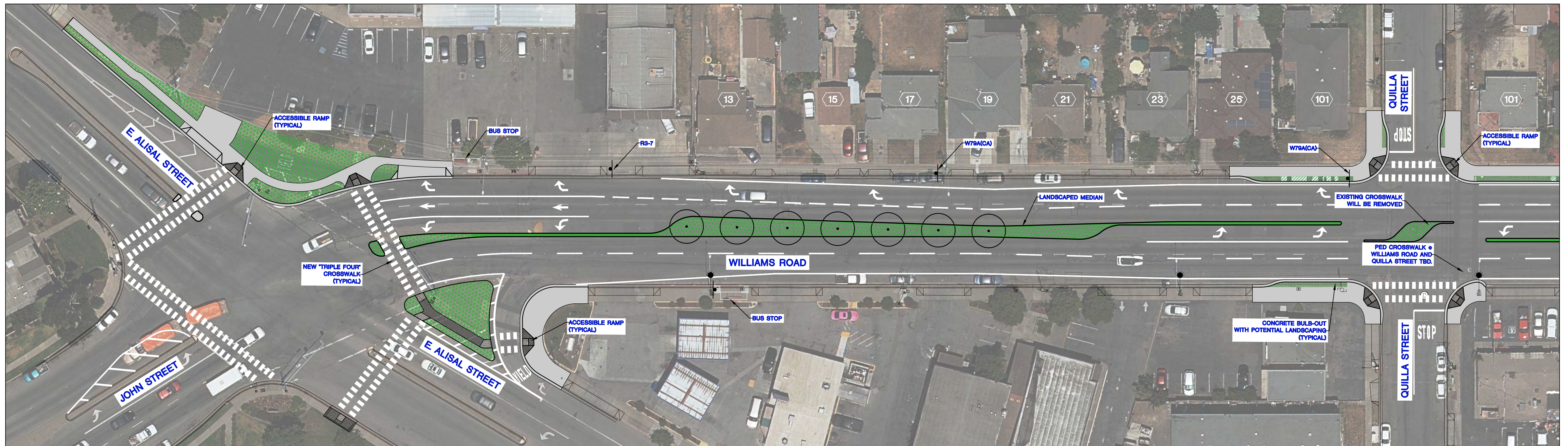
ASSUMPTIONS UPON WHICH COST PROPOSAL IS BASED:

1 The following Plan Sheet Index

DESCRIPTION	DWG NO.	SCALE	SHEETS
Title Sheet	T-1	-	1
Key Map	K-1	-	1
Demolition Plan	DE-1 to DE-5	20	5
Paving Plan	P-1 to P-5	20	5
Grading and Drainage Plan	SD-1 to SD-5	20	5
Sewer Plan and Profile	SS-1 to SS-5	20	5
Construction Details	CD-1 to CD-6	-	6
Traffic Signal Plans and Schedules	TS-1 to TS-4	20	4
Signing & Striping Plan	ST-1 to ST-5	20	5
Erosion & Sediment Control Plans	EC-1 to EC-5	20	5
Street & Pedestrian Lighting Plans	SL-1 to SL-5	20	5
Landscape & Irrigation Plans	LD-1 to LD-5	20	5

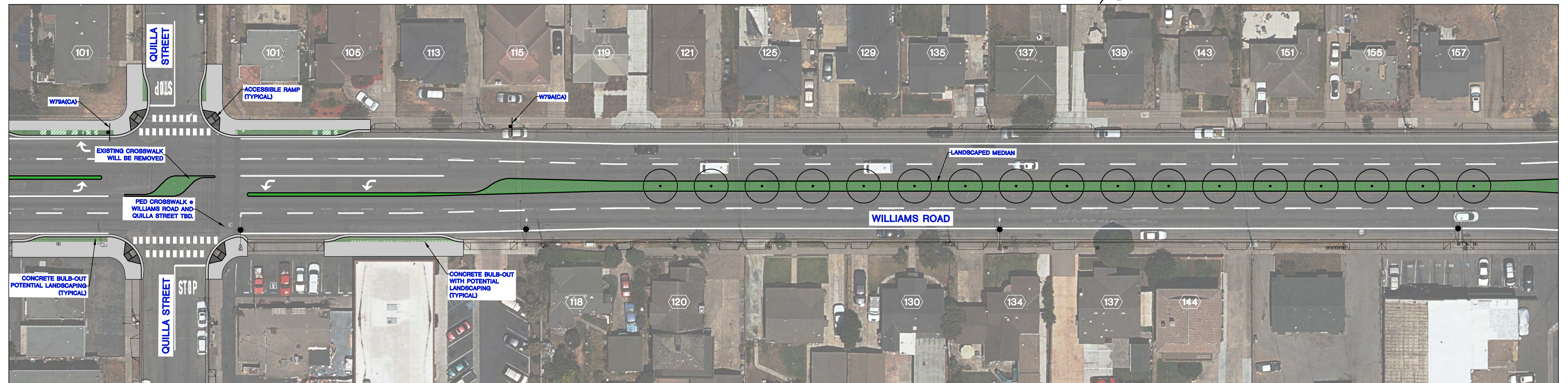
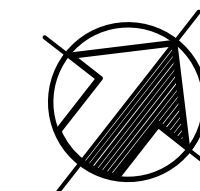
TOTAL: 52

- 2 It is assumed that construction staging/traffic control plans will not be required at this time.
- 3 Hours and fee may be renegotiated if the project is delayed by factors beyond Harris' control.
- 4 Hour and fee may be renegotiated if changes made to design after 90% submittal
- 5 Utility Companies will design their relocations, if any are needed.
- 6 The number of budgeted meetings is indicated on the spreadsheet.
- 7 City comments will be presented to Harris in one consolidated set of marked-up documents and/or letter form.
- 8 Detailed Environmental studies are not included. This project is anticipated to be categorically exempt.
- 9 The survey budget for topographic mapping is an allowance and will only be used if supplemental topographic information is needed.



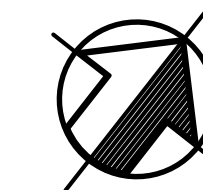
WILLIAMS ROAD: E. ALISAL STREET TO QUILLA STREET

SCALE: 1"=30'



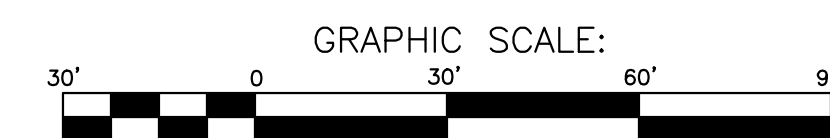
WILLIAMS ROAD: QUILLA STREET TO E. MARKET STREET

SCALE: 1"=30'

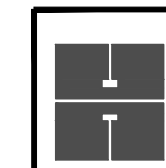


LEGEND:

	PROPOSED BULB-OUT IMPROVEMENTS		PROPOSED LANDSCAPE AT MEDIAN
	PROPOSED ACCESSIBLE RAMPS		PROPOSED LANDSCAPE AT BULB-OUT
	PROPOSED CURB RAMP TRUNCATED DOMES		PROPERTY ADDRESS NUMBER



NOT FOR CONSTRUCTION

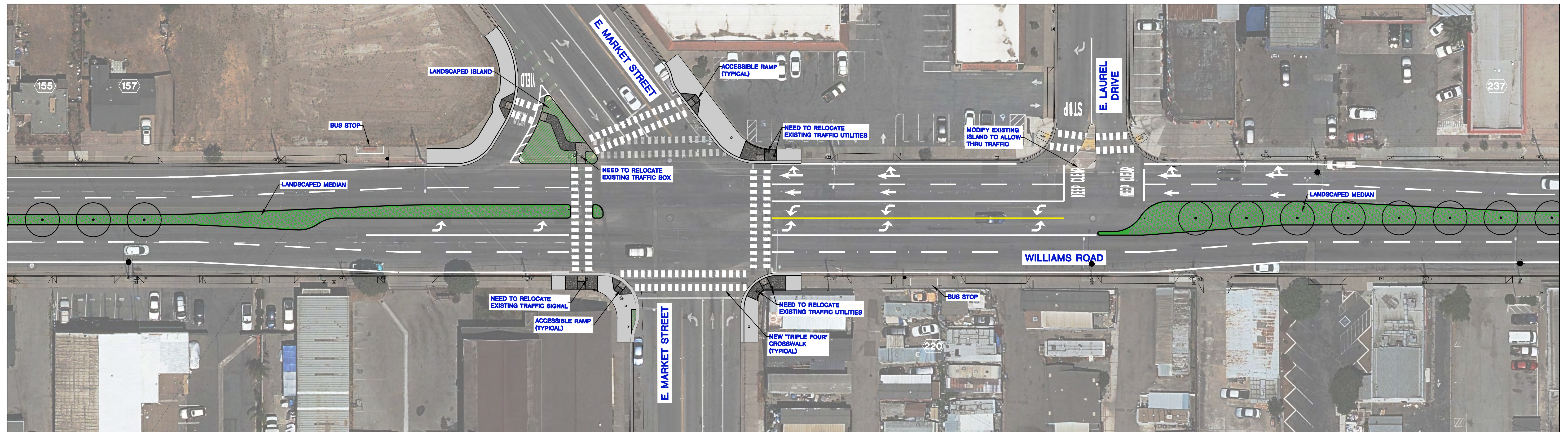


Harris & Associates
1401 Willow Pass Rd, Suite 500 Concord, CA 94520
weareharris.com (925) 827-4900

THESE DRAWINGS AND SPECIFICATIONS ARE THE PROPERTY AND COPYRIGHT OF THE ENGINEER AND SHALL NOT BE USED ON ANY OTHER WORK EXCEPT BY WRITTEN AGREEMENT WITH THE ENGINEER. WRITTEN DIMENSIONS SHALL TAKE PRECEDENCE OVER SCALED DIMENSIONS AND FIELD DIMENSIONS SHALL BE VERIFIED ON THE JOB SITE. ANY DISCREPANCY SHALL BE BROUGHT TO THE NOTICE OF THE ENGINEER PRIOR TO THE START OF ANY WORK.

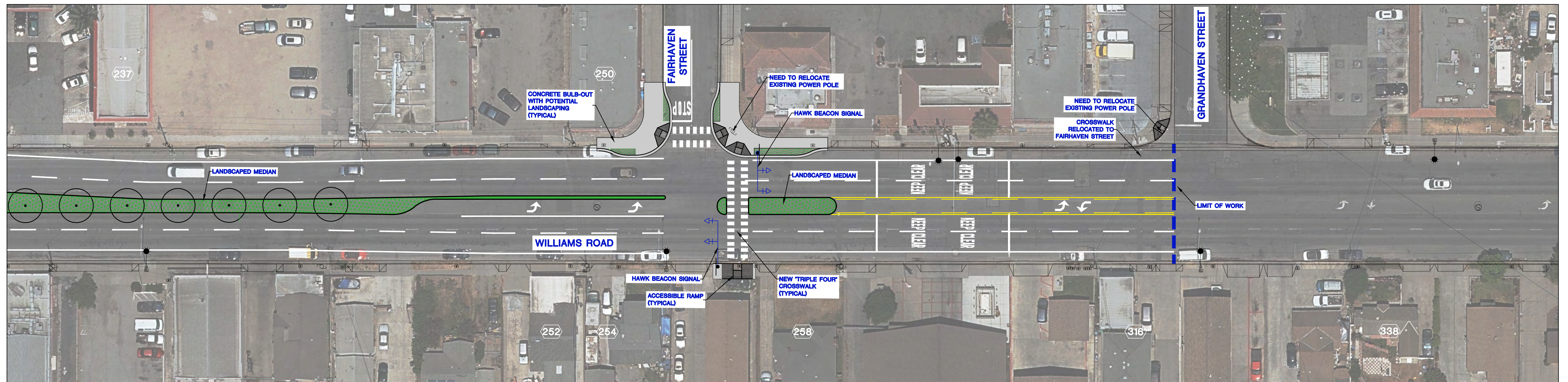
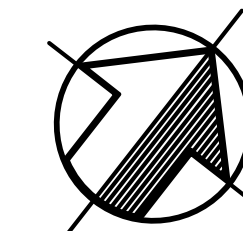
CITY OF SALINAS
PUBLIC WORKS DEPARTMENT
200 LINCOLN AVE, SALINAS, CA 93901 (831) 758-7241

WILLIAMS ROAD IMPROVEMENT PROJECT
30% CONCEPTUAL DESIGN



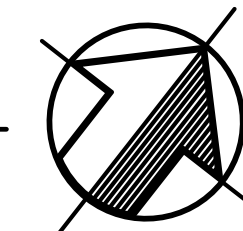
WILLIAMS ROAD: E. MARKET STREET TO E. LAUREL DRIVE

SCALE: 1"=30'


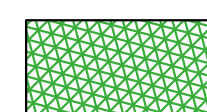

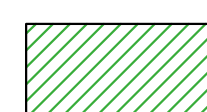



WILLIAMS ROAD: LAUREL DRIVE TO GRANDHAVEN STREET

SCALE: 1"=30'



LEGEND:

- | | | | |
|---|------------------------------------|---|--------------------------------|
|  | PROPOSED BULB-OUT IMPROVEMENTS |  | PROPOSED LANDSCAPE AT MEDIAN |
|  | PROPOSED ACCESSIBLE RAMPS |  | PROPOSED LANDSCAPE AT BULB-OUT |
|  | PROPOSED CURB RAMP TRUNCATED DOMES | | PROPERTY ADDRESS NUMBER |



NOT FOR CONSTRUCTION

Harris & Associates
1401 Willow Pass Rd., Suite 500 Concord, CA 94520
weareharris.com (925) 827-4900

THESE DRAWINGS AND SPECIFICATIONS ARE THE PROPERTY AND COPYRIGHT OF THE ENGINEER AND SHALL NOT BE USED ON ANY OTHER WORK EXCEPT BY WRITTEN AGREEMENT WITH THE ENGINEER. WRITTEN DIMENSIONS SHALL TAKE PRECEDENCE OVER SCALED DIMENSIONS AND FIELD DIMENSIONS SHALL BE VERIFIED ON THE JOB SITE. ANY DISCREPANCY SHALL BE BROUGHT TO THE NOTICE OF THE ENGINEER PRIOR TO THE START OF ANY WORK.

CITY OF SALINAS
PUBLIC WORKS DEPARTMENT
200 LINCOLN AVE, SALINAS, CA 93901 (831) 758-7241

WILLIAMS ROAD IMPROVEMENT PROJECT
30% CONCEPTUAL DESIGN



Legislation Text

File #: ID#19-595, Version: 1

Electric Vehicle (EV) Replacement Incentive Program Grant

Approve a Resolution to accept the grant and ratify the agreement between the Monterey Bay Unified Air Pollution Control District and the City, and authorize the direct purchase of three Phoenix Motors electrical vehicles and three Level III chargers at a total cost of \$34,210 from Capitol Improvement Project No. 9525 Fleet Replacement and \$50,000 from Capitol Improvement Project No. 9654 totaling \$84,210.



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: NOVEMBER 19 ,2019

DEPARTMENT: PUBLIC WORKS, FLEET MAINTENANCE DIVISION

FROM: DAVID JACOBS, PUBLIC WORKS DIRECTOR

BY: RONALD PATTERSON, FLEET MAINTENANCE SUPERVISOR

TITLE: ELECTRIC VEHICLE (EV) REPLACEMENT INCENTIVE PROGRAM GRANT

RECOMMENDED MOTION:

A motion to approve a resolution to accept the grant and ratify the agreement between the Monterey Bay Unified Air Pollution Control District (MBUAPCD) and the City, and authorize the direct purchase of three Phoenix Motors electrical vehicles and three Level III chargers at a total cost of \$34,210 from Capitol Improvement Project (CIP) No 9525 Fleet Replacement and \$50,000 from Capitol Improvement Project No 9654 totaling \$84,210.

RECOMMENDATION:

Fleet Maintenance recommends accepting the grant and ratifying the agreement between the MBUAPCD and the City of Salinas to replace three city vehicles described in the grant and authorize the direct purchase of three (Phoenix Motors electrical vehicles) and three chargers from Phoenix Motor Cars from CIP Fund 9525 and 9654.

EXECUTIVE SUMMARY:

This report explains why staff chose Phoenix Motors electric vehicles. These vehicles are a part of the overall emission reduction plan for the City of Salinas.

BACKGROUND:

On October 16, 2019 the City was awarded \$382,032 from the AB2766 Emission Reduction Grant Program (administered by the MBUAPCD) under the Monterey County Electric Bus III Incentive Program. The purpose of the agreement is to reduce emissions of motor vehicles in accordance with Assembly Bill 2766 (California Health and Safety Code 44220-44247). For the replaced vehicles, staff selected a 1986 Ford Econoline, 1996 Ford Econoline and a 1986 International S1600 flatbed to be disposed of as required by the grant which staff currently uses for City-related activities such as field inspections, meetings, trainings, etc. The replacement of an older vehicle with a clean air vehicle, and in this case with zero emissions meets the goals of the Air District for reduction of emissions. This is also aligned with the City's sustainability goals for reducing greenhouse gases.

In order to take advantage of the grant funds and meet the short acceptance deadline, the Public Works Director executed the agreement with the Air District in August 2019 since the investment in electric vehicles is aligned with the City Council's sustainability goals. Staff is therefore asking Council to ratify the attached agreement with the Air District.

Staff chose Phoenix Motors from the HVIP (Hybrid Vehicle Incentive Program) approved vendor list. They were one of two suppliers of the ford chassis conversion EV product. They are the only one that has level III charging capabilities which is in the scope of the project. The Level III chargers are using the CHAdeMO architecture. The cost of the Level III chargers is \$101,211 for three before the HVIP incentive discount of \$88,350 which brings the cost to \$12,861 dollars. The three E-450 Phoenix Motors vans have a total cost of \$723,381 before the HVIP incentive discount of \$270,000 bringing the total to \$453,381. After the grant of \$382,032 from MBARD the city share cost is \$71,349.00 for a combined cost of \$84,210 for the trucks and chargers. City council can approve this purchase under Section 12.27, due to the nature of the purchase, low-bid based competition is not likely to serve the best interests of the city, yield the best value to the city or result in the lowest price.

Vehicles to be disposed:

<u>Unit</u>	<u>Year</u>	<u>Make</u>	<u>Model</u>	<u>Vin</u>
41	1986	Ford	Econoline	1FTJE34L2GHB85580
51	1996	Ford	Econoline	1FTFE24H8THB17550
630	1986	International	S1600	1HTLAHGLXGHA48177

CEQA CONSIDERATION:

The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities, which have the potential for causing a significant effect on the environment.

STRATEGIC PLAN INITIATIVE:

This action supports the Council's Quality of Life goal by reducing emissions and improving the air quality in Salinas.

DEPARTMENTAL COORDINATION:

Fleet Maintenance in conjunction with Traffic and Engineering as well as the Street Maintenance department decided on the Phoenix Motors vans to replace the current two vans as well as the one flat bed to replace the old diesel flat bed.

FISCAL AND SUSTAINABILITY IMPACT:

The total cost to purchase these vehicles and chargers is \$736,424. The MBUAPCD awarded \$382,032 for the purchase of this vehicle. Additionally, the Hybrid Vehicle Incentive Program offers up to \$270,000 in rebates for eligible zero-emissions vehicles to public agencies. By combining these two funding sources, the grant and the rebate program, there will be sufficient funds in project 9525 and 9654 to purchase these vehicles and chargers at total cost of \$84,210; \$34,210 from Capitol Improvement Project (CIP) No 9525 Fleet Replacement and \$50,000 from Capitol Improvement Project No 9654.

ATTACHMENTS:

Resolution

Grant Agreement

Quote

RESOLUTION NO. _____ (N.C.S.)

A RESOLUTION AUTHORIZIING AND ACCEPTING THE GRANT AND AGREEMENT WITH THE MONTEREY BAY UNIFIED AIR POLLUTION CONTROL DISTRICT TO REPLACE THREE CITY VEHICLES WITH ELECTRICAL VEHICLES AND CHARGERS (EV), AND AUTHORIZE THE PURCHASE OF THREE PHOENIX MOTORS TRUCKS AND CHARGERS

WHEREAS, on October 16, 2019, the City was awarded \$382,032 from the AB2766 Emission Reduction Grant Program (administered by the Monterey Bay Unified Air Pollution Control District) for the Electric Vehicle (EV) Replacement Incentive Program to replace a city vehicle (gasoline engine) with an electrical vehicle.

NOW, THEREFORE, BE IT RESOLVED THAT THE COUNCIL OF THE CITY OF SALINAS, approves and accepts the attached Grant Agreement by and between the City of Salinas, a municipal corporation, and the Monterey Bay Unified Air Pollution Control District in the amount of \$383,032 to purchase three Phoenix Motor EV's and Chargers, and authorizes the Mayor to enter into the Agreement on behalf of the City; and

BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF SALINAS, that Council authorizes the direct purchase of three Phoenix Motor EV's and chargers from Phoenix Motors of Ontario CA at cost of \$84,210 from project 9525 and 9654; and

BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF SALINAS, that City Council declare 1986 Ford Econline, 1996 Ford Econoline, and 1986 International being replaced as surplus and authorize disposal by the Purchasing Officer and Vehicle Maintenance staff.

PASSED AND APPROVED this 19th day of NOVEMBER 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Joe Gunter, Mayor

ATTEST:

Patricia M. Barajas, City Clerk

FY20 AB2766 Motor Vehicle Emissions Reduction Program

Grant Agreement No. 20-02

TABLE OF CONTENTS

<u>Document</u>	<u>Description and Pages in Document</u>
Grant Agreement	Contract agreement that must be signed by both parties to execute grant (Pages 1-4).
Attachment 1	Project Description, Budget and Schedule-- (Pages 1-4). This Attachment includes the Project Description, Budget, Schedule and grantee contact info.
Attachment 2	Special Grant Conditions-- (Up to 2 pages). This Attachment lists any special grant conditions applicable to Grantee, based on the grant application submitted by Grantee, grant award conditions and applicable AB2766 Grant Program requirements.
Attachment 3:	Conflict of Interest Certification – (One page).
Attachment 4:	Instructions for Completing Grant Agreement, Reimbursement Requests, and Reports – (Three pages). This attachment provides detailed instructions for completing and returning this grant agreement for execution by District. It also provides instructions for invoicing and reporting, as well as a description of how District shall reimburse grantee for eligible project costs.

This concludes the Table of Contents page

FY20 AB2766 Motor Vehicle Emissions Reduction Program

Grant Agreement

Between

The Monterey Bay Unified Air Pollution Control District

And

City of Salinas

Grant Agreement Number: *20-01*

Project Title: *Monterey County Electric Bus III*

The Monterey Bay Unified Air Pollution Control District (hereinafter, "District") and *City of Salinas* (hereinafter, "Grantee") enter into this Agreement (hereinafter, "Agreement") to implement the Project entitled *Monterey County Electric Bus III* (hereinafter, "Project") as described herein. The purpose of the Agreement is to reduce emissions of motor vehicles in accordance with Assembly Bill 2766 (California Health and Safety Code §§44220-44247) through implementation of the Project by Grantee, funded in part by an AB2766 grant not to exceed *\$382,032*.

A. General Agreements

1. This Agreement shall be comprised of the Grant Agreement No. *20-02* and Attachments 1, 2 3 and 4.
2. The term of this Agreement ("Term") shall begin the date the Agreement is last signed by either party ("Start Date") and end on the date the grant agreement *expires* ("Completion Date").
3. To be eligible for reimbursement, expenditures shall be incurred solely during the Term of the Agreement.
4. Once the grant agreement has fully been executed, the grant award cannot be increased.
5. Expenditures for administration of the grant shall not exceed 5% of the grant award.
6. Grantee hereby promises that all other funds shown as "secured" in Attachment 1 of this Agreement have been appropriated by Grantee or awarded to Grantee after adoption of its current annual budget.
7. Secured funds shall be available for expenditure on the Project by *December 31, 2020*.
8. Grant-eligible expenditures are identified in the Attachment 1 Budget section of this Agreement.
9. Total funding by the District pursuant to this Agreement shall not exceed *\$382,032*.
10. Any final reimbursement may be withheld prior to the submittal by the grantee of a final report as defined in section D of this grant agreement.

B. Grantee Obligations

Grantee shall:

1. Execute and deliver this Agreement to the District no later than *December 31, 2019*.
2. Implement the Project in accordance with the scope, budget and schedule specified herein.

--

3. Comply with all applicable District, federal, state and local laws and regulations, and obtain all permits, approvals or clearances required to implement the Project, including any necessary District permits.
4. Collect and report travel activity and other pertinent data, keep records and submit supporting expense documentation in accordance with the terms of this Agreement.
5. Request reimbursement for grant-eligible expenditures in accordance with Attachment 4, thereby affirming that grant-eligible expenditures have been incurred for the purposes specified in the request.
6. Provide supporting documentation for expenditures to the District in a manner and form satisfactory to District staff.
7. Request reimbursement for grant-eligible expenditures prior to the Completion Date, in accordance with Attachment 4.
8. Assist District staff in inspecting and reviewing the Project.
9. To obtain a final reimbursement of eligible expenditures for the grant amount, Grantee shall:
 - (a) Submit a reimbursement request for those expenditures if not previously invoiced;
 - (b) Submit a Final Report for the Project, satisfactory to the District, in accordance with Attachment 2 and 4 and;
10. Fulfill any other obligations, for which Grantee is responsible, specified in this Agreement.
11. Grantee shall defend, indemnify and hold harmless the District, its officers and employees from and against any liability or costs of any type, including attorney's fees, arising out of or related to Grantee's performance under this Agreement, except for liability or costs arising out of the sole negligence of the District, its officers or employees.
12. Grantee **must** formally submit in writing any requests to amend or modify the grant agreement, the project budget or project schedule.

C. District Obligations

District shall:

1. Reimburse grant-eligible expenditures incurred by Grantee to implement the Project, provided they are documented in a reimbursement request submitted in accordance with the terms of this Agreement.
2. Disburse payment within 30 calendar days of District approval of each Grantee reimbursement request unless otherwise specified in Attachment 2.
3. Promptly respond to questions regarding the Agreement's terms and conditions, including, but not limited to: eligible expenses, reimbursement requests and reports.
4. Fulfill any other obligations, for which the District is responsible, specified in this Agreement.

D. Reports

1. Grantee shall submit Quarterly Reports regardless of whether or not quarterly reimbursements are requested.
2. Quarterly reports submitted shall cover each three month period from Start Date to Completion Date, in accordance with Attachment 4.

3. For all projects, a Final report shall be submitted at the completion date of the project, in accordance with Attachment 4.

E. Grant Agreement and Obligation Period

1. This Agreement shall expire on the Completion Date and may be extended one time only upon written request and approval by the District Board of Directors. The grant agreement shall then be amended to reflect the new Completion Date.
2. If Grantee has an unreimbursed grant award balance after the end of the Term, this Agreement shall terminate without notice and the District shall have no obligation to make any further reimbursement to Grantee.

F. Notices and Correspondence

Correspondence or notices required by this Agreement shall be sent via First Class Mail or facsimile to the individuals and addressees specified below:

District: Richard Stedman, Air Pollution Control Officer
Attention: Alan Romero
24580 Silver Cloud Court, Monterey, CA 93940
Tel: (831) 647-9411 FAX (831) 647-8501 email: aromero@mbuapcd.org

Grantee: [Ron Patterson](#)
[Fleet Supervisor](#)
[City of Salinas](#)
[426 Work Street](#)
[Salinas, CA 93901](#)
[831.402.5379](#), email: ronaldp@ci.salinas.ca.us

G. Assignment and Delegation

Except as provided in Attachment 2, herein, this Agreement and all associated benefits, including capital or equipment reimbursed in whole or part by AB2766 grant funds, and any duties, obligations or liabilities arising therein, may not be assigned or delegated during the Project or five years from the Start Date, whichever occurs first, without the prior written consent of the District.

H. Severability

If any clause or term of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the Agreement shall remain in full force and effect.

I. Entire Agreement

1. This Agreement constitutes the entire agreement between the parties, and supersedes any prior agreement concerning the subject matter herein.
2. Amendments to this Agreement shall be proposed in writing by either party and to become effective, shall be signed and dated by both District and Grantee.
3. Oral representations by either party or their representatives shall have no force or effect.

J. Termination

1. The District shall have the right to terminate this Agreement without prior notice if Grantee causes or fails to prevent any of the following:
 - (a) Failure to perform in a timely, professional or competent manner;
 - (b) Failure to make reasonable progress in implementing the Project;
 - (c) Material breach or failure to abide by any term or condition of the Agreement;
 - (d) Assignment of any benefits or delegation of any duties associated with this Agreement to a third party except as provided in Attachment 2;
 - (e) Failure to report any conflict of interest as required by Attachment 3, herein or
 - (f) Bankruptcy or dissolution of Grantee.
2. The District shall determine whether cause exists for termination and if so, shall issue a Stop Work Notice to Grantee, followed within three working days by a Notice of Termination, which shall specify a termination date.
3. Upon receipt of a District Stop Work Notice or a Notice of Termination, Grantee shall immediately stop work on all activities requiring reimbursement under this Agreement, unless the Notice includes directions as specified immediately below in Section 4.
4. If so stated in the Stop Work Notice or a Notice of Termination, the Grantee may continue to incur grant-reimbursable expenditures through the termination date specified in the Notice, to ensure:
 - (a) Continuation of any grant-funded activity needed to maintain air quality or reduce vehicular emissions; and
 - (b) Continuation of any grant-funded activity needed to discharge Grantee obligations if specified in the Notice of Termination.
5. Breach of any material term of this Agreement by Grantee shall be considered a breach of the entire Agreement.

K. Acceptance

The undersigned attest to being the duly authorized representatives of the parties to this Agreement, and further attest to having read this Agreement in its entirety and covenants to comply with all its terms and conditions.

Authorized signature for Grantee:

For the District:

Joe Gunter
Mayor

Richard A. Stedman
Air Pollution Control Officer (APCO)

Date:_____.

Date:_____.

Grant Completion Date:_____.

ATTACHMENT 1 - PROJECT DESCRIPTION, BUDGET AND SCHEDULE

FY20 AB2766 Motor Vehicle Emissions Reduction Program

Project: *20-02: E-Fleet Replacement*

Grantee: *City of Salinas*

PROJECT NARRATIVE

The City of Salinas will replace three existing city vehicles that are normally used for City related activities such as field inspections, special events, traffic management, trainings, etc. City staff currently uses a 1986 Ford Econoline, 1996 Ford Econoline and a 1986 International S1600 Flatbed to perform these duties. The City of Salinas will replace these vehicles with three 2019 Phoenix Motors units totaling \$453,381 after HVIP and Disadvantaged Communities incentives. The Phoenix Motor units are 100% electric. The city would need three level 2 chargers at cost of \$10,656 after HVIP incentives plus installation. Staff believes the proposed application is in accordance with the intent and goals of this grant program.

SCOPE OF WORK

The City of Salinas will replace the three vehicles described above. The replacement vehicles are three 2019 Phoenix Motors E450 Chassis utilizing the E-200 Phoenix drive system. Unit 730 would be replaced with the flatbed version of this chassis. This truck is primarily used for special event set up and tear down but will also have the ability to perform various tasks where a flatbed is needed. Units 51 and 41 will be replaced with the cargo truck version and will be used by Traffic and Transportation to perform surveys and assessments. There will also be two Level II chargers installed at the corner of W. Alisal and Lincoln Ave in the City of Salinas's Lot 17 and one level two charger at 426 Work St Public Works yard. These locations are subject to change if the infrastructure will not support the need or if there are any unforeseen conflicts with the installation.

Roles and Responsibilities

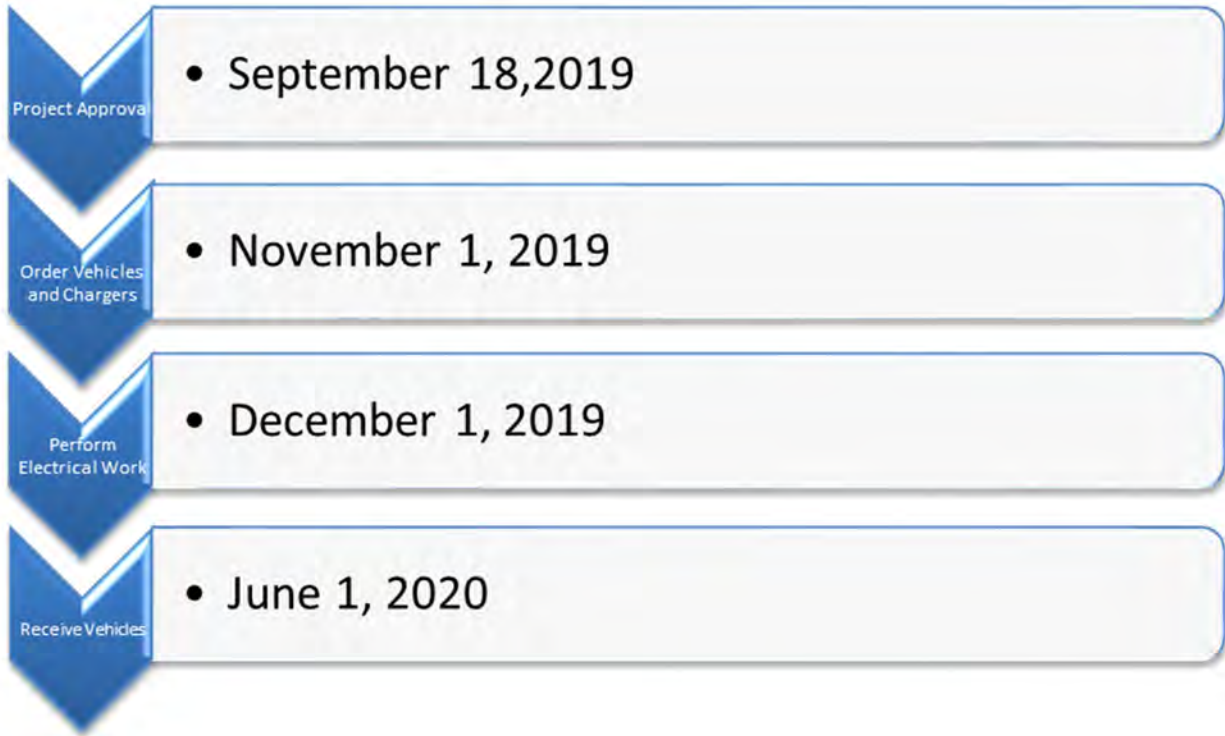
David Jacobs: Public Works Director
Authorized Signature

Ronald Patterson: Fleet Maintenance Supervisor
Responsible for the purchasing and implementation of the vehicles as well as disposal of the removed units.

Sub Consultant

Chargepoint, Inc.

PROJECT SCHEDULE



PROJECT COST AND BUDGET

The City of Salinas contributions will come from either the CIP and or operating budgets. The City contributions reflect the actual grant amount received as stated in AB2766 Grant 20-02.

Description	QTY	Unit Price	Ext. Price
2019 Phoenix Motorcars Flatbed Truck	1	\$ 214,550	\$ 214,550
2019 Phoenix Motorcars Box/Cargo Truck	2	\$ 216,650	\$ 433,300
Fleet Diagnostic Package: Option 1	1	\$ 5,000	\$ 5,000
HVIP Incentive	3	\$ 80,000	\$ 240,000
HVIP Incentive Plus-Up: Disadvantaged Community	3	\$ 10,000	\$ 30,000
Shipping to Salinas, CA	3	\$ 1,498	\$ 4,494
DMV Title and Registration	3		\$ 6,111
Taxes	3		\$ 59,926
Total Price After Incentives			\$ 453,381
Grant Award			\$ 382,032
City of Salinas Contribution			\$ 71,349
Total Project Cost			\$ 453,381

This concludes Attachment 1

**ATTACHMENT 2: SPECIAL GRANT CONDITIONS
FY19 AB2766 Motor Vehicle Emissions Reduction Program**

Project: *20-02: E-Fleet Replacement*

Grantee: *City of Salinas*

The special conditions in this Attachment take precedence over any conflicting terms and conditions elsewhere in this Agreement and are listed below:

- 1. *GRANTEE shall not commence with the E-Fleet Replacement project until this grant agreement has been fully executed by the District and grantee.***
- 2. *GRANTEE shall include in the quarterly reports:***
 - a. *Monthly electric vehicle miles traveled (eVMT)***
 - b. *Monthly electric miles between charges***
 - c. *Monthly number of plug-in events***
 - d. *Monthly energy consumption in kWh for charging events***
 - e. *Final report shall include month by month electric bus VMT and energy consumption***
- 3. *DISTRICT shall retain the right to the data stated above in condition # 2 after the Completion Date not to exceed five years.***
- 4. *GRANTEE shall identify and acknowledge the District as the source of grant funding in all literature, press releases or media events regarding the project.***

This concludes Attachment 2

ATTACHMENT 3 - CONFLICT OF INTEREST CERTIFICATION
FY20 AB2766 Motor Vehicle Emissions Reduction Program

Project: *20-02: E-Fleet Replacement*

Grantee: *City of Salinas*

I certify that no Principal, Director, or Executive of the Grantee is a member of the District Board of Directors, District Advisory Committee, District Hearing Board, any other District committee, nor is a member of the District staff, unless listed below.

I further certify that no principal of the Grantee has an economic relationship with a member of the Board of Directors, Advisory Committee, Hearing Board, or any member of the District staff, unless listed below.

Disclosure of any said memberships or economic relationships is required. Non-disclosure may result in immediate termination of this Agreement by District, without prior notice.

List of conflicts disclosed:

Grantee Principal, Director, or Executive:

Basis of conflict

For the Grantee

Signature

Printed Name

Date: _____

This concludes Attachment 3



Prepared for: City of Salinas

Ron Patterson
Fleet Maintenance Supervisor
426 Work St.
Salinas, CA 93901
RonaldP@ci.salinas.ca.us
831.758.7104 Office

October 2nd, 2019

City of Salinas MBARD Truck Project

Quote #: SA-QS-409-V2



Thomas Allen
Sales and Marketing Executive
thomasa@phoenixmotorcars.com

Office 909.987.0815
Cell 323.217.9483
www.phoenixmotorcars.com

VEHICLE SPECIFICATIONS:

I) Flatbed Truck

Chassis:

- 2019 Ford E450 Superduty Chassis – 158" WB
- Power Windows and Locks
- Remote Power Mirrors
- Remote Keyless Entry

Phoenix All -Electric Next Generation Drive System E-200

- Permanent high power magnet motor + inverter
- 105 kWh battery pack.
- **Up to 110 Miles All Electric Range per Charge**
- Dual charging capability
 - CHAdeMO compliant level III – 50 kW
 - J1772 level II charging -13 kW
- GVWR 14,500 lbs.
- Dual Mode Regenerative Braking
- Max Speed 58 mph (option available for 65 mph)
- Acceleration 0-50 mph under 16 seconds.
- Phoenix Telematics System – **Phoenix Connect**

Exterior

- 14' x 8' Flatbed Body
- Rope Hooks on every crossmember
- Body Painted White
- Heavy Duty Formed Steel Frame Rails w/ pockets
- Full Underbody Skirting
- ICC Dock Bumper
- Recessed LED Marker Lights
- Rear Apron, Mud Flaps and Undercoating
- All Marker Lights "LED"
- Cab High Punched Steel Headboard- lower ½ Solid
- All Legal FMVSS Lights/Reflectors
- Custom Cutaway Cab Back
- 7/8" Heavy Duty Extruded Aluminum Floor
- 3" Steel Band Rub Rail on both sides with reflector tape on rub rail
- Weight Certificate

Interior

- Electric Heater, 20K Max BTU (Standard)
- HVAC Unit (Ford Standard) with electric compressor.

Miscellaneous

- Back Up Camera
- Reverse Alarm
- First Aid Kit 16 Unit
- Fire Extinguisher 5 lbs. with Reflective Flare Kit

2) Box/Cargo Truck

Chassis:

- 2019 Ford E450 Superduty Chassis – 158" WB
- Power Windows and Locks
- Remote Power Mirrors
- Remote Keyless Entry

Phoenix All -Electric Next Generation Drive System E-200:

- Permanent high power magnet motor + inverter
- 105 kWh battery pack.
- **Up to 110 Miles All Electric Range per Charge**
- Dual charging capability
 - CHAdeMO compliant level III – 50 kW
 - J1772 level II charging -13 kW
- GVWR 14,500 lbs.
- Dual Mode Regenerative Braking
- Acceleration 0-50 mph under 16 seconds.
- Max Speed 58mph (options available for 65 mph)
- Phoenix Telematics System – **Phoenix Connect**

CargoPort Specs:

SIDEWALLS:

- 3/8" Fiberglass Reinforced Panels, one piece extending below floor line as an integrated skirt

REAR FRAME:

- E-coated steel rear structure with 12-gauge sides and header and 10-gauge wrapped in white vinyl.
- Flush Rear Sill with Drain trough
- Grab handles (2)

REAR DOOR:

- Roll-Up Rear Door, Composite, Stainless Steel Fasteners, Full Width
- Inside Release on M/S Lock

ROOF ASSEMBLY:

- Translucent seamless sheet with anti-snag interior roof bows located on 24" centers

LIGHTING:

- All FMVSS required lighting.
- Recessed LED clearance lights
- LED cargo dome light with 3-way switches located at rear of body & in cab with indicator light
- LED Tail lights on rear vertical posts. "Except Cab Chassis"

SUBFRAME & FLOOR:

- Usable cargo floor length is true to body length
- Crossmembers, 3 1/2" Formed Steel
- Painted 1-1/8" Plywood
- Wheelwells - E-coated steel
- Mud Flaps
- Undercoating

FRONT-END ASSEMBLY:

- Aerodynamic design with aluminum top radius
- High Impact resistant front radius corners
- Set back bulkhead for added seat travel
- Sliding bulkhead door
- REAR BUMPER
- Full Height Walk Through Cab to Cargo Door
- Pooched step bumper, E-coated steel

Interior

- 2 x Bucket Seats
- Front-Door Trim Panels with Integrated Map Compartment
- LED Display for Back-up Camera
- Sun visors
- Vinyl flooring - Front row
- Step well pads
- Horn - electric, dual note
- Lighting - Front dome lamp
- Windshield wipers – Interval
- Electronic AM-FM Radio with Clock and audio input jack
- Electric Vehicle Cluster
- Electronic Shift
- Electric Heater, 20K Max BTU (Standard)
- HVAC Unit (Ford Standard) with electric compressor.

Miscellaneous

- Side Door with Stir Up Step on Curbside
- Back Up Camera
- Reverse Alarm
- First Aid Kit 16 Unit
- Fire Extinguisher 5 lbs. with Reflective Flare Kit

Diagnostic/Maintenance Package Options

Customer must choose one of the following options

- Option 1: Level II package: \$5,000
 - Provide a service laptop (Dell Rugged Extreme) containing Phoenix Motorcars software and all required diagnostic equipment (MotoServ Dongle, Kvaser cable, and OBD II diagnostic connector).
 - Perform a 4-hour PMC electric vehicle training for technicians.
 - Provide up to 4 hours of phone technical support.
- Option 2: Level I package: \$3,500
 - Loading of Phoenix Motorcars software on customer provided service laptop and all required diagnostic equipment (MotoServ Dongle, Kvaser cable, and OBD II diagnostic connector).
 - Perform a 4-hour PMC electric vehicle training for technicians.
 - Provide up to 4 hours of phone technical support.
- Option 3: All Inclusive Monthly Maintenance \$561/month
 - See attached brochure for coverage details

Section II - CHARGER SPECIFICATIONS

Level III DC Fast Charger:

BTC Power – CHAdeMO DC Single Port Fast Charger

- Single Port – CHAdeMO
- 15" outdoor color display Touchscreen
- Cord Retractor on top – (Single Lanyard retractor)
- Emergency Stop Button
- Wireless Modem
- PMC Branding
- RFID and Credit Card Reader
- Dome Light
- Continuous Charging Time 255Min
- Cover CCS INLET
- Input Power: 480 VAC, 3-Phase
- Input Breaker: 2 x 80 A @ 480 3- Phase
- Nominal Output DC Voltage: Up to 125 Amps @ 400 V
- Operating Temperature: -30 C to 50 C
- Efficiency Rating: 92%
- Total Charge time from Empty to Full on Phoenix Electric Vehicles of ~ 3.5 Hours.



PRICE QUOTATION – VEHICLES – PURCHASE OPTION:

2019 Phoenix Motorcars Zero Emission Trucks	QTY	Unit Price	Extended Price
<u>Baseline Price: Flatbed Truck^{1,2,3,4}</u>	<u>1</u>	<u>\$214,550</u>	<u>\$214,550</u>
<u>Baseline Price: Box/Cargo Truck^{1,2,3,4}</u>	<u>2</u>	<u>\$216,650</u>	<u>\$433,300</u>
<u>Diagnostic Package: Option #1</u>	<u>1</u>	<u>\$5,000</u>	<u>\$5,000</u>
HVIP Incentive ⁵	<u>3</u>	<u>(\$80,000)</u>	<u>(\$240,000)</u>
HVIP Incentive Plus up – Disadvantaged Community ⁶	<u>3</u>	<u>(\$10,000)</u>	<u>(\$30,000)</u>
<u>Price after HVIP Incentives:</u>	<u>1</u>		<u>\$382,850</u>
Shipping to Salinas, CA:	<u>3</u>	<u>\$1,498</u>	<u>\$4,494</u>
DMV Title and Registration Estimate	<u>3</u>		<u>\$6,111</u>
Taxes:	<u>3</u>		<u>\$59,926</u>
<u>Total Price:</u>	<u>3</u>		<u>\$453,381</u>

1. Includes all the items described in Section I.
2. Lead time of ~180 days after receipt of Executed Purchase Order.
3. Quote valid for 60 days.
4. 10% Deposit Required.
5. Contingent on the end operator operating the Vehicle in California for a minimum of 3 years.
6. Contingent on the end operator operating and domiciling the Vehicle in California in a Disadvantaged Community.

PRICE QUOTATION – CHARGERS – Level III:

Level III DC Fast Charger	QTY	Unit Price	Extended Price
BTC Level III CHAdeMO Charger – 50kw ¹	<u>3</u>	<u>\$29,450</u>	<u>\$88,350</u>
HVIP Incentive Plus up –EVSE ¹ :	<u>3</u>	<u>(\$29,450)</u>	<u>(\$88,350)</u>
<u>Subtotal for Level 3 Charger after HVIP Incentive:</u>	<u>3</u>	<u>\$0</u>	<u>\$0</u>
<u>Taxes:</u>	<u>3</u>	<u>\$2,724</u>	<u>\$8,172</u>
<u>Shipping:</u>	<u>3</u>	<u>\$1,563</u>	<u>\$4,689</u>
<u>Total:</u>	<u>3</u>	<u>\$4,287</u>	<u>\$12,861</u>

1. Subject to approval from HVIP. Currently being evaluated on a case by case basis.
2. Does not include installation costs.

WARRANTY COVERAGE:

Components	Coverage	Comments
Bumper to Bumper Warranty	3 years / 36,000 miles	Limited PMC Warranty Limited Ford Warranty
PMC Electric Drive System	5 years / 60,000 miles	Limited PMC Warranty
Lithium-Ion Battery System	5 years / 150,000 miles	Limited PMC Warranty
Marathon Flatbed Body	3 years / 50,000 miles	Limited Manufacturer Warranty
RockPort Box Body	3 Years / 36,000 miles	Limited Manufacturer Warranty
DC Fast Charge Station	Two Years Parts One Year Labor	Limited BTC Power Warranty

- I. All Warranties are **voided** if the customer does not perform the following conditions:
 - a. Comply with any service or recall advisories.
 - b. Follow all recommended service, maintenance and use requirements in a timely manner as set forth in the Phoenix Owner's & Maintenance Manual.
 - c. Carrying Passengers and Cargo within the specified load limits.
 - d. Make all required repairs.
2. Warranty details and requirements can be found in the Phoenix Owner's and Maintenance manual. The manual is provided at vehicle delivery – Please contact Phoenix for extra copies.

Thank you for inquiring about the Phoenix Motorcars Zero Emission Trucks.
We appreciate your consideration.

Please contact us at (909) 987-0815 with any questions









City of Salinas

200 Lincoln Ave., Salinas,
CA 93901
www.cityofsalinas.org

Legislation Text

File #: ID#19-599, Version: 1

June 2019 Financial Report

Accept the Quarterly Financial Report for June 2019.



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: NOVEMBER 19, 2019
DEPARTMENT: FINANCE
FROM: MATT N. PRESSEY, CPA, FINANCE DIRECTOR
BY: JUAN C. HERNANDEZ, SENIOR ACCOUNTANT
TITLE: QUARTERLY FINANCIAL REPORT – JUNE 2019

RECOMMENDED MOTION:

A motion to accept the Quarterly Financial Report for June 2019.

RECOMMENDATION:

Staff recommends that City Council accept the Quarterly Financial Report for June 2019.

EXECUTIVE SUMMARY:

The Quarterly Financial Report for June 2019 is attached for Council's information. June's Quarterly Financial Report reflects the current cash balances, year-to-date revenue and expenditures. It shows that the City has sufficient liquid funds to meet its cash requirements for at least the next six months. The Financial Report includes all investment detail required by SB564 (Johnston) and is presented to Council in compliance with the City's investment policy.

BACKGROUND:

INVESTMENT ACTIVITY:

Cash and Investments total \$188,604,458. The General Fund totals \$30,711,072 or 16.28% of the total portfolio.

CASH BALANCES:

The Housing and Urban Development Fund has a deficit of \$59,814 and will be cleared when revenues are received from various HUD grants.

Downtown Parking District Fund has a deficit of \$704,951 which will be covered by the General Fund until the Comprehensive Downtown Parking Study Plan is completed and implemented.

REVENUES:

Through the month of June (100% of the fiscal year) the General Fund collected \$107,202,076 or 108.16% of the annual estimated revenue.

OPERATING EXPENDITURES:

Through the month of June (100% of the fiscal year) the General Fund expenditures of \$96,024,667 were spent on operations and \$641,821 of encumbrances were recorded. The General Fund shows 94.63% of the appropriations expended or encumbered at the end of June 2019.

CAPITAL PROJECT EXPENDITURES:

The Capital Project Fund shows available appropriations of 68.86%. Various projects such as Vibrancy Plan Infrastructure, E Boronda Rd Traffic Congestion, Downtown Complete Streets, Bardin Rd Safe Route to School, New Police Facility, and various street improvements have yet to get fully underway.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378).

STRATEGIC PLAN INITIATIVE:

This financial report aligns with the Council goal of Effective, Sustainable Government.

DEPARTMENTAL COORDINATION:

All departments are watching their budgets closely and working to ensure the Salinas Plan is being implemented.

FISCAL AND SUSTAINABILITY IMPACT:

No fiscal impact.

ATTACHMENTS:

Quarterly Financial Report – June 2019

CITY OF SALINAS
STATEMENT OF CASH BALANCES - ALL FUNDS
01 JULY 2018 - 30 JUNE 2019

FUNDS		BEGINNING BALANCE	ADDITION	DEDUCTION	ENDING BALANCE
GENERAL FUND					
1000	General Fund	21,483,233.73	120,450,299.12	111,222,460.36	30,711,072.49
1100	Measure E Fund	4,706,603.83	14,940,744.25	12,897,629.14	6,749,718.94
1200	Measure G Fund	12,066,305.17	30,653,373.16	27,381,282.50	15,338,395.83
SPECIAL REVENUE FUNDS					
2100	Lighting, Landscape & Maintenance District	5,743,494.24	2,181,892.35	1,488,741.88	6,436,644.71
2200	Public Safety Fund	827,682.00	1,187,103.74	1,405,905.19	608,880.55
2300	Development Impact Fees Fund	14,921,056.82	1,791,783.69	1,527,280.64	15,185,559.87
2400	Special Gas Tax Improvement Fund	1,589,600.45	3,227,765.05	3,701,309.81	1,116,055.69
2500	Other Special Revenue Fund	5,520,187.12	8,496,705.39	5,115,987.92	8,900,904.59
2600	Affordable Housing	2,362,932.19	123,775.09	32,591.98	2,454,115.30
2900	Housing & Urban Development Fund	(1,028,103.94)	4,269,279.21	3,300,989.69	(59,814.42)
3000	Grant Fund	1,613,782.63	2,822,372.13	3,967,528.27	468,626.49
DEBT SERVICE FUND					
4100	Debt Service Fund	1,692,430.01	4,417,562.66	4,458,583.32	1,651,409.35
CAPITAL PROJECTS FUNDS					
5100	Special Aviation Fund	1,433,090.52	710,406.93	1,037,766.94	1,105,730.51
5200	Special Construction Assistance Fund	(2,572,217.87)	48,496,157.49	9,013,237.77	36,910,701.85
5800	Capital Projects Fund	2,000,000.00	33,455,753.45	33,455,753.45	2,000,000.00
SPECIAL ASSESSMENT FUNDS					
4200	Assessment District Fund	3,013,531.92	1,428,856.32	1,274,485.99	3,167,902.25
5300	Assessment District - Projects Fund	397,865.75	6,696.59	-	404,562.34
5301	2019 Spec Tax Bond Monte Bella	-	2,765,079.73	2,749,933.55	15,146.18
ENTERPRISE FUNDS					
6100	Municipal Airport Fund	776,283.83	2,036,025.33	1,915,812.87	896,496.29
6200	Industrial Waste Fund	5,098,613.08	4,777,534.39	3,624,216.55	6,251,930.92
6300	Municipal Golf Courses Fund	706,838.23	605,025.39	706,333.65	605,529.97
6400	Sewer Fund	6,669,270.72	3,764,953.01	3,762,887.54	6,671,336.19
6500	Storm Sewer (NPDES) Fund	105,244.28	3,298,579.72	2,836,416.54	567,407.46
6600	Crazy Horse Landfill Fund	1,692,180.42	24,649.81	385,100.00	1,331,730.23
6700	Water Utility Fund	38,113.21	8,652.54	16,644.38	30,121.37
6800	Downtown Parking District Fund	(844,255.18)	2,961,359.77	2,822,055.34	(704,950.75)
6900	Permit Services	1,869,572.92	3,441,771.69	2,922,644.99	2,388,699.62
INTERNAL SERVICE FUNDS					
7100	Internal Service Fund	14,556,730.43	12,807,963.75	11,000,427.54	16,364,266.64
TRUST AND AGENCY FUNDS					
8101	Oldtown Business Improvement District	-	-	-	-
8102	SUBA Business Improvement District Fund	6,043.38	74,755.41	79,840.25	958.54
8103	Sunrise House Fund	-	-	-	-
8104	Economic Development Fund	122,000.30	11,617.90	133,618.20	-
8105	Salinas Valley Enterprise Zone Fund	-	-	-	-
8106	Flexible Spending Fund	127,663.11	326,211.54	318,679.81	135,194.84
8107	Cafeteria Benefit Fund	1.00	-	-	1.00
8108	Downtown Comm Benefit District Fund	13,820.03	462,032.88	475,852.91	-
8700	Deferred Compensation Fund	16,590,393.88	1,443,569.56	2,387,476.44	15,646,487.00
8800	Trust Deposits Fund	1,883,583.23	3,904,330.52	5,088,664.80	699,248.95
8900	RORF RDA Obligation Retirement Fund	4,519,598.78	3,424,354.51	3,389,565.61	4,554,387.68
Total - All Funds		129,703,170.22	324,798,994.07	265,897,705.82	188,604,458.47

CITY OF SALINAS
SUMMARY OF CASH AND INVESTMENTS
01 JULY 2018 - 30 JUNE 2019

FUND: 9999 - POOLED CASH & INVESTMENT FUND

ACCOUNT	DESCRIPTION	BEGINNING BALANCE	TOTAL ADDITION	TOTAL DEDUCTION	ENDING BALANCE
10.1000	Cash General Account	2,086,034.23	294,513,902.69	293,444,265.59	3,155,671.33
10.1010	Cash Payroll Account	(812,653.38)	99,783,226.91	99,634,411.08	(663,837.55)
10.1015	Cash EMS Account	-	-	-	-
10.1020	Cash Deferred Comp	(4,383.85)	920,104.19	915,720.34	-
10.1040	Cash Travel and Petty Cash Account	15,000.00	-	-	15,000.00
10.2019	Cash York Risk Ser Liability Reserve	149,327.51	672.49	20,149.37	129,850.63
10.2020	Cash Trust Deed Deferred Comp	6,951,462.85	251,950.00	622,305.90	6,581,106.95
10.2021	Cash Corvel Workers Comp Reserve	315,989.27	184,010.73	216,230.35	283,769.65
10.2022	Cash Rabobank Money Market	2,960,184.44	4,504,346.73	5,500,000.00	1,964,531.17
10.2023	Cash CCMSI Liability Reserve	-	-	-	-
10.2024	Cash Pinnacle Bank CD	-	-	-	-
10.2025	Cash LAIF City	62,570,149.37	4,424,096.26	2,000,000.00	64,994,245.63
10.2026	Cash LAIF-Successor Agency	27,723,069.35	88,353,678.61	64,350,000.00	51,726,747.96
10.2027	Cash Aflac Wageworks Flexible Spendin	127,663.11	276,211.54	268,679.81	135,194.84
10.2028	Cash BNY COP 2005 A	-	-	-	-
10.2029	Cash BNY COP 2005 B	-	-	-	-
10.2030	Cash BNY COP 2008	340,873.01	107,589.46	102,714.23	345,748.24
10.2031	Cash BNY Sewer 2012 Bond	1,591,350.26	28,921.92	72.40	1,620,199.78
10.2032	Cash BNY Custody Account 190999	14,756,875.00	2,754,470.00	4,999,890.00	12,511,455.00
10.2033	Cash BNY 2014 Animal Shelter	-	-	-	-
10.2034	Cash BNY 2014 Monterey Parking Garage	-	-	-	-
10.2035	Cash BNY TAB 1992	468,340.97	9,055.21	141,872.05	335,524.13
10.2036	Cash BNY TAB 1996	1,235,861.88	71,888.41	51,367.31	1,256,382.98
10.2037	Cash Deutsche Bank	365,815.30	-	154,002.21	211,813.09
10.2038	Cash BNY Steinbeck Ctr 2002	-	-	-	-
10.2039	Cash BNY Consolidated AD	-	-	-	-
10.2040	Cash BNY Bella Vista AD	-	-	-	-
10.2041	Cash Central Coast Fed Credit U	5,658,377.02	460,734.58	582,133.03	5,536,978.57
10.2042	Cash BNY 2015 Refinancing COP 2005 A	-	-	-	-
10.2043	Cash BNY 2015 Refinancing COP 2005 B	-	-	-	-
10.2044	Cash Opus Bank	3,065,095.49	71,341.29	5.00	3,136,431.78
10.2045	Cash BNY 2016 Re-Assessment	138,738.37	3,086.76	85.89	141,739.24
10.2046	Cash Wilmington Trust COP 2018B TRIP	-	42,155,743.50	7,270,950.25	34,884,793.25
10.2047	Cash BNY 2019 CFD 2016-1 Monte Bella	-	2,762,389.05	2,461,277.25	301,111.80
Total Cash & Investments		129,703,170.20	541,637,420.33	482,736,132.06	188,604,458.47

CITY OF SALINAS
STATEMENT OF ACTUAL AND ESTIMATED REVENUE BY FUND AND ACCOUNT
01 JULY 2018 THROUGH 28 JUNE 2019

FUND - ACCOUNT - DESCRIPTION	ESTIMATED REVENUE	YTD ACTUAL	PERCENT COLLECTED
1000 General Fund			
1000.00.0000-50.1010 - Taxes Property Taxes-Secured CY	14,227,000.00	14,601,964.96	102.64%
1000.00.0000-50.1020 - Taxes Property Taxes-Unsecured CY	659,000.00	760,506.12	115.40%
1000.00.0000-50.1030 - Taxes Property Taxes-Supp Assessment	262,600.00	381,159.10	145.15%
1000.00.0000-50.1040 - Taxes Property Taxes - Interest	21,000.00	46,453.12	221.21%
1000.00.0000-50.1050 - Taxes Property Taxes-Secured PY	237,000.00	215,670.03	91.00%
1000.00.0000-50.1060 - Taxes Property Taxes-Unsecured PY	2,060.00	9,615.32	466.76%
1000.00.0000-50.1070 - Taxes Property Taxes-HOPTR	41,000.00	69,686.86	169.97%
1000.00.0000-50.1080 - Taxes Property Taxes-Transfer	232,000.00	342,789.64	147.75%
1000.00.0000-50.1120 - Taxes Property Taxes-Veh Lic In-Lieu	12,694,000.00	13,030,467.00	102.65%
1000.00.0000-50.1129 - Taxes ROPS Pass Through Payments	41,000.00	149,914.76	365.65%
1000.00.0000-50.1130 - Taxes Property Taxes-Residual Prop Tax	453,000.00	531,875.28	117.41%
1000.00.0000-50.2010 - Taxes Sales Tax	29,267,000.00	31,235,018.01	106.72%
1000.00.0000-50.2060 - Taxes Utility Users	12,237,000.00	11,704,036.19	95.64%
1000.00.0000-50.2070 - Taxes Transient Occupancy	3,500,000.00	3,435,439.56	98.16%
1000.00.0000-50.2080 - Taxes Business License	4,964,000.00	5,415,506.83	109.10%
1000.00.0000-50.2081 - Taxes Cannabis Business License	-	1,071,610.49	0.00%
1000.00.0000-51.2160 - Franchise Fees AT&T	140,000.00	115,328.30	82.38%
1000.00.0000-51.2170 - Franchise Fees Cable TV	822,000.00	761,724.97	92.67%
1000.00.0000-51.2180 - Franchise Fees Electric	591,000.00	627,347.74	106.15%
1000.00.0000-51.2190 - Franchise Fees Garbage	6,754,000.00	6,946,495.85	102.85%
1000.00.0000-51.2200 - Franchise Fees Gas	252,000.00	247,071.02	98.04%
1000.00.0000-51.2210 - Franchise Fees Recycling Shares	167,000.00	75,600.00	45.27%
1000.00.0000-51.2220 - Franchise Fees Towing	139,000.00	92,934.00	66.86%
1000.00.0000-53.8010 - Fines and Forfeits General Code Fines	190,000.00	83,872.17	44.14%
1000.00.0000-54.8010 - Use of money and property Investment Earnings	600,000.00	946,994.44	157.83%
1000.00.0000-54.8030 - Use of money and property Possessory Interest	4,000.00	-	0.00%
1000.00.0000-54.8050 - Use of money and property Rental Income	152,000.00	94,759.83	62.34%
1000.00.0000-54.8051 - Use of money and property ITC Lease	29,000.00	25,666.63	88.51%
1000.00.0000-54.8060 - Use of money and property Building Lease	204,800.00	218,851.00	106.86%
1000.00.0000-55.8013 - Intergovernmental County Housing In-Lieu	36,000.00	-	0.00%
1000.00.0000-55.8202 - Intergovernmental Motor Vehicle In-Lieu	72,000.00	77,657.23	107.86%
1000.00.0000-55.8212 - Intergovernmental State Mandated Costs	100,000.00	64,820.85	64.82%
1000.00.0000-56.6010 - Charges for Services Concessions	5,000.00	6,302.48	126.05%
1000.00.0000-56.8010 - Charges for Services Financial Assessment	-	-	0.00%
1000.00.0000-56.8020 - Charges for Services Administrative Service Revenue	1,900,000.00	2,609,580.57	137.35%
1000.00.0000-56.8050 - Charges for Services Research Fees	100.00	-	0.00%
1000.00.0000-56.8060 - Charges for Services Copying Fees	1,500.00	794.23	52.95%
1000.00.0000-56.8070 - Charges for Services Holiday Parade of Lights	5,000.00	-	0.00%
1000.00.0000-56.8080 - Charges for Services Airshow Charges	5,000.00	-	0.00%
1000.00.0000-56.8090 - Charges for Services Parade Permit Fees	500.00	770.25	154.05%
1000.00.0000-56.8120 - Charges for Services Special Events Fee	10,000.00	5,715.00	57.15%
1000.00.0000-57.8010 - Other Revenue Unclaimed Property Sales	10,000.00	26,985.76	269.86%
1000.00.0000-57.8020 - Other Revenue Surplus Property	10,000.00	14,218.24	142.18%
1000.00.0000-57.8030 - Other Revenue Land & Building Sale	1,000.00	-	0.00%
1000.00.0000-57.8040 - Other Revenue Loss/Damage Reimb	1,000.00	33,060.00	3306.00%
1000.00.0000-57.8050 - Other Revenue Miscellaneous Receipts	110,000.00	153,008.74	139.10%
1000.00.0000-57.8140 - Other Revenue Subpoena-Civil	3,000.00	1,660.00	55.33%
1000.00.0000-57.8605 - Other Revenue PERS Retirement Cost Share	445,000.00	575,285.57	129.28%
1000.00.0000-90.1200 - Transfers In Measure G	1,413,270.00	1,413,270.00	100.00%
1000.00.0000-90.2401 - Transfers In Gas Tax - 2107	1,200,300.00	1,200,300.00	100.00%
1000.00.0000-90.2402 - Transfers In Gas Tax - 2106	230,000.00	230,000.00	100.00%
1000.00.0000-90.2403 - Transfers In Gas Tax - 2105	294,700.00	294,700.00	100.00%
1000.00.0000-90.2503 - Transfers In Traffic Safety	250,000.00	250,000.00	100.00%
1000.00.0000-90.6200 - Transfers In Industrial Waste	210,500.00	210,500.00	100.00%
1000.00.0000-90.8104 - Transfers In Economic Development	-	133,618.20	0.00%
1000.00.0000-90.8106 - Transfers In Flexible Spending	50,000.00	-	0.00%
1000.00.0000-90.8801 - Transfers In Trust Deposits	-	1,125,342.43	0.00%
1000.00.0000-90.8802 - Transfers In Community Center Deposits	-	25,396.69	0.00%
1000.00.0000-90.8803 - Transfers In Sherwood Hall Deposits	-	121,625.28	0.00%
1000.00.0000-90.8806 - Transfers In Sales Tax	-	5,371.03	0.00%
1000.12.1120-56.1020 - Charges for Services Candidate Filing Fees	-	6,091.00	0.00%
1000.12.1120-56.8030 - Charges for Services Sale of Printed Material	500.00	357.38	71.48%
1000.12.1355-52.1205 - Licenses & Permits Cannabis Permit-New Application	10,000.00	-	0.00%
1000.12.1355-52.1206 - Licenses & Permits Cannabis Permit-Amendment Major	2,400.00	-	0.00%
1000.12.1355-52.1207 - Licenses & Permits Cannabis Permit-Amendment Minor	1,580.00	2,442.00	154.56%

FUND - ACCOUNT - DESCRIPTION	ESTIMATED REVENUE	YTD ACTUAL	PERCENT COLLECTED
1000.12.1355-52.1209 - Licenses & Permits Cannabis Permit-Renewal	13,500.00	4,167.00	30.87%
1000.12.1355-52.8015 - Licenses & Permits Cannabis Business Admin Permit	514.00	318.00	61.87%
1000.12.1355-56.8010 - Charges for Services Financial Assessment	24,650.00	30,826.44	125.06%
1000.12.1355-56.8035 - Charges for Services Cannabis Monitoring Fee	281,750.00	8,479.00	3.01%
1000.14.1400-56.1140 - Charges for Services Legal Services	1,000.00	-	0.00%
1000.14.1400-56.8035 - Charges for Services Cannabis Monitoring Fee	-	4,173.00	0.00%
1000.14.1400-57.1410 - Other Revenue Legal Code Enforcement Recovery	25,000.00	-	0.00%
1000.20.2030-52.5030 - Licenses & Permits Garage Sale Permits	10,000.00	8,267.25	82.67%
1000.20.2030-56.8040 - Charges for Services Cost of Issuance/Monitoring Fees	10,000.00	25,000.00	250.00%
1000.20.2031-56.2020 - Charges for Services Returned Check Charges	1,000.00	830.00	83.00%
1000.20.2034-56.2010 - Charges for Services Bus License Applic Review Fees	18,000.00	5,007.25	27.82%
1000.20.2034-56.2030 - Charges for Services Credit Card Convenience Fee	20,000.00	12,524.90	62.62%
1000.30.3111-57.8050 - Other Revenue Miscellaneous Receipts	-	167.20	0.00%
1000.30.3350-56.3400 - Charges for Services Building Plan Check Fees	-	-	0.00%
1000.30.3352-52.3020 - Licenses & Permits Building Permits	-	61,429.62	0.00%
1000.30.3352-52.3050 - Licenses & Permits Encroachment Permits	-	1,511.50	0.00%
1000.30.3352-52.3060 - Licenses & Permits Re-Roofing Permits	-	372.00	0.00%
1000.30.3352-56.3400 - Charges for Services Building Plan Check Fees	-	(79.65)	0.00%
1000.30.3353-53.3010 - Fines and Forfeits Code Enforcement Violations	90,000.00	237,216.60	263.57%
1000.30.3353-56.3450 - Charges for Services Special Code Inspection	16,000.00	37,620.00	235.13%
1000.30.3462-52.1206 - Licenses & Permits Cannabis Permit-Amendment Major	-	4,944.50	0.00%
1000.30.3462-52.1207 - Licenses & Permits Cannabis Permit-Amendment Minor	-	1,628.00	0.00%
1000.30.3462-52.1209 - Licenses & Permits Cannabis Permit-Renewal	-	4,128.00	0.00%
1000.30.3462-52.8015 - Licenses & Permits Cannabis Business Admin Permit	-	318.00	0.00%
1000.30.3462-56.3010 - Charges for Services Tentative Map Review Fees	6,000.00	53,605.00	893.42%
1000.30.3462-56.3020 - Charges for Services Minor Subdivision Review Fees	15,000.00	12,386.50	82.58%
1000.30.3462-56.3030 - Charges for Services Development Agreement	-	7,972.25	0.00%
1000.30.3462-56.3040 - Charges for Services General Plan Amendment Fees	-	7,606.50	0.00%
1000.30.3462-56.3060 - Charges for Services Rezoning/Prezoning Fees	-	4,251.75	0.00%
1000.30.3462-56.3070 - Charges for Services Planning Decision Appeal	1,000.00	753.50	75.35%
1000.30.3462-56.3080 - Charges for Services Conditional Use Permit Fee	100,000.00	68,452.03	68.45%
1000.30.3462-56.3090 - Charges for Services Prelim Project Review Fee	-	850.25	0.00%
1000.30.3462-56.3100 - Charges for Services Planned Unit Development Fee	5,000.00	12,687.00	253.74%
1000.30.3462-56.3130 - Charges for Services Environment Assessment Fee	1,500.00	4,734.00	315.60%
1000.30.3462-56.3160 - Charges for Services Temporary Use of Land Review	8,000.00	10,241.50	128.02%
1000.30.3462-56.3170 - Charges for Services Sign Review & Permits	15,000.00	22,781.50	151.88%
1000.30.3462-56.3190 - Charges for Services Variance Fees	-	15,575.00	0.00%
1000.30.3462-56.3210 - Charges for Services Site Plan Review	20,000.00	22,776.25	113.88%
1000.30.3462-56.3220 - Charges for Services Planning Inspection Fee	13,000.00	19,691.50	151.47%
1000.30.3462-56.3240 - Charges for Services Building Permit Review	42,000.00	60,621.00	144.34%
1000.30.3462-56.3250 - Charges for Services Time Extension of Permits	500.00	405.00	81.00%
1000.30.3462-56.3260 - Charges for Services Precise & Specific Plan Review	-	2,518.50	0.00%
1000.30.3462-56.3270 - Charges for Services Home Occupation Permits	25,000.00	30,902.25	123.61%
1000.30.3462-56.3280 - Charges for Services Fire Plan Check Fee-Permit Ctr	100.00	-	0.00%
1000.30.3462-56.3290 - Charges for Services Other Planning Fees	11,000.00	15,839.75	144.00%
1000.30.3462-56.8010 - Charges for Services Financial Assessment	-	28,520.00	0.00%
1000.30.3462-56.8035 - Charges for Services Cannabis Monitoring Fee	-	29,906.50	0.00%
1000.30.3462-56.8100 - Charges for Services Map Sales	100.00	-	0.00%
1000.40.4110-55.4222 - Intergovernmental Post Training Reimbursement	25,000.00	22,178.28	88.71%
1000.40.4110-56.1141 - Charges for Services Cannabis Work Permit Fee	-	20,368.00	0.00%
1000.40.4110-56.8035 - Charges for Services Cannabis Monitoring Fee	-	47,769.00	0.00%
1000.40.4116-52.4020 - Licenses & Permits Bicycle Licenses	500.00	-	0.00%
1000.40.4116-52.4030 - Licenses & Permits Pawn Broker/False Alarm Renewal	100,000.00	116,019.07	116.02%
1000.40.4116-56.4010 - Charges for Services Bingo License Application Fee	100.00	-	0.00%
1000.40.4116-56.4050 - Charges for Services Vehicle Fix-it-ticket Sign Off	1,000.00	-	0.00%
1000.40.4116-56.4130 - Charges for Services Vehicle ID Number Check	500.00	-	0.00%
1000.40.4116-56.4140 - Charges for Services Abandon Vehicle Abatement Fee	1,000.00	7,038.00	703.80%
1000.40.4116-56.4150 - Charges for Services Firearm Dealers	1,000.00	1,975.00	197.50%
1000.40.4116-56.4170 - Charges for Services Vehicle Release Fees (Towing)	40,000.00	71,306.60	178.27%
1000.40.4116-56.4180 - Charges for Services Vehicle Impound Fee (Towing)	47,000.00	52,582.50	111.88%
1000.40.4130-56.4030 - Charges for Services Police Report Fees	35,000.00	36,474.36	104.21%
1000.40.4130-56.4040 - Charges for Services Police False Alarm Fees	185,000.00	181,780.95	98.26%
1000.40.4130-56.4060 - Charges for Services Fingerprint Fees	2,000.00	528.00	26.40%
1000.40.4130-56.4070 - Charges for Services Card Room Fees	16,000.00	17,007.75	106.30%
1000.40.4130-56.4080 - Charges for Services Police Photo Charges	200.00	1,091.07	545.54%
1000.40.4130-56.4100 - Charges for Services Noise Regulation Fees	2,500.00	2,244.75	89.79%
1000.40.4134-56.4120 - Charges for Services Police Record Review Charges	2,500.00	3,242.75	129.71%
1000.40.4170-52.4010 - Licenses & Permits Animal Licenses	78,000.00	126,314.46	161.94%
1000.40.4170-55.4063 - Intergovernmental City of Marina(Animal Shelter)	60,000.00	31,082.86	51.80%
1000.40.4170-56.4090 - Charges for Services Animal Shelter Fees	50,000.00	74,379.38	148.76%
1000.40.4170-56.4190 - Charges for Services Animal Shelter Citation Fees	4,600.00	4,843.08	105.28%

FUND - ACCOUNT - DESCRIPTION		ESTIMATED REVENUE	YTD ACTUAL	PERCENT COLLECTED
1000.40.4220-56.4020	- Charges for Services Special Police Service Fees	130,000.00	322,171.61	247.82%
1000.45.4505-56.4540	- Charges for Services Fire Dept Service Charge	-	550.00	0.00%
1000.45.4510-55.4202	- Intergovernmental State Fire Reimbursement	200,000.00	392,822.62	196.41%
1000.45.4510-56.4410	- Charges for Services Rural Fire Service	195,000.00	196,000.00	100.51%
1000.45.4510-56.4520	- Charges for Services Special Event - Fire	-	224.00	0.00%
1000.45.4510-56.4560	- Charges for Services Fire Apparatus Fee	-	15,399.54	0.00%
1000.45.4510-57.8050	- Other Revenue Miscellaneous Receipts	-	4,343.00	0.00%
1000.45.4520-56.4520	- Charges for Services Special Event - Fire	-	49.13	0.00%
1000.45.4520-56.4580	- Charges for Services ALS Cost Recovery Fee	70,000.00	81,151.75	115.93%
1000.45.4520-56.4590	- Charges for Services VAC Cost Recovery Fee	20,000.00	1,296.00	6.48%
1000.45.4530-56.4430	- Charges for Services Fire Code Mandated Insp Fee	135,000.00	233,851.13	173.22%
1000.45.4530-56.4440	- Charges for Services State Mandated Inspection Fees	75,000.00	82,305.64	109.74%
1000.45.4530-56.4450	- Charges for Services Fire Plan Check Fee-Fire Dept	55,000.00	59,320.68	107.86%
1000.45.4530-56.4460	- Charges for Services Special Fire Permits	43,000.00	68,933.03	160.31%
1000.45.4530-56.4470	- Charges for Services Structural Fire Report Fees	2,300.00	4,456.50	193.76%
1000.45.4530-56.4480	- Charges for Services Fireworks Fees	7,800.00	8,353.00	107.09%
1000.45.4530-56.4490	- Charges for Services Fireworks Surcharge	47,000.00	50,071.06	106.53%
1000.45.4530-56.4510	- Charges for Services Fire False Alarm Fees	105,000.00	120,159.04	114.44%
1000.45.4530-56.4530	- Charges for Services Admin Fire Citations	26,000.00	52,665.54	202.56%
1000.45.4530-56.4550	- Charges for Services Outside Fire Plan Review	500.00	(108.25)	-21.65%
1000.45.4540-56.4570	- Charges for Services Other Fire Fees & Training	1,000.00	90,722.38	9072.24%
1000.45.4570-55.4023	- Intergovernmental HAZMAT Reimbursement	124,800.00	473,218.10	379.18%
1000.45.4570-56.4500	- Charges for Services Fire Hazard Inspection Fees	35,500.00	366.00	1.03%
1000.45.4570-56.4570	- Charges for Services Other Fire Fees & Training	-	8,874.77	0.00%
1000.50.5110-55.5242	- Intergovernmental Rebates/Refunds & Reimb	-	343.25	0.00%
1000.50.5115-52.3050	- Licenses & Permits Encroachment Permits	365,000.00	653,117.83	178.94%
1000.50.5115-56.5010	- Charges for Services Subdivision Map Check Fees	-	3,214.00	0.00%
1000.50.5115-56.5080	- Charges for Services Review and Inspection Fees	150,000.00	181,348.00	120.90%
1000.50.5120-52.3050	- Licenses & Permits Encroachment Permits	350,000.00	122.75	0.04%
1000.50.5120-52.5050	- Licenses & Permits Transportation Permits	10,400.00	231.50	2.23%
1000.50.5120-52.8010	- Licenses & Permits Other Licenses & Permits	500.00	-	0.00%
1000.50.5120-56.5060	- Charges for Services Special Traffic Marking Reques	6,000.00	793.00	13.22%
1000.50.5120-56.5070	- Charges for Services Routing/Escorting/Overload	1,000.00	35.50	3.55%
1000.50.5120-56.5100	- Charges for Services Special Public Works Fees	1,000.00	-	0.00%
1000.50.5122-52.5050	- Licenses & Permits Transportation Permits	-	11,076.00	0.00%
1000.50.5122-56.5060	- Charges for Services Special Traffic Marking Reques	-	8,285.75	0.00%
1000.50.5125-53.8010	- Fines and Forfeits General Code Fines	-	800.00	0.00%
1000.50.5234-55.5282	- Intergovernmental State Highway Maintenance	5,200.00	13,468.01	259.00%
1000.50.5234-56.5080	- Charges for Services Review and Inspection Fees	-	454.68	0.00%
1000.50.5234-57.8050	- Other Revenue Miscellaneous Receipts	-	8,352.39	0.00%
1000.50.5235-56.5065	- Charges for Services USA Service Fee	-	4,940.00	0.00%
1000.50.5235-57.8050	- Other Revenue Miscellaneous Receipts	-	25,061.15	0.00%
1000.50.5236-57.8050	- Other Revenue Miscellaneous Receipts	-	41,143.00	0.00%
1000.50.5238-55.5043	- Intergovernmental Alisal Steinbeck Park Maint.	8,400.00	8,000.00	95.24%
1000.50.5239-56.5090	- Charges for Services Street Tree Pruning	200.00	-	0.00%
1000.50.5239-57.8050	- Other Revenue Miscellaneous Receipts	-	5,007.36	0.00%
1000.55.6232-56.6090	- Charges for Services Neighborhood Center Rental Fee	4,000.00	9,202.50	230.06%
1000.55.6237-56.6060	- Charges for Services Reimbursable Fee Activities	48,000.00	58,324.25	121.51%
1000.55.6239-56.6020	- Charges for Services Sherwood Tennis Use Fees	2,000.00	3,130.00	156.50%
1000.55.6239-56.6030	- Charges for Services Reserved Picnic Area Use Fee	100.00	803.25	803.25%
1000.55.6239-56.6040	- Charges for Services Ball Field Use Fee	2,300.00	2,756.00	119.83%
1000.55.6239-56.6050	- Charges for Services Youth Sports League Fees	95,000.00	119,217.00	125.49%
1000.55.6239-56.6080	- Charges for Services Other Rec Bldg Rental Fee	200.00	-	0.00%
1000.55.6239-56.6100	- Charges for Services Recreation Facility Use Fees	100.00	-	0.00%
1000.55.6243-56.6070	- Charges for Services Community Center Rental Fees	60,000.00	144,751.93	241.25%
1000.60.6005-56.6300	- Charges for Services Other Library Fees	5,500.00	4,478.89	81.43%
1000.60.6005-56.6310	- Charges for Services Library Copying Fees	10,000.00	11,441.30	114.41%
1000.60.6005-56.6320	- Charges for Services Overdue Library Fines	18,000.00	20,916.42	116.20%
1000.60.6005-56.6330	- Charges for Services Lost/Damaged Material Fees	8,000.00	6,800.98	85.01%
1000.80.8010-56.8110	- Charges for Services Rental Income	-	46,098.72	0.00%
1000.80.8010-57.8050	- Other Revenue Miscellaneous Receipts	-	13,780.00	0.00%
1000 General Fund Total		99,111,124.00	107,202,075.83	108.16%
1100 Measure E				
1100.00.0000-50.2030	- Taxes Transactions and Use Tax-MV	12,555,000.00	13,526,569.27	107.74%
1100.00.0000-54.8010	- Use of money and property Investment Earnings	33,000.00	87,109.76	263.97%
1100.00.0000-57.8080	- Other Revenue Miscellaneous Deposits	-	2,242.48	0.00%
1100.00.0000-90.1200	- Transfers In Measure G	699,460.00	699,460.00	100.00%
1100 Measure E Total		13,287,460.00	14,315,381.51	107.74%
1200 Measure G				

FUND - ACCOUNT - DESCRIPTION		ESTIMATED REVENUE	YTD ACTUAL	PERCENT COLLECTED
1200.00.0000-50.2040 - Taxes Transactions and Use Tax-MG		24,943,000.00	27,179,977.48	108.97%
1200.00.0000-54.8010 - Use of money and property Investment Earnings		70,000.00	229,467.45	327.81%
1200.00.0000-57.8080 - Other Revenue Miscellaneous Deposits		500.00	-	0.00%
1200 Measure G Total		25,013,500.00	27,409,444.93	109.58%
2101 Maintenance Dist Administration				
2101.20.2140-56.8010 - Charges for Services Financial Assessment		61,500.00	61,915.33	100.68%
2101 Maintenance Dist Administration Total		61,500.00	61,915.33	100.68%
2102 Woodside Park Maint District				
2102.50.5560-54.8010 - Use of money and property Investment Earnings		500.00	1,622.28	324.46%
2102.50.5560-57.5010 - Other Revenue Woodside Park Maint Assessment		38,000.00	45,794.10	120.51%
2102 Woodside Park Maint District Total		38,500.00	47,416.38	123.16%
2104 Airport Bus Park Maint District				
2104.50.5562-54.8010 - Use of money and property Investment Earnings		100.00	234.33	234.33%
2104.50.5562-57.5030 - Other Revenue Airport Bus Park Maint Assess		13,740.00	13,997.17	101.87%
2104.50.5562-57.8420 - Other Revenue Airport Contribution		7,500.00	7,000.00	93.33%
2104 Airport Bus Park Maint District Total		21,340.00	21,231.50	99.49%
2105 N E Salinas Landscape Dist				
2105.50.5563-54.8010 - Use of money and property Investment Earnings		2,000.00	5,291.45	264.57%
2105.50.5563-57.5040 - Other Revenue N/E Landscape Maint Assessment		622,300.00	764,935.22	122.92%
2105 N E Salinas Landscape Dist Total		624,300.00	770,226.67	123.37%
2106 Harden Ranch Landscape Dist				
2106.50.5564-54.8010 - Use of money and property Investment Earnings		2,000.00	488.89	24.44%
2106.50.5564-57.5050 - Other Revenue Harden Ranch Maint Assessment		125,600.00	141,080.54	112.33%
2106 Harden Ranch Landscape Dist Total		127,600.00	141,569.43	110.95%
2107 Vista Nueva Maint District				
2107.50.5565-54.8010 - Use of money and property Investment Earnings		1,000.00	4,496.98	449.70%
2107.50.5565-57.5060 - Other Revenue Vista Nueva		28,950.00	33,758.99	116.61%
2107 Vista Nueva Maint District Total		29,950.00	38,255.97	127.73%
2108 Mira Monte Maint District				
2108.50.5566-54.8010 - Use of money and property Investment Earnings		2,000.00	6,104.71	305.24%
2108.50.5566-57.5070 - Other Revenue Mira Monte		118,450.00	125,009.18	105.54%
2108 Mira Monte Maint District Total		120,450.00	131,113.89	108.85%
2109 Monte Bella Maint District				
2109.50.5567-54.8010 - Use of money and property Investment Earnings		10,000.00	78,930.59	789.31%
2109.50.5567-57.5080 - Other Revenue Monte Bella		509,560.00	651,355.44	127.83%
2109 Monte Bella Maint District Total		519,560.00	730,286.03	140.56%
2201 Sales Tax-SB172				
2201.40.4220-50.2050 - Taxes City of Salinas-SB 172		400,000.00	483,495.76	120.87%
2201 Sales Tax-SB172 Total		400,000.00	483,495.76	120.87%
2202 Supplemental Law Enf - AB3229				
2202.40.4220-54.8010 - Use of money and property Investment Earnings		2,000.00	6,984.30	349.22%
2202.40.4220-55.4252 - Intergovernmental Supp Law Enforcement (AB 3229)		480,000.00	373,259.75	77.76%
2202 Supplemental Law Enf - AB3229 Total		482,000.00	380,244.05	78.89%
2301 Development Fees-Sewer & Storm				
2301.00.0000-54.8010 - Use of money and property Investment Earnings		12,000.00	41,800.74	348.34%
2301.00.0000-56.5120 - Charges for Services Sanitary Sewer Impact Fee		35,000.00	182,802.58	522.29%
2301.00.0000-56.5130 - Charges for Services Storm Sewer Impact Fee		27,500.00	161,981.96	589.03%
2301 Development Fees-Sewer & Storm Total		74,500.00	386,585.28	518.91%
2302 Development Fees-Parks & Playgr				
2302.00.0000-54.8010 - Use of money and property Investment Earnings		5,000.00	19,497.95	389.96%
2302.00.0000-56.5140 - Charges for Services Neighborhood Park Impact Fee		15,000.00	28,027.00	186.85%
2302.00.0000-56.5160 - Charges for Services Facilities Impact Fees		-	8,699.34	0.00%
2302 Development Fees-Parks & Playgr Total		20,000.00	56,224.29	281.12%
2303 Development Fees-Library				
2303.00.0000-54.8010 - Use of money and property Investment Earnings		500.00	2,912.81	582.56%
2303.00.0000-56.5160 - Charges for Services Facilities Impact Fees		25,000.00	14,462.76	57.85%
2303.00.0000-56.5180 - Charges for Services Library Impact Fee		25,000.00	41,808.00	167.23%
2303 Development Fees-Library Total		50,500.00	59,183.57	117.20%

FUND - ACCOUNT - DESCRIPTION		ESTIMATED REVENUE	YTD ACTUAL	PERCENT COLLECTED
2304 Development Fees-Street Trees				
2304.00.0000-56.5110 - Charges for Services Street Tree Fee		500.00	1,715.00	343.00%
2304 Development Fees-Street Trees Total		500.00	1,715.00	343.00%
2305 Development Fees-Annexations				
2305.00.0000-54.8010 - Use of money and property Investment Earnings		500.00	-	0.00%
2305.00.0000-56.5170 - Charges for Services Annexation Impact Fees		500.00	-	0.00%
2305 Development Fees-Annexations Total		1,000.00	-	0.00%
2306 Development Fees-Arterial				
2306.00.0000-54.8010 - Use of money and property Investment Earnings		50,000.00	170,912.10	341.82%
2306.00.0000-56.5150 - Charges for Services Street/Traffic Impact Fees		200,000.00	829,960.10	414.98%
2306 Development Fees-Arterial Total		250,000.00	1,000,872.20	400.35%
2307 Development Fees-Fire				
2307.00.0000-54.8010 - Use of money and property Investment Earnings		500.00	1,874.60	374.92%
2307.00.0000-56.5160 - Charges for Services Facilities Impact Fees		80,000.00	15,985.03	19.98%
2307.00.0000-56.5190 - Charges for Services Fire Protection Service Fee		-	15,764.00	0.00%
2307 Development Fees-Fire Total		80,500.00	33,623.63	41.77%
2308 Dev Fees Fund-Police				
2308.00.0000-54.8010 - Use of money and property Investment Earnings		1,500.00	9,103.78	606.92%
2308.00.0000-56.5160 - Charges for Services Facilities Impact Fees		135,000.00	167,244.46	123.88%
2308 Dev Fees Fund-Police Total		136,500.00	176,348.24	129.19%
2401 Gas Tax - 2107				
2401.00.0000-54.8010 - Use of money and property Investment Earnings		9,000.00	33,440.36	371.56%
2401.00.0000-54.8050 - Use of money and property Rental Income		165,400.00	176,881.68	106.94%
2401.00.0000-55.5212 - Intergovernmental State Gas Tax - 2107		1,209,200.00	1,116,314.72	92.32%
2401.00.0000-55.5222 - Intergovernmental State Gas Tax - 2107.5		10,000.00	10,000.00	100.00%
2401 Gas Tax - 2107 Total		1,393,600.00	1,336,636.76	95.91%
2402 Gas Tax - 2106				
2402.00.0000-55.5202 - Intergovernmental State Gas Tax - 2106		570,100.00	392,610.52	68.87%
2402 Gas Tax - 2106 Total		570,100.00	392,610.52	68.87%
2403 Gas Tax - 2105				
2403.00.0000-55.5252 - Intergovernmental State Gas Tax - 2105 (P-111)		936,000.00	887,647.87	94.83%
2403 Gas Tax - 2105 Total		936,000.00	887,647.87	94.83%
2404 Gas Tax - Motor Vehicle Fuel Tax				
2404.00.0000-55.5262 - Intergovernmental State Gas Tax - 2103 (TCR)		644,800.00	540,478.42	83.82%
2404 Gas Tax - Motor Vehicle Fuel Tax Total		644,800.00	540,478.42	83.82%
2501 Emergency Medical Service Fund				
2501.00.0000-90.1000 - Transfers In General Fund		640,000.00	640,000.00	100.00%
2501.45.4520-54.8010 - Use of money and property Investment Earnings		6,500.00	8,433.29	129.74%
2501.45.4520-55.4013 - Intergovernmental County CSA 74-Safety Equipment		135,000.00	138,565.72	102.64%
2501.45.4520-55.5242 - Intergovernmental Rebates/Refunds & Reimb		13,159.00	-	0.00%
2501 Emergency Medical Service Fund Total		794,659.00	786,999.01	99.04%
2502 Asset Seizure				
2502.40.4380-54.8010 - Use of money and property Investment Earnings		750.00	2,298.48	306.46%
2502.40.4380-55.4232 - Intergovernmental State Seizure Reimbursement		20,000.00	5,598.54	27.99%
2502.40.4380-55.4501 - Intergovernmental Federal Reimbursements		100.00	-	0.00%
2502.40.4380-57.8020 - Other Revenue Surplus Property		100.00	-	0.00%
2502.40.4380-57.8050 - Other Revenue Miscellaneous Receipts		100.00	-	0.00%
2502 Asset Seizure Total		21,050.00	7,897.02	37.52%
2503 Traffic Safety				
2503.00.0000-53.4010 - Fines and Forfeits Vehicle Code Fines		250,000.00	212,054.91	84.82%
2503 Traffic Safety Total		250,000.00	212,054.91	84.82%
2504 Vehicle Abatement				
2504.00.0000-90.1000 - Transfers In General Fund		50,000.00	50,000.00	100.00%
2504.40.4116-55.4242 - Intergovernmental Abandoned Vehicle Abatement		120,000.00	174,444.20	145.37%
2504 Vehicle Abatement Total		170,000.00	224,444.20	132.03%
2505 Recreation Parks				
2505.60.6239-54.8050 - Use of money and property Rental Income		30,000.00	42,506.25	141.69%

FUND - ACCOUNT - DESCRIPTION		ESTIMATED REVENUE	YTD ACTUAL	PERCENT COLLECTED
2505	Recreation Parks Total	30,000.00	42,506.25	141.69%
2506	PEG Cable Franchise			
	2506.00.8005-51.2170 - Franchise Fees Cable TV	185,000.00	176,191.24	95.24%
	2506 PEG Cable Franchise Total	185,000.00	176,191.24	95.24%
2507	Municipal Art Fund			
	2507.00.0000-54.8010 - Use of money and property Investment Earnings	-	338.53	0.00%
	2507.00.0000-56.8013 - Charges for Services Public Art Charge	56,600.00	31,163.17	55.06%
	2507 Municipal Art Fund Total	56,600.00	31,501.70	55.66%
2508	Contributions & Donations			
	2508.00.0000-90.8801 - Transfers In Trust Deposits	-	122,265.72	0.00%
	2508 Contributions & Donations Total	-	122,265.72	0.00%
2509	KDF Los Padres Dev Social Svcs			
	2509.00.0000-90.8808 - Transfers In KDF Los Padres	-	204,416.03	0.00%
	2509 KDF Los Padres Dev Social Svcs Total	-	204,416.03	0.00%
2510	MX-Transport Safety & Inv Plan			
	2510.00.0000-54.8010 - Use of money and property Investment Earnings	10,000.00	51,605.69	516.06%
	2510.00.0000-55.4073 - Intergovernmental Measure X - TAMC	5,780,000.00	3,403,326.25	58.88%
	2510 MX-Transport Safety & Inv Plan Total	5,790,000.00	3,454,931.94	59.67%
2511	SB1 Road Maintenance & Rehab			
	2511.00.0000-54.8010 - Use of money and property Investment Earnings	15,000.00	24,158.13	161.05%
	2511.00.0000-55.5292 - Intergovernmental SB1 Road Maintenance & Rehab	2,718,500.00	2,781,689.00	102.32%
	2511 SB1 Road Maintenance & Rehab Total	2,733,500.00	2,805,847.13	102.65%
2512	SB1 Traffic Congestion Relief			
	2512.00.0000-54.8010 - Use of money and property Investment Earnings	-	2,920.87	0.00%
	2512.00.0000-55.4292 - Intergovernmental SB1 Loan Repayment	184,700.00	182,444.55	98.78%
	2512 SB1 Traffic Congestion Relief Total	184,700.00	185,365.42	100.36%
2601	SRA Public Improvements			
	2601.20.2505-54.8010 - Use of money and property Investment Earnings	6,000.00	26,171.03	436.18%
	2601 SRA Public Improvements Total	6,000.00	26,171.03	436.18%
2602	HSA - Affordable Housing			
	2602.20.2505-54.8010 - Use of money and property Investment Earnings	5,000.00	13,637.76	272.76%
	2602.30.2505-57.3020 - Other Revenue Housing Revolving Loans	52,000.00	78,987.72	151.90%
	2602.30.2505-57.8050 - Other Revenue Miscellaneous Receipts	100.00	-	0.00%
	2602 HSA - Affordable Housing Total	57,100.00	92,625.48	162.22%
2910	Community Development			
	2910.00.0000-90.1000 - Transfers In General Fund	28,800.38	28,800.00	100.00%
	2910.30.3220-55.7501 - Intergovernmental Block Grant	2,093,734.00	1,824,054.09	87.12%
	2910.30.3221-57.3020 - Other Revenue Housing Revolving Loans	100,000.00	130,198.17	130.20%
	2910 Community Development Total	2,222,534.38	1,983,052.26	89.22%
2930	Home Investment Partnership			
	2930.00.0000-90.2910 - Transfers In CDBG	-	575.00	0.00%
	2930.30.3220-54.8010 - Use of money and property Investment Earnings	-	1,204.42	0.00%
	2930.30.3220-55.7521 - Intergovernmental HOME Inv Partnership (HUD)	838,341.00	581,931.40	69.41%
	2930.30.3221-57.3020 - Other Revenue Housing Revolving Loans	42,883.00	205,457.62	479.11%
	2930.30.3225-55.7521 - Intergovernmental HOME Inv Partnership (HUD)	1,297,200.00	-	0.00%
	2930 Home Investment Partnership Total	2,178,424.00	789,168.44	36.23%
2940	Emergency Solutions Grant-HUD			
	2940.30.3220-55.7531 - Intergovernmental Emergency Solutions Grant	170,830.00	460,803.10	269.74%
	2940 Emergency Solutions Grant-HUD Total	170,830.00	460,803.10	269.74%
2941	Emergency Solutions Grant-COC			
	2941.30.3240-55.7531 - Intergovernmental Emergency Solutions Grant	838,381.00	465,276.00	55.50%
	2941 Emergency Solutions Grant-COC Total	838,381.00	465,276.00	55.50%
2957	Inclusionary Housing Trust Fund			
	2957.30.3230-57.3020 - Other Revenue Housing Revolving Loans	-	5,724.60	0.00%
	2957.30.3230-57.8460 - Other Revenue Inclusionary Housing	-	9,000.00	0.00%
	2957 Inclusionary Housing Trust Fund Total	-	14,724.60	0.00%

FUND - ACCOUNT - DESCRIPTION		ESTIMATED REVENUE	YTD ACTUAL	PERCENT COLLECTED
3109 Police Reimbursable Costs				
3109.40.7104-55.4501 - Intergovernmental Federal Reimbursements		-	152,444.00	0.00%
3109 Police Reimbursable Costs Total		-	152,444.00	0.00%
3111 SAFER				
3111.45.4510-55.7511 - Intergovernmental SAFER-FEMA Grant Reimb		999,675.91	432,347.41	43.25%
3111 SAFER Total		999,675.91	432,347.41	43.25%
3113 Project Safety Neighborhood				
3113.70.7103-55.7541 - Intergovernmental Federal BJA		40,122.00	40,122.00	100.00%
3113 Project Safety Neighborhood Total		40,122.00	40,122.00	100.00%
3115 Assistance to Firefighters				
3115.45.7222-55.7545 - Intergovernmental Federal Homeland Security		526,364.00	-	0.00%
3115 Assistance to Firefighters Total		526,364.00	-	0.00%
3157 Selective Traffic Enforcement				
3157.40.7110-55.7212 - Intergovernmental State Traffic Grant (Federal)		175,000.00	68,937.47	39.39%
3157 Selective Traffic Enforcement Total		175,000.00	68,937.47	39.39%
3159 Selective Traffic Enforcement				
3159.40.7110-55.7212 - Intergovernmental State Traffic Grant (Federal)		35,773.23	35,773.23	100.00%
3159 Selective Traffic Enforcement Total		35,773.23	35,773.23	100.00%
3161 Local JAG				
3161.70.7101-55.7541 - Intergovernmental Federal BJA		89,671.65	89,521.24	99.83%
3161 Local JAG Total		89,671.65	89,521.24	99.83%
3163 2014 COPS Hiring SRO				
3163.40.4342-55.7561 - Intergovernmental COPS Grant Reimbursement		708,029.00	186,934.70	26.40%
3163 2014 COPS Hiring SRO Total		708,029.00	186,934.70	26.40%
3216 Public Works Awards & Contrib-St				
3216.50.7401-55.5074 - Intergovernmental Other Agencies		2,500.00	2,500.00	100.00%
3216 Public Works Awards & Contrib-St Total		2,500.00	2,500.00	100.00%
3251 CA Beverage Container Recycling				
3251.81.8133-57.8070 - Other Revenue Grants & Contributions		-	80,471.00	0.00%
3251 CA Beverage Container Recycling Total		-	80,471.00	0.00%
3252 CLLS -Adult Literacy				
3252.70.7340-55.6222 - Intergovernmental State CLSA Literacy Grant		78,382.00	78,382.00	100.00%
3252.70.7350-55.6222 - Intergovernmental State CLSA Literacy Grant		80,000.00	80,000.00	100.00%
3252 CLLS -Adult Literacy Total		158,382.00	158,382.00	100.00%
3254 State of California Library				
3254.60.7351-55.5232 - Intergovernmental Other State Grant & Reimb		6,000.00	6,000.00	100.00%
3254 State of California Library Total		6,000.00	6,000.00	100.00%
3256 First Five Monterey County				
3256.60.7348-57.8070 - Other Revenue Grants & Contributions		103,672.00	66,890.00	64.52%
3256 First Five Monterey County Total		103,672.00	66,890.00	64.52%
3282 BSCC-Board of St&Comm Correction				
3282.40.7408-55.7222 - Intergovernmental BSCC Grant		95,624.00	95,624.00	100.00%
3282.55.7410-55.7222 - Intergovernmental BSCC Grant		500,000.00	44,701.00	8.94%
3282 BSCC-Board of St&Comm Correction Total		595,624.00	140,325.00	23.56%
3283 BSCC-Board of St&Comm Correction				
3283.40.7409-54.8060 - Use of money and property Building Lease		-	42,289.35	0.00%
3283.40.7409-55.5232 - Intergovernmental Other State Grant & Reimb		89,750.00	-	0.00%
3283 BSCC-Board of St&Comm Correction Total		89,750.00	42,289.35	47.12%
3302 Cal ID / RAN Grant				
3302.40.4130-55.4033 - Intergovernmental Monterey County RAN		116,775.00	85,711.36	73.40%
3302 Cal ID / RAN Grant Total		116,775.00	85,711.36	73.40%
3315 Public Works Awards & Contrib				
3315.50.7407-57.8070 - Other Revenue Grants & Contributions		65,940.00	24,768.00	37.56%
3315 Public Works Awards & Contrib Total		65,940.00	24,768.00	37.56%

FUND - ACCOUNT - DESCRIPTION		ESTIMATED REVENUE	YTD ACTUAL	PERCENT COLLECTED
3401 Community Foundation Grant				
3401.60.7343-55.8023 - Intergovernmental Library Contributions		4,060.77	4,060.77	100.00%
3401 Community Foundation Grant Total		4,060.77	4,060.77	100.00%
3453 Comm Foundation - D & L Packard				
3453.60.7330-55.7013 - Intergovernmental Packard Foundation		-	66,000.00	0.00%
3453.70.7330-55.7013 - Intergovernmental Packard Foundation		-	-	0.00%
3453 Comm Foundation - D & L Packard Total		-	66,000.00	0.00%
3454 Library Awards and Contributions				
3454.60.7331-55.8023 - Intergovernmental Library Contributions		7,000.00	7,000.00	100.00%
3454.60.7342-55.8023 - Intergovernmental Library Contributions		14,000.00	14,000.00	100.00%
3454 Library Awards and Contributions Total		21,000.00	21,000.00	100.00%
3455 Claire Giannini Grant				
3455.60.7346-57.8070 - Other Revenue Grants & Contributions		35,000.00	35,000.00	100.00%
3455 Claire Giannini Grant Total		35,000.00	35,000.00	100.00%
3480 Library - Other Contributions				
3480.60.7343-56.6340 - Charges for Services Library - Donations		10,000.00	10,000.00	100.00%
3480 Library - Other Contributions Total		10,000.00	10,000.00	100.00%
3681 Community Safety Grants				
3681.70.7402-55.7541 - Intergovernmental Federal BJA		-	11,855.68	0.00%
3681 Community Safety Grants Total		-	11,855.68	0.00%
4104 2014 COP Consolidation				
4104.00.8004-54.8010 - Use of money and property Investment Earnings		500.00	21,993.65	4398.73%
4104 2014 COP Consolidation Total		500.00	21,993.65	4398.73%
4107 COP 2018B T.R.I.P. Total Rd Impv				
4107.00.0000-90.2510 - Transfers In Measure X - TAMC		2,200,000.00	1,450,581.46	65.94%
4107.00.0000-90.5202 - Transfers In from Special Const Assist-State		-	767,549.19	0.00%
4107.00.8004-54.8010 - Use of money and property Investment Earnings		-	702,235.02	0.00%
4107.80.8004-54.8010 - Use of money and property Investment Earnings		-	0.00	0.00%
4107 COP 2018B T.R.I.P. Total Rd Impv Total		2,200,000.00	2,920,365.67	132.74%
4108 Energy Improvement				
4108.00.0000-90.1000 - Transfers In General Fund		1,163,740.00	1,163,738.64	100.00%
4108.00.0000-90.1100 - Transfers In Measure E		65,510.00	65,502.39	99.99%
4108.00.0000-90.1200 - Transfers In Measure G		5,110.00	5,101.43	99.83%
4108.00.0000-90.2104 - Transfers In Airport Bus Park Maint Dist		1,130.00	1,122.31	99.32%
4108.00.0000-90.2105 - Transfers In N.E. Landscape MD		2,860.00	2,856.80	99.89%
4108.00.0000-90.2106 - Transfers In Harden ranch M.D.		4,390.00	4,387.24	99.94%
4108.00.0000-90.2107 - Transfers In Vista Nueva M.D.		3,070.00	3,060.86	99.70%
4108.00.0000-90.2108 - Transfers In Miramonte Landscape M.D.		5,820.00	5,815.64	99.93%
4108.00.0000-90.2109 - Transfers In Monte Bella Maint District		2,050.00	2,040.57	99.54%
4108.00.0000-90.6100 - Transfers In Airport Fund		79,090.00	79,083.42	99.99%
4108.00.0000-90.6200 - Transfers In Industrial Waste		74,040.00	74,034.02	99.99%
4108.00.0000-90.6400 - Transfers In Sewer Fund		98,670.00	98,661.69	99.99%
4108.00.0000-90.6801 - Transfers In Downtown Parking		33,470.00	33,465.39	99.99%
4108.00.0000-90.8915 - Transfers In Successor Agency		1,310.00	1,308.00	99.85%
4108.00.8004-54.8010 - Use of money and property Investment Earnings		1,500.00	1,631.33	108.76%
4108 Energy Improvement Total		1,541,760.00	1,541,809.73	100.00%
4109 2015 Refunding COP 2005 A & B				
4109.00.0000-90.1000 - Transfers In General Fund		313,930.00	313,920.25	100.00%
4109.00.0000-90.6600 - Transfers In Crazy Horse Landfill		385,100.00	385,100.00	100.00%
4109.00.8004-54.8010 - Use of money and property Investment Earnings		500.00	1,922.55	384.51%
4109 2015 Refunding COP 2005 A & B Total		699,530.00	700,942.80	100.20%
4201 Assessment District Admin				
4201.20.2140-56.8010 - Charges for Services Financial Assessment		16,000.00	11,089.41	69.31%
4201 Assessment District Admin Total		16,000.00	11,089.41	69.31%
4202 Assessment Districts-Debt Svc				
4202.00.0000-90.4203 - Transfers In Assessment District Reserve		-	220,027.12	0.00%
4202.20.2141-50.1140 - Taxes Property Taxes-Assessment Dist		1,378,530.00	703,846.70	51.06%
4202.20.2141-54.8010 - Use of money and property Investment Earnings		-	4,470.71	0.00%
4202.20.2141-57.2040 - Other Revenue Bond Calls		-	1,926.00	0.00%
4202 Assessment Districts-Debt Svc Total		1,378,530.00	930,270.53	67.48%

FUND - ACCOUNT - DESCRIPTION		ESTIMATED REVENUE	YTD ACTUAL	PERCENT COLLECTED
4203 Assessment District Reserve				
4203.20.2141-54.8010 - Use of money and property Investment Earnings		11,000.00	33,268.71	302.44%
4203.20.2141-57.2041 - Other Revenue Bond Reserves		-	(95.00)	0.00%
4203 Assessment District Reserve Total		11,000.00	33,173.71	301.58%
4204 2019 Spec Tax Bond Monte Bella				
4204.00.0000-90.5301 - Transfers In 2019 Spec Tax Bond Monte Bella		438,654.26	438,654.26	100.00%
4204.20.2141-56.8010 - Charges for Services Financial Assessment		-	3,500.00	0.00%
4204 2019 Spec Tax Bond Monte Bella Total		438,654.26	442,154.26	100.80%
5101 Special Aviation Fund - State				
5101.50.5340-55.7202 - Intergovernmental State Aid - Airport		500.00	-	0.00%
5101 Special Aviation Fund - State Total		500.00	-	0.00%
5102 Special Aviation Fund - Federal				
5102.50.5340-54.8010 - Use of money and property Investment Earnings		8,500.00	24,353.42	286.51%
5102.50.5340-55.5501 - Intergovernmental Federal Aid - Airport		1,207,199.00	85,114.00	7.05%
5102 Special Aviation Fund - Federal Total		1,215,699.00	109,467.42	9.00%
5201 Special Const Assist - Fed & St				
5201.00.0000-55.5232 - Intergovernmental Other State Grant & Reimb		1,503,377.86	679,209.36	45.18%
5201.00.0000-55.5272 - Intergovernmental Regional Surface Transp Program		2,970,000.00	212,158.21	7.14%
5201.00.0000-55.5511 - Intergovernmental Other Federal Grant		2,151,110.75	2,210,629.20	102.77%
5201.00.0000-55.8223 - Intergovernmental Disaster Reimbursements		-	-	0.00%
5201 Special Const Assist - Fed & St Total		6,624,488.61	3,101,996.77	46.83%
5202 Special Const Assist-MX Bonds				
5202.00.0000-58.8013 - Other Financing Sources Bond Proceeds		41,456,286.00	41,456,285.25	100.00%
5202 Special Const Assist-MX Bonds Total		41,456,286.00	41,456,285.25	100.00%
5203 Special Const Assist - Others				
5203.00.0000-55.3013 - Intergovernmental TRAKIT-Permit System Charges		-	(0.00)	0.00%
5203.00.0000-55.3023 - Intergovernmental Developers Contributions-Haciend		3,985.70	3,985.70	100.00%
5203.00.0000-55.4003 - Intergovernmental Fire Mitigation Fees		150,000.00	-	0.00%
5203.00.0000-55.5053 - Intergovernmental Developers Contributions		50,000.00	-	0.00%
5203.00.0000-55.5063 - Intergovernmental Construction Assistance Others		-	211,878.00	0.00%
5203.00.0000-55.5074 - Intergovernmental Other Agencies		-	54,755.26	0.00%
5203.00.0000-55.5242 - Intergovernmental Rebates/Refunds & Reimb		309,330.28	126,630.13	40.94%
5203.00.0000-55.8223 - Intergovernmental Disaster Reimbursements		784,702.17	784,702.17	100.00%
5203.00.0000-56.3050 - Charges for Services General Plan/Zoning Fees		200,000.00	331,773.71	165.89%
5203.00.0000-56.5200 - Charges for Services AutoCAD		-	86,499.65	0.00%
5203.00.0000-56.6340 - Charges for Services Library - Donations		400,500.00	400,500.00	100.00%
5203.00.0000-57.1060 - Other Revenue Miscellaneous Insurances		14,642.23	14,642.23	100.00%
5203.00.0000-58.8010 - Other Financing Sources Loans/Lease Proceeds		-	-	0.00%
5203.00.0000-58.8013 - Other Financing Sources Bond Proceeds		-	-	0.00%
5203 Special Const Assist - Others Total		1,913,160.38	2,015,366.85	105.34%
5300 Assessment District - Projects				
5300.50.5120-54.8010 - Use of money and property Investment Earnings		2,000.00	6,696.59	334.83%
5300 Assessment District - Projects Total		2,000.00	6,696.59	334.83%
5301 2019 Spec Tax Bond Monte Bella				
5301.00.0000-54.8010 - Use of money and property Investment Earnings		-	15,146.18	0.00%
5301.00.0000-58.8013 - Other Financing Sources Bond Proceeds		2,675,000.00	2,675,000.00	100.00%
5301.00.0000-58.8020 - Other Financing Sources Bond Premium		74,933.55	74,933.55	100.00%
5301 2019 Spec Tax Bond Monte Bella Total		2,749,933.55	2,765,079.73	100.55%
5800 Capital Projects				
5800.00.0000-90.1000 - Transfers In General Fund		3,669,643.73	2,467,621.07	67.24%
5800.00.0000-90.1100 - Transfers In Measure E		3,302,068.50	798,615.78	24.19%
5800.00.0000-90.1200 - Transfers In Measure G		19,621,372.44	6,993,453.73	35.64%
5800.00.0000-90.2105 - Transfers In N.E. Landscape MD		-	-	0.00%
5800.00.0000-90.2106 - Transfers In Harden ranch M.D.		-	-	0.00%
5800.00.0000-90.2107 - Transfers In Vista Nueva M.D.		2,093.10	2,093.10	100.00%
5800.00.0000-90.2108 - Transfers In Miramonte Landscape M.D.		-	-	0.00%
5800.00.0000-90.2109 - Transfers In Monte Bella Maint District		1,758,279.34	73,643.72	4.19%
5800.00.0000-90.2202 - Transfers In Supp Law Enforcement		443,447.00	298,447.00	67.30%
5800.00.0000-90.2301 - Transfers In Dev Fees - Storm & Sewer		2,178,310.36	137,115.93	6.29%
5800.00.0000-90.2302 - Transfers In Dev Fees - Park & Playgrounds		987,615.26	25,151.14	2.55%
5800.00.0000-90.2303 - Transfers In Dev Fees - Library		205,000.00	205,000.00	100.00%

FUND - ACCOUNT - DESCRIPTION	ESTIMATED REVENUE	YTD ACTUAL	PERCENT COLLECTED
5800.00.0000-90.2306 - Transfers In Dev Fees - Arterial	9,123,367.32	572,218.04	6.27%
5800.00.0000-90.2307 - Transfers In Development Fees - Fire	50,000.00	50,000.00	100.00%
5800.00.0000-90.2401 - Transfers In Gas Tax - 2107	740,466.43	154,011.56	20.80%
5800.00.0000-90.2402 - Transfers In Gas Tax - 2106	99,369.16	24,756.88	24.91%
5800.00.0000-90.2403 - Transfers In Gas Tax - 2105	228,644.59	27,417.83	11.99%
5800.00.0000-90.2404 - Transfers In Gas Tax - Motor Vehicle Fuel Tax	1,993,642.52	932,631.74	46.78%
5800.00.0000-90.2501 - Transfers In Emergency Medical Services	362,113.35	125,972.75	34.79%
5800.00.0000-90.2510 - Transfers In Measure X - TAMC	2,373,418.32	331,411.18	13.96%
5800.00.0000-90.2511 - Transfers In SB1 Road Maintenance & Rehab	4,136,155.68	1,204,104.52	29.11%
5800.00.0000-90.2910 - Transfers In CDBG	974,000.00	135,897.57	13.95%
5800.00.0000-90.2940 - Transfers In Emergency Solutions Grant HUD	-	-	0.00%
5800.00.0000-90.4104 - Transfers In 2014 COP Consolidated	529,111.12	529,111.12	100.00%
5800.00.0000-90.5102 - Transfers In Federal Aid - Airport	1,677,099.59	436,827.43	26.05%
5800.00.0000-90.5201 - Transfers In Spec Const Assist - Fed, State	10,174,205.89	1,604,949.93	15.77%
5800.00.0000-90.5202 - Transfers In from Special Const Assist-State	26,607,665.78	2,853,833.10	10.73%
5800.00.0000-90.5203 - Transfers In Spec Const Assist - Other	4,136,720.21	675,279.87	16.32%
5800.00.0000-90.6100 - Transfers In Airport Fund	67,386.60	66,900.74	99.28%
5800.00.0000-90.6200 - Transfers In Industrial Waste	6,621,883.37	160,503.59	2.42%
5800.00.0000-90.6400 - Transfers In Sewer Fund	4,254,745.56	557,761.51	13.11%
5800.00.0000-90.6500 - Transfers In Storm Sewer (NPDES)	51,370.97	51,370.97	100.00%
5800.00.0000-90.6801 - Transfers In Downtown Parking	89,665.68	13,867.25	15.47%
5800.00.0000-90.6900 - Transfers In Permit Services	1,020,269.66	203,043.10	19.90%
5800 Capital Projects Total	107,479,131.53	21,713,012.15	20.20%
6100 Municipal Airport			
6100.00.0000-55.5074 - Intergovernmental Other Agencies	-	35,000.00	0.00%
6100.00.0000-90.8801 - Transfers In Trust Deposits	-	2,186.21	0.00%
6100.50.5340-54.5010 - Use of money and property Hangar Rent	715,000.00	755,697.23	105.69%
6100.50.5340-54.5020 - Use of money and property Aircraft Parking	2,000.00	4,369.80	218.49%
6100.50.5340-54.5030 - Use of money and property Building Rental	255,000.00	296,692.54	116.35%
6100.50.5340-54.5040 - Use of money and property Ground Leases	280,000.00	331,951.34	118.55%
6100.50.5340-54.5050 - Use of money and property Fuel Fees	70,000.00	86,318.37	123.31%
6100.50.5340-54.5060 - Use of money and property Use Permits	1,000.00	9,000.00	900.00%
6100.50.5340-54.5070 - Use of money and property Flight Fees	2,000.00	-	0.00%
6100.50.5340-54.8010 - Use of money and property Investment Earnings	3,000.00	14,781.07	492.70%
6100.50.5340-56.8080 - Charges for Services Airshow Charges	3,000.00	-	0.00%
6100.50.5340-56.8110 - Charges for Services Rental Income	100,000.00	109,393.11	109.39%
6100.50.5340-57.8050 - Other Revenue Miscellaneous Receipts	25,000.00	31,342.76	125.37%
6100.50.5340-57.8560 - Other Revenue Airport Cardlock Deposits	-	150.00	0.00%
6100 Municipal Airport Total	1,456,000.00	1,676,882.43	115.17%
6200 Industrial Waste			
6200.50.5441-54.8010 - Use of money and property Investment Earnings	5,000.00	90,622.15	1812.44%
6200.50.5441-56.5040 - Charges for Services Industrial Waste Fees	3,050,000.00	3,629,925.96	119.01%
6200 Industrial Waste Total	3,055,000.00	3,720,548.11	121.79%
6301 Fairways Golf Course			
6301.00.0000-54.8010 - Use of money and property Investment Earnings	200.00	7,589.46	3794.73%
6301.00.0000-54.8080 - Use of money and property Sierra Lease	100,000.00	99,999.96	100.00%
6301 Fairways Golf Course Total	100,200.00	107,589.42	107.37%
6302 Twin Creek Golf Course			
6302.00.0000-54.8010 - Use of money and property Investment Earnings	2,500.00	-	0.00%
6302.00.0000-54.8070 - Use of money and property First Tee Lease	60,000.00	45,000.00	75.00%
6302.00.0000-90.1000 - Transfers In General Fund	450,000.00	450,000.00	100.00%
6302 Twin Creek Golf Course Total	512,500.00	495,000.00	96.59%
6400 Sewer			
6400.50.5442-54.8010 - Use of money and property Investment Earnings	5,000.00	107,453.76	2149.08%
6400.50.5442-56.5050 - Charges for Services Sanitary Sewer Surcharge Fees	3,600,000.00	3,612,545.73	100.35%
6400.50.5442-57.8050 - Other Revenue Miscellaneous Receipts	-	611.35	0.00%
6400 Sewer Total	3,605,000.00	3,720,610.84	103.21%
6500 Storm Sewer (NPDES)			
6500.00.0000-90.1000 - Transfers In General Fund	2,079,100.00	2,187,152.00	105.20%
6500.00.0000-90.1200 - Transfers In Measure G	71,900.00	166,391.00	231.42%
6500.00.0000-90.2401 - Transfers In Gas Tax - 2107	150,000.00	150,000.00	100.00%
6500.00.0000-90.2403 - Transfers In Gas Tax - 2105	600,000.00	600,000.00	100.00%
6500.50.5443-53.3012 - Fines and Forfeits NPDES Citations	-	2,300.00	0.00%
6500.50.5443-54.8010 - Use of money and property Investment Earnings	2,000.00	-	0.00%
6500.50.5443-56.5080 - Charges for Services Review and Inspection Fees	100,000.00	1,648.64	1.65%

FUND - ACCOUNT - DESCRIPTION		ESTIMATED REVENUE	YTD ACTUAL	PERCENT COLLECTED
6500.50.5443-57.8050 - Other Revenue Miscellaneous Receipts		-	233.10	0.00%
6500 Storm Sewer (NPDES) Total		3,003,000.00	3,107,724.74	103.49%
6600 Crazy Horse Landfill				
6600.20.2030-54.8010 - Use of money and property Investment Earnings		-	24,649.81	0.00%
6600 Crazy Horse Landfill Total		-	24,649.81	0.00%
6700 Water Utility				
6700.50.5445-55.4043 - Intergovernmental Monterey Co. Animal Shelter		4,000.00	3,806.00	95.15%
6700.50.5445-55.4053 - Intergovernmental City Animal Shelter		3,000.00	-	0.00%
6700.50.5445-55.5023 - Intergovernmental MRWPCA		3,000.00	2,258.00	75.27%
6700.50.5445-55.5033 - Intergovernmental City Industrial Waste Facility		1,000.00	-	0.00%
6700 Water Utility Total		11,000.00	6,064.00	55.13%
6801 Downtown Parking District				
6801.00.0000-90.1000 - Transfers In General Fund		175,000.00	175,000.00	100.00%
6801.00.0000-90.8914 - Transfers In RORF-Redev Obligation Retirement		950,410.00	950,406.10	100.00%
6801.50.5446-52.5010 - Licenses & Permits Parking Lot Permits		71,000.00	50,270.00	70.80%
6801.50.5446-52.5020 - Licenses & Permits Salinas St Garage Permits		105,600.00	24,146.00	22.87%
6801.50.5446-52.5040 - Licenses & Permits Monterey St Garage Permits		132,000.00	138,888.50	105.22%
6801.50.5446-52.5070 - Licenses & Permits Monterey St Garage - Hourly		204,000.00	103,125.55	50.55%
6801.50.5446-52.5075 - Licenses & Permits Parking Validation		11,500.00	-	0.00%
6801.50.5446-54.8010 - Use of money and property Investment Earnings		100.00	-	0.00%
6801 Downtown Parking District Total		1,649,610.00	1,441,836.15	87.40%
6802 Preferential Parking				
6802.50.5447-52.5060 - Licenses & Permits Preferential Permits		39,400.00	18,634.00	47.29%
6802 Preferential Parking Total		39,400.00	18,634.00	47.29%
6803 Parking Enforcement				
6803.00.0000-90.2503 - Transfers In Traffic Safety		-	-	0.00%
6803.50.5448-53.4020 - Fines and Forfeits Parking Fines		672,000.00	1,350,970.56	201.04%
6803 Parking Enforcement Total		672,000.00	1,350,970.56	201.04%
6900 Permit Services				
6900.00.0000-54.8010 - Use of money and property Investment Earnings		-	34,220.76	0.00%
6900.00.0000-90.8801 - Transfers In Trust Deposits		-	16,902.54	0.00%
6900.30.3350-52.3010 - Licenses & Permits Mechanical Permits		6,200.00	18,476.00	298.00%
6900.30.3350-52.3020 - Licenses & Permits Building Permits		800,000.00	1,257,056.50	157.13%
6900.30.3350-52.3030 - Licenses & Permits Plumbing Permits		30,000.00	21,044.00	70.15%
6900.30.3350-52.3040 - Licenses & Permits Electrical Permits		12,000.00	67,458.40	562.15%
6900.30.3350-52.3060 - Licenses & Permits Re-Roofing Permits		125,000.00	104,520.60	83.62%
6900.30.3350-52.3070 - Licenses & Permits Building Demolition Permit		500.00	1,368.50	273.70%
6900.30.3350-53.3011 - Fines and Forfeits Building Enforcement		-	26,268.00	0.00%
6900.30.3350-53.3405 - Fines and Forfeits C & D Penalty		-	42,016.00	0.00%
6900.30.3350-55.3013 - Intergovernmental TRAKIT-Permit System Charges		225,000.00	280,744.58	124.78%
6900.30.3350-56.3400 - Charges for Services Building Plan Check Fees		780,000.00	1,025,207.70	131.44%
6900.30.3350-56.3410 - Charges for Services Special Building Inspection		33,000.00	64,849.56	196.51%
6900.30.3350-56.3420 - Charges for Services Reinspection Service		8,000.00	75,716.83	946.46%
6900.30.3350-56.3430 - Charges for Services Residential Report		40,000.00	51,962.00	129.91%
6900.30.3350-56.3440 - Charges for Services Microfilm Fee		25,000.00	53,274.01	213.10%
6900.30.3350-56.3460 - Charges for Services Other Building Fees		8,000.00	19,434.30	242.93%
6900.30.3350-56.8060 - Charges for Services Copying Fees		-	39.15	0.00%
6900.30.3350-57.8080 - Other Revenue Miscellaneous Deposits		-	16,539.00	0.00%
6900 Permit Services Total		2,092,700.00	3,177,098.43	151.82%
7101 Internal Services Administration				
7101.00.0000-90.1000 - Transfers In General Fund		350,000.00	350,000.00	100.00%
7101.12.1245-56.8010 - Charges for Services Financial Assessment		-	-	0.00%
7101.12.1245-57.8050 - Other Revenue Miscellaneous Receipts		-	514.35	0.00%
7101 Internal Services Administration Total		350,000.00	350,514.35	100.15%
7102 Internal Services Insurances				
7102.00.0000-90.1000 - Transfers In General Fund		650,000.00	650,000.00	100.00%
7102.12.1246-57.1060 - Other Revenue Miscellaneous Insurances		-	138.00	0.00%
7102.12.1246-57.8050 - Other Revenue Miscellaneous Receipts		60,000.00	154,388.80	257.31%
7102 Internal Services Insurances Total		710,000.00	804,526.80	113.31%
7103 Worker's Comp Self-Insurance				
7103.12.1247-54.8010 - Use of money and property Investment Earnings		15,000.00	75,883.35	505.89%
7103.12.1247-57.1010 - Other Revenue Workers Comp Premiums		5,352,700.00	5,690,761.72	106.32%

FUND - ACCOUNT - DESCRIPTION	ESTIMATED REVENUE	YTD ACTUAL	PERCENT COLLECTED
7103.12.1247-57.1020 - Other Revenue Workers Comp Reimb	10,000.00	27,215.88	272.16%
7103.12.1247-57.1030 - Other Revenue CalPERS Ind Disability Reimb	70,000.00	260,682.88	372.40%
7103 Worker's Comp Self-Insurance Total	5,447,700.00	6,054,543.83	111.14%
7104 General Liability Self-Insurance			
7104.00.0000-90.1000 - Transfers In General Fund	1,661,300.00	1,661,300.00	100.00%
7104.00.0000-90.1100 - Transfers In Measure E	191,300.00	191,300.00	100.00%
7104.00.0000-90.1200 - Transfers In Measure G	350,300.00	350,300.00	100.00%
7104.12.1248-54.8010 - Use of money and property Investment Earnings	15,000.00	56,844.85	378.97%
7104.12.1248-57.1040 - Other Revenue Liability Insurance	-	113,500.00	0.00%
7104.12.1248-57.1060 - Other Revenue Miscellaneous Insurances	1,000.00	153,784.05	15378.41%
7104 General Liability Self-Insurance Total	2,218,900.00	2,527,028.90	113.89%
7120 Internal Services-Fleet Maint			
7120.00.0000-90.1000 - Transfers In General Fund	16,700.00	2,012,060.00	12048.26%
7120.00.0000-90.5203 - Transfers In Spec Const Assist - Other	-	99,644.28	0.00%
7120.40.5233-90.1000 - Transfers In General Fund	631,360.00	-	0.00%
7120.50.5233-57.8050 - Other Revenue Miscellaneous Receipts	-	558.93	0.00%
7120.50.5233-90.1000 - Transfers In General Fund	1,364,000.00	-	0.00%
7120 Internal Services-Fleet Maint Total	2,012,060.00	2,112,263.21	104.98%
8102 SUBA Business Improvement Dist			
8102.00.8009-57.8060 - Other Revenue Business Impvt Dist Assess	86,500.00	73,052.72	84.45%
8102 SUBA Business Improvement Dist Total	86,500.00	73,052.72	84.45%
8104 Economic Development			
8104.12.1355-57.3030 - Other Revenue Micro Loan Program	-	11,617.90	0.00%
8104 Economic Development Total	-	11,617.90	0.00%
8106 Flexible Spending			
8106.81.8137-57.1050 - Other Revenue Unreimbursed Medical Contrib	205,000.00	204,182.28	99.60%
8106.81.8137-57.8590 - Other Revenue Dependent Care Contributions	55,000.00	54,539.28	99.16%
8106 Flexible Spending Total	260,000.00	258,721.56	99.51%
8108 Downtown Comm Benefit District			
8108.80.8011-57.8060 - Other Revenue Business Impvt Dist Assess	462,033.00	462,032.88	100.00%
8108 Downtown Comm Benefit District Total	462,033.00	462,032.88	100.00%
8701 Deferred Compensation-Trust Deed			
8701.81.8136-54.8010 - Use of money and property Investment Earnings	300,000.00	199,478.54	66.49%
8701.81.8136-54.8020 - Use of money and property Gain on Sale of Invest	540,000.00	30,525.90	5.65%
8701.81.8136-57.2010 - Other Revenue Deferred Compensation	150,000.00	48,600.00	32.40%
8701 Deferred Compensation-Trust Deed Total	990,000.00	278,604.44	28.14%
8702 Deferred Comp - Separations			
8702.00.0000-90.8701 - Transfers In Deferred Comp - Trust Deeds	500,000.00	225,924.10	45.18%
8702.81.8136-54.8010 - Use of money and property Investment Earnings	16,000.00	21,137.12	132.11%
8702.81.8136-57.2020 - Other Revenue Separations - Trust Deeds	1,000.00	-	0.00%
8702 Deferred Comp - Separations Total	517,000.00	247,061.22	47.79%
8703 Deferred Compensation Admin			
8703.81.8136-57.2030 - Other Revenue Trust Deed Fee	30,000.00	23,091.62	76.97%
8703 Deferred Compensation Admin Total	30,000.00	23,091.62	76.97%
8704 Deferred Compensation-CCFCU			
8704.81.8136-54.8010 - Use of money and property Investment Earnings	100,000.00	157,458.78	157.46%
8704.81.8136-55.2013 - Intergovernmental Inter Agency Transfers	300,000.00	130,580.05	43.53%
8704.81.8136-57.2010 - Other Revenue Deferred Compensation	175,000.00	136,618.26	78.07%
8704 Deferred Compensation-CCFCU Total	575,000.00	424,657.09	73.85%
8801 Trust Deposits			
8801.81.8114-57.1410 - Other Revenue Legal Code Enforcement Recovery	205,149.62	233,415.48	113.78%
8801.81.8120-57.8120 - Other Revenue Seismic Safety Fees	15,000.00	18,675.00	124.50%
8801.81.8121-57.8470 - Other Revenue Building Standards Admin Fees	4,000.00	4,796.10	119.90%
8801.81.8122-57.8190 - Other Revenue Love's Stores Deposits	40,000.00	40,000.00	100.00%
8801.81.8123-57.8110 - Other Revenue Weed Cleaning Fees	-	9,016.32	0.00%
8801.81.8124-57.8370 - Other Revenue Prepaid Buidling Fees	-	-	0.00%
8801.81.8125-57.8570 - Other Revenue Deposits-Permit Center	40,143.00	(37,017.00)	-92.21%
8801.81.8126-57.8580 - Other Revenue Deposits-Planning	211,180.00	(174,420.00)	-82.59%
8801.81.8129-57.8100 - Other Revenue Insurance Reimb	120,000.00	70,824.72	59.02%
8801.81.8130-55.8033 - Intergovernmental Mo Co Superintendent of School	39,000.00	43,250.00	110.90%

FUND - ACCOUNT - DESCRIPTION	ESTIMATED REVENUE	YTD ACTUAL	PERCENT COLLECTED
8801.81.8131-57.8080 - Other Revenue Miscellaneous Deposits	100,000.00	171,193.17	171.19%
8801.81.8143-57.8180 - Other Revenue Friends of the Library	6,000.00	837.80	13.96%
8801.81.8146-57.8290 - Other Revenue Library Donations	4,000.00	2,373.60	59.34%
8801.81.8148-57.8520 - Other Revenue Fire Training	60,500.00	60,463.65	99.94%
8801.81.8149-57.8490 - Other Revenue Animal Shelter Donations	40,000.00	42,521.28	106.30%
8801.81.8150-57.8500 - Other Revenue Spay/Neuter Voucher Prog	10,000.00	15,139.00	151.39%
8801.81.8151-57.8130 - Other Revenue Fingerprint Fees-State	752.00	1,269.41	168.80%
8801.81.8152-57.8090 - Other Revenue Spayed/Neutered Fees	35,000.00	41,233.00	117.81%
8801.81.8153-57.8240 - Other Revenue SPD Asset Forfeitures	35,000.00	64,082.98	183.09%
8801.81.8155-57.8160 - Other Revenue Day Care Reimbursements	1,007.00	1,006.92	99.99%
8801.81.8159-57.8260 - Other Revenue Mobilehome Registration Fees	11,000.00	11,148.00	101.35%
8801 Trust Deposits Total	977,731.62	619,809.43	63.39%
8803 Sherwood Hall Deposits			
8803.81.8144-57.8280 - Other Revenue Sherwood Hall Deposits	200,000.00	235,911.12	117.96%
8803 Sherwood Hall Deposits Total	200,000.00	235,911.12	117.96%
8804 Other Agency Fees			
8804.81.8158-57.8360 - Other Revenue Monterey One Water (MRWPCA) Fees	280,000.00	237,796.06	84.93%
8804 Other Agency Fees Total	280,000.00	237,796.06	84.93%
8806 Sales Tax			
8806.81.8132-57.8230 - Other Revenue Sales Tax	5,000.00	3,499.32	69.99%
8806 Sales Tax Total	5,000.00	3,499.32	69.99%
8807 Payroll Deposits Fund			
8807.81.8128-57.8440 - Other Revenue Icma/MM/Taxes W/H	150,000.00	110,342.56	73.56%
8807 Payroll Deposits Fund Total	150,000.00	110,342.56	73.56%
8808 KDF Los Padres			
8808.81.8135-57.8510 - Other Revenue KDF Tenant Services	28,800.00	38,156.64	132.49%
8808 KDF Los Padres Total	28,800.00	38,156.64	132.49%
8809 Regional Dev Traffic Impact Fees			
8809.81.8157-57.8640 - Other Revenue Regional Dev Impact Fee	248,440.00	248,430.69	100.00%
8809 Regional Dev Traffic Impact Fees Total	248,440.00	248,430.69	100.00%
8811 DSA/ADA State Fee fr Business Li			
8811.81.8139-50.2080 - Taxes Business License	33,180.00	33,170.50	99.97%
8811 DSA/ADA State Fee fr Business Li Total	33,180.00	33,170.50	99.97%
8812 Mtry Co. Conv & Visitors Bureau			
8812.81.8140-57.8650 - Other Revenue Mo.Co.Tourism Hotel Impvt Dist	280,000.00	261,166.00	93.27%
8812 Mtry Co. Conv & Visitors Bureau Total	280,000.00	261,166.00	93.27%
8813 SVTVB TID - Welcoming Center			
8813.81.8141-57.8630 - Other Revenue TID - Welcome Center	140,000.00	137,266.99	98.05%
8813 SVTVB TID - Welcoming Center Total	140,000.00	137,266.99	98.05%
8914 RORF-Redev Obligation Retirement			
8914.20.2502-50.1090 - Taxes Property Taxes-Tax Increments	2,119,900.00	2,424,182.70	114.35%
8914.20.2502-54.8010 - Use of money and property Investment Earnings	1,000.00	110,071.31	11007.13%
8914.20.2502-54.8050 - Use of money and property Rental Income	24,400.00	-	0.00%
8914.20.2502-57.3010 - Other Revenue Other Loans	-	10,000.00	0.00%
8914 RORF-Redev Obligation Retirement Total	2,145,300.00	2,544,254.01	118.60%
8915 Successor Agency Administration			
8915.20.2505-50.1090 - Taxes Property Taxes-Tax Increments	174,100.00	135,000.00	77.54%
8915 Successor Agency Administration Total	174,100.00	135,000.00	77.54%
Grand Total	365,712,729.89	285,301,990.60	78.01%

CITY OF SALINAS
STATEMENT OF EXPENDITURES, ENCUMBRANCES AND APPROPRIATIONS - OPERATING PROGRAMS
01 JULY 2018 THROUGH 30 JUNE 2019

DIVISION - DESCRIPTION	AMENDED BUDGET	ACTUAL EXPENDITURES	ENCUMBRANCES	UNENCUMBERED BALANCE	PERCENT AVAILABLE
0000 Non-Departmental	127,672,076.17	45,571,142.37	22,936.70	82,077,997.10	64.29%
1000 City Council	258,384.75	254,733.23	0.00	3,651.52	1.41%
1111 City Manager's Office	770,182.87	694,636.10	(0.00)	75,546.77	9.81%
1113 Community Safety	-	(0.00)	-	0.00	0.00%
1120 City Clerk	605,540.00	528,522.84	0.00	77,017.16	12.72%
1140 Human Resources	1,342,990.00	1,220,947.29	(0.00)	122,042.71	9.09%
1245 Risk Management	47,010.00	732.05	0.00	46,277.95	98.44%
1246 General Insurances	525,100.00	598,429.27	-	(73,329.27)	-13.96%
1247 Workers' Compensation Insurance	4,434,190.00	5,468,607.01	(0.00)	(1,034,417.01)	-23.33%
1248 Liability Insurance	2,100,430.00	2,124,698.63	-	(24,268.63)	-1.16%
1355 Economic Development	1,334,530.00	1,027,770.79	(0.00)	306,759.21	22.99%
1400 City Attorney's Office	917,950.00	795,202.94	(0.00)	122,747.06	13.37%
2030 Finance Administration	744,230.00	570,906.24	-	173,323.76	23.29%
2031 Accounting	1,600,550.00	1,352,990.87	(0.00)	247,559.13	15.47%
2032 Purchasing	368,760.00	337,730.23	-	31,029.77	8.41%
2033 Information Technology	1,939,470.00	1,812,421.71	12,234.02	114,814.27	5.92%
2034 Revenue & Licensing	259,340.00	250,620.20	2,110.17	6,609.63	2.55%
2140 Assessment Dist Administration	161,530.00	150,050.80	-	11,479.20	7.11%
2141 Assessment District Debt Service	1,048,090.96	1,043,290.46	-	4,800.50	0.46%
2502 RORF	1,441,900.00	1,437,982.12	-	3,917.88	0.27%
2505 Succesor Agency Admin	281,000.00	254,492.80	0.00	26,507.20	9.43%
3111 Plan & Project Implementation	1,175,205.76	954,230.41	36,642.63	184,332.72	15.69%
3220 Housing & Community Development	1,202,414.78	996,903.93	105,119.77	100,391.08	8.35%
3221 Rehabilitation	176,083.00	120,127.54	7,371.00	48,584.46	27.59%
3240 Special Programs	4,096,792.87	1,819,031.35	46,805.35	2,230,956.17	54.46%
3350 Permit Services	2,612,180.41	2,462,279.41	-	149,901.00	5.74%
3353 Code Enforcement	1,203,740.00	1,008,356.26	(0.00)	195,383.74	16.23%
3461 Advanced Planning	481,827.09	553,339.15	1,965.41	(73,477.47)	-15.25%
3462 Current Planning	959,720.10	867,866.54	50,386.08	41,467.48	4.32%
4110 Police Administration	1,148,383.44	1,212,193.88	(0.00)	(63,810.44)	-5.56%
4111 Community Relations	3,147.81	3,147.81	0.00	0.00	0.00%
4112 Personnel & Training	1,181,618.46	1,068,798.23	0.00	112,820.23	9.55%
4116 Special Operations	774,045.00	792,961.74	-	(18,916.74)	-2.44%
4130 Support Services	5,665,106.89	4,878,245.27	0.00	786,861.62	13.89%
4131 Technical Services	569,418.71	514,981.58	(0.00)	54,437.13	9.56%
4132 Word Processing	666,362.00	712,726.06	(0.00)	(46,364.06)	-6.96%
4133 Evidence & Property	264,060.00	262,188.08	0.00	1,871.92	0.71%
4134 Records	1,385,110.00	1,246,482.45	-	138,627.55	10.01%
4137 Maintenance Services	220,360.00	131,266.65	0.00	89,093.35	40.43%
4170 Animal Control Services	995,580.79	814,256.12	(0.00)	181,324.67	18.21%
4171 Animal Control Svc -Agencies	102,420.00	114,450.81	-	(12,030.81)	-11.75%
4220 Field Operations	32,201,031.76	32,733,624.44	(0.00)	(532,592.68)	-1.65%
4221 Traffic	406,216.94	471,254.49	-	(65,037.55)	-16.01%
4250 Retired Annuitants	72,549.11	16,685.36	-	55,863.75	77.00%
4340 Investigations	5,596,025.21	5,597,518.56	-	(1,493.35)	-0.03%
4341 Narcotics	88,258.68	77,263.83	(0.00)	10,994.85	12.46%
4342 School Resource Officers	709,263.62	234,252.08	-	475,011.54	66.97%
4343 Violence Suppression	1,551,385.90	1,642,818.29	0.00	(91,432.39)	-5.89%
4380 Asset Seizure	56,000.00	38,359.46	-	17,640.54	31.50%
4505 Fire Administration	457,135.00	402,420.65	(0.00)	54,714.35	11.97%
4510 Suppression	20,672,428.27	19,573,224.43	87,717.82	1,011,486.02	4.89%
4520 Emergency Medical Services	1,197,020.00	1,085,729.27	1,790.77	109,499.96	9.15%
4530 Prevention	1,047,120.00	1,015,356.16	0.00	31,763.84	3.03%
4540 Training	642,710.00	551,113.76	0.00	91,596.24	14.25%
4560 Vehicle Maintenance	396,120.00	392,590.50	0.00	3,529.50	0.89%
4570 Hazardous Material Control	280,960.00	263,601.82	0.00	17,358.18	6.18%
5110 Engineering Administration	1,031,147.40	848,339.68	15,700.00	167,107.72	16.21%
5115 Development Engineering	892,420.00	714,236.69	5,445.08	172,738.23	19.36%
5120 Engineering Services	569,937.35	833,216.34	86,271.16	(349,550.15)	-61.33%
5122 Dev, Traffic & Transportation	682,766.69	538,641.81	11,437.50	132,687.38	19.43%
5125 Eng Water & Solid Waste Division	931,705.62	691,371.66	141,742.39	98,591.57	10.58%
5126 NPDES Storm Water	1,164,666.00	925,318.18	298,437.08	(59,089.26)	-5.07%
5128 GIS Division	486,710.00	531,511.92	-	(44,801.92)	-9.21%
5230 Maintenance Administration	176,650.00	175,231.56	(0.00)	1,418.44	0.80%
5231 Graffiti Abatement	184,090.00	146,798.21	(0.00)	37,291.79	20.26%
5232 Facilities Maintenance	1,011,520.00	881,034.83	(0.00)	130,485.17	12.90%
5233 Fleet/Equipment Maintenance	1,738,554.28	1,837,730.63	0.00	(99,176.35)	-5.70%
5234 Street Maintenance	2,010,630.00	2,090,827.35	(0.00)	(80,197.35)	-3.99%
5235 Street Lights	603,023.27	567,323.63	7,896.80	27,802.84	4.61%
5236 Traffic Signals	323,400.00	327,476.49	(0.00)	(4,076.49)	-1.26%
5237 Environmental Compliance	112,580.00	126,610.98	-	(14,030.98)	-12.46%
5238 Parks and Community Services	2,302,040.00	1,904,790.19	0.00	397,249.81	17.26%

DIVISION - DESCRIPTION	AMENDED BUDGET	ACTUAL EXPENDITURES	ENCUMBRANCES	UNENCUMBERED BALANCE	PERCENT AVAILABLE
5239 Urban Forestry	775,580.00	897,336.72	119,657.15	(241,413.87)	-31.13%
5340 Airport	1,397,660.00	1,347,142.37	38,156.32	12,361.31	0.88%
5441 Industrial Waste	1,683,749.14	1,808,954.81	29,787.00	(154,992.67)	-9.21%
5442 Sanitary Sewer	2,847,599.98	3,057,852.39	17,463.72	(227,716.13)	-8.00%
5443 NPDES Storm Drain Sewer	964,689.00	799,820.92	(0.00)	164,868.08	17.09%
5444 NPDES Street Sweeping	1,162,072.00	932,409.79	0.00	229,662.21	19.76%
5445 Hitchcock Road Water	20,000.00	13,151.26	-	6,848.74	34.24%
5446 Downtown Parking	1,596,112.00	1,581,985.32	98,067.17	(83,940.49)	-5.26%
5447 Preferential Parking	24,500.00	13,132.63	-	11,367.37	46.40%
5448 Parking Enforcement	926,970.30	1,037,748.87	14,359.72	(125,138.29)	-13.50%
5560 Woodside Park	70,050.00	65,484.34	-	4,565.66	6.52%
5561 Downtown Mall	3,200.00	3,346.52	(0.00)	(146.52)	-4.58%
5562 Airport Business Park	31,610.00	26,292.21	4,287.50	1,030.29	3.26%
5563 North East	695,865.00	583,695.67	3,115.00	109,054.33	15.67%
5564 Harden Ranch	172,350.00	158,579.66	1,225.00	12,545.34	7.28%
5565 Vista Nueva	26,800.00	16,794.29	-	10,005.71	37.33%
5566 Mira Monte	140,380.00	123,795.44	(0.00)	16,584.56	11.81%
5567 Monte Bella	240,490.00	140,524.07	1,575.00	98,390.93	40.91%
6005 Library Administration	735,793.97	643,314.56	20,000.00	72,479.41	9.85%
6009 Technical Services	1,089,904.56	1,057,709.64	(0.00)	32,194.92	2.95%
6011 Steinbeck Library	1,084,797.72	1,014,553.32	(0.00)	70,244.40	6.48%
6012 Cesar Chavez Library	1,025,826.00	977,368.26	(0.00)	48,457.74	4.72%
6013 El Gabilan Library	442,461.00	348,461.65	0.00	93,999.35	21.24%
6015 Community Education	734,779.75	726,950.46	0.00	7,829.29	1.07%
6231 Recreation Admin	750,473.31	721,137.62	(0.00)	29,335.69	3.91%
6232 Neighborhood Services	149,466.24	148,035.45	0.00	1,430.79	0.96%
6233 Closter Park	19,800.00	8,089.18	0.00	11,710.82	59.15%
6234 El Dorado Park	53,000.00	48,242.21	0.00	4,757.79	8.98%
6235 Central Park	24,846.12	33,633.14	-	(8,787.02)	-35.37%
6236 Facility Services	9,200.00	514.52	-	8,685.48	94.41%
6237 Reimbursable Rec Activities	163,900.00	62,447.63	18,000.00	83,452.37	50.92%
6238 Youth Sports	446,255.00	444,839.79	(0.00)	1,415.21	0.32%
6239 Recreation Center	75,050.00	69,888.17	(0.00)	5,161.83	6.88%
6240 Firehouse Rec Center	103,850.00	106,474.26	0.00	(2,624.26)	-2.53%
6241 Hebborn Heights Rec Center	95,475.00	94,008.67	(0.00)	1,466.33	1.54%
6242 Afterschool Programs	726,270.57	701,304.59	0.00	24,965.98	3.44%
6243 Community Center	375,895.00	473,054.51	(0.00)	(97,159.51)	-25.85%
6244 Breadbox Rec Center	120,610.00	115,463.24	(0.00)	5,146.76	4.27%
6246 Hebborn Family Center	153,293.76	147,007.41	-	6,286.35	4.10%
6247 Sherwood Rec Center	2,730.00	2,730.00	-	-	0.00%
6248 Youth Services & Comm Engagement	483,230.00	538,707.88	12,000.00	(67,477.88)	-13.96%
6249 Aquatic Center	159,372.00	140,064.73	-	19,307.27	12.11%
7101 Police Grants and Reimbursements	15,601.11	15,596.01	0.00	5.10	0.03%
7103 Project Safe Neighborhoods	1.00	1.00	-	-	0.00%
7104 Federal Reimbursements	-	172,239.15	-	(172,239.15)	0.00%
7110 Selective Traffic Enf Program	201,102.55	117,446.58	-	83,655.97	41.60%
7222 Homeland Security-Equipment	526,364.00	3,185.47	-	523,178.53	99.39%
7330 Learning Center	54,690.93	53,347.32	(0.00)	1,343.61	2.46%
7331 Summer Reading Program	7,913.16	5,694.21	(0.00)	2,218.95	28.04%
7333 Raising A Reader Program	1,722.83	-	-	1,722.83	100.00%
7334 Innovation & Technology	4,803.79	4,803.41	0.00	0.38	0.01%
7337 Nat'l Center For Family Literacy	60.65	-	-	60.65	100.00%
7340 Library Literacy	78,382.00	78,382.00	(0.00)	-	0.00%
7341 Cesar Chavez Park: Planning	-	-	-	-	0.00%
7342 Pacific Library Partnership	25,668.47	20,537.78	-	5,130.69	19.99%
7343 Library Donations	22,823.18	14,758.41	(0.00)	8,064.77	35.34%
7344 Library Literacy- Contributions	20,020.52	20.52	20,000.00	-	0.00%
7346 Student Success Initiative	35,000.00	35,000.00	(0.00)	0.00	0.00%
7347 Paletero Program	13,060.94	6,396.66	-	6,664.28	51.02%
7348 Integrated Service Collaborative	68,039.00	67,064.23	-	974.77	1.43%
7349 Kinder Boot Camp	2,861.81	2,861.81	-	0.00	0.00%
7350 Family Literacy	80,000.00	79,999.73	0.00	0.27	0.00%
7351 ZIP Books	6,000.00	670.83	-	5,329.17	88.82%
7402 BJA-SSP 2015 (Smart Supervision)	496,645.01	42,039.30	162,907.20	291,698.51	58.73%
7407 PW Awards & Contributions	52,875.98	15,108.89	37,767.09	(0.00)	0.00%
7408 Law Enforcement Grant	95,624.00	94,877.25	-	746.75	0.78%
7409 Violence Prevention Effort	1,474,548.12	916,665.16	38.39	557,844.57	37.83%
7410 CalVIP	500,000.00	130,359.89	223,443.49	146,196.62	29.24%
8001 Community Programs	210,000.00	495,751.28	-	(285,751.28)	-136.07%
8002 Elections	500,000.00	192,442.85	-	307,557.15	61.51%
8003 65 West Alisal	76,200.00	78,885.32	(0.00)	(2,685.32)	-3.52%
8004 Debt Service	4,697,022.90	4,697,021.39	-	1.51	0.00%
8005 Other Services	4,861,240.38	4,712,627.10	20,193.00	128,420.28	2.64%
8006 Twin Creeks Golf Course	459,677.00	458,914.50	-	762.50	0.17%
8007 Fairways Golf Course	230,000.00	245,832.14	-	(15,832.14)	-6.88%
8009 Salinas United Business Assoc	92,543.00	79,096.10	-	13,446.90	14.53%
8010 Intermodal Transp Center	163,160.00	81,865.11	0.00	81,294.89	49.83%

DIVISION - DESCRIPTION	AMENDED BUDGET	ACTUAL EXPENDITURES	ENCUMBRANCES	UNENCUMBERED BALANCE	PERCENT AVAILABLE
8011 Downtown Comm Benefit District	475,853.00	475,852.91	-	0.09	0.00%
8114 Receivership Case	205,149.62	105,964.22	10,832.60	88,352.80	43.07%
8120 Building-Seismic Fees	20,300.00	18,788.78	-	1,511.22	7.44%
8121 Building Standards Admin Fund	5,220.00	4,784.40	-	435.60	8.34%
8122 Love's Stores Planning	57,038.00	30,100.00	0.00	26,938.00	47.23%
8123 Weed Abatement	15,720.00	1,500.00	-	14,220.00	90.46%
8124 Prepaid Building Fees	111,270.00	-	-	111,270.00	100.00%
8125 Deposits-Permit Center	-	3,126.00	-	(3,126.00)	0.00%
8126 Deposits-Planning	-	36,767.59	-	(36,767.59)	0.00%
8128 Icma/HL/Taxes W/H	150,000.00	110,342.56	-	39,657.44	26.44%
8129 COBRA-Insurance Premium	120,000.00	73,005.97	(0.00)	46,994.03	39.16%
8130 EDD Childcare Building Maint	39,000.00	-	-	39,000.00	100.00%
8131 Misc Trust Deposits	736,230.00	264,773.99	(0.00)	471,456.01	64.04%
8132 Sales Tax	5,000.00	2,983.21	-	2,016.79	40.34%
8135 KDF Pointe Apartments	28,800.00	14,572.48	0.00	14,227.52	49.40%
8136 Deferred Compensation	3,171,000.00	1,674,347.15	-	1,496,652.85	47.20%
8137 AFLAC Section 125	253,100.00	251,189.83	-	1,910.17	0.75%
8139 ADA State Fee Business License	6,488.00	6,471.04	-	16.96	0.26%
8140 MO. CO. Tourism Impvt Dist	280,000.00	261,166.00	-	18,834.00	6.73%
8141 TID - Welcome Center	147,270.00	137,266.99	-	10,003.01	6.79%
8143 Friends of the Library	21,000.00	612.80	(0.00)	20,387.20	97.08%
8144 Sherwood Hall Deposits	250,000.00	272,422.65	(0.00)	(22,422.65)	-8.97%
8145 Adult Literacy Donations	32.00	-	-	32.00	100.00%
8146 Library Donations	15,000.00	203.23	-	14,796.77	98.65%
8147 Library Misc Oper	523.00	-	-	523.00	100.00%
8148 Fire Training	40,200.00	4,839.30	-	35,360.70	87.96%
8149 Animal Shelter Donations	101,649.00	17,148.83	(0.00)	84,500.17	83.13%
8150 Spay/Neuter Voucher Program	19,896.00	1,770.00	-	18,126.00	91.10%
8151 PD-Fingerprint Fees	1,347.00	1,088.00	-	259.00	19.23%
8152 Spayed/Neutered Fees	53,044.00	45,878.82	-	7,165.18	13.51%
8153 SPD-Asset Forfeiture	35,000.00	24,700.00	-	10,300.00	29.43%
8154 Evidence Room Safe Trust	14,763.00	-	-	14,763.00	100.00%
8155 Day Care Center - MAOF	1,017.00	938.52	-	78.48	7.72%
8156 Graffiti Removal Reimbursement	13,500.00	-	-	13,500.00	100.00%
8157 TAMC Regional Dev Impact Fee	252,440.00	252,431.59	-	8.41	0.00%
8158 MRWPCA Fees	280,000.00	237,796.06	-	42,203.94	15.07%
8159 Mobilehome Rent Mediation	83,000.00	-	-	83,000.00	100.00%
Grand Total	296,222,356.33	201,750,386.96	1,794,885.08	92,677,084.29	31.29%

CITY OF SALINAS
STATEMENT OF EXPENDITURES, ENCUMBRANCES AND APPROPRIATIONS - CAPITAL PROJECTS
01 JULY 2018 THROUGH 30 JUNE 2019

DIVISION - DESCRIPTION	AMENDED BUDGET	ACTUAL EXPENDITURES	ENCUMBRANCES	UNENCUMBERED BALANCE	PERCENT AVAILABLE
5800 - Capital Projects					
9001 Permanent Homeless Shelter	125,000.00	-	-	125,000.00	100.00%
9002 Striping Improvements at City St	-	-	-	-	0.00%
9003 Street Safety Education	214.48	214.48	-	(0.00)	0.00%
9005 Soccer Field Cesar Chavez Park	1,168,264.00	66,826.82	101,078.83	1,000,358.35	85.63%
9006 Lincoln Ave. Storm Drain Improve	1,079,606.00	86,765.67	867,630.75	125,209.58	11.60%
9007 Lincoln Ave. Sanitary Sewer Imp	103,214.00	32,730.00	8,754.42	61,729.58	59.81%
9008 Sanitary Sewer Master Plan Updat	200,000.00	-	-	200,000.00	100.00%
9009 Industrial Waste Liftstation	1,695,000.00	-	-	1,695,000.00	100.00%
9010 CCTY Inspections	100,000.00	-	-	100,000.00	100.00%
9011 LaGuardia Lift Station Upgrade	272,594.53	-	-	272,594.53	0.00%
9017 Motorola Radios	-	-	-	-	0.00%
9021 Housing Production Fund	254,014.95	620.68	-	253,394.27	99.76%
9022 Tennis Court Improvements	100,000.00	-	-	100,000.00	100.00%
9024 Airport Vehicle Replacement	-	-	-	-	0.00%
9026 Steaming Ahead Historic Railroad	8,800.00	7,070.00	-	1,730.00	19.66%
9027 Natividad Creek Detention	53,638.00	-	-	53,638.00	100.00%
9029 GIS Tree Inventory	-	-	-	-	0.00%
9031 45 Soledad St Demolition	-	-	-	-	0.00%
9032 Tasers and Body Worn Cameras	323,447.00	298,447.00	(0.00)	25,000.00	7.73%
9038 Airport Terminal Fencing	-	-	-	-	0.00%
9040 City Infill Housing	-	-	-	-	0.00%
9041 Inclusionary Housing Ord Update	4,209.00	4,209.00	-	-	0.00%
9042 Farmworker Housing Study	40,728.36	1,215.40	-	39,512.96	97.02%
9043 Tree Planting - Forest Mgmt Plan	203,004.50	49,968.00	18,975.00	134,061.50	66.04%
9045 CDD Vehicle Replacement	5,240.03	-	-	5,240.03	100.00%
9047 TRAKIT Business License	80,000.00	-	-	80,000.00	100.00%
9050 Core Area Development	367,779.00	32,558.63	18,042.05	317,178.32	86.24%
9052 Women's Club Upgrade	222,359.38	85,454.49	104,497.00	32,407.89	14.57%
9053 NE Maint Improvement District	-	-	-	-	0.00%
9055 NE Maintenance District Dog Park	-	-	-	-	0.00%
9056 Vista Nueva Subdivision Impvts	2,093.10	2,093.10	-	(0.00)	0.00%
9057 Corporate Hangar Develop - South	-	-	-	-	0.00%
9058 NPDES Permit Prof Services	-	-	-	-	0.00%
9060 Playground Improvements at Parks	118,636.99	52,216.38	24,455.26	41,965.35	35.37%
9063 Downtown Parking Mgmt Plan	-	-	-	-	0.00%
9065 10 Soledad Street	4,240.00	4,240.00	-	-	0.00%
9068 City Cleanup Program	644,712.15	558,184.20	(0.00)	86,527.95	13.42%
9069 Contamination Mitigation	31,624.07	11,539.51	-	20,084.56	63.51%
9070 2010 Chinatown Rebound Update	95,825.26	33,118.11	35,516.10	27,191.05	28.38%
9071 Williams Rd Street/Streetscape	887,680.11	84,226.53	32,958.22	770,495.36	86.80%
9074 N Davis Rd Guard Rail Impvt	5,773.96	-	-	5,773.96	100.00%
9075 S Salinas Dry Weather Storm	101,370.97	51,370.97	10,535.38	39,464.62	38.93%
9077 Reg Groundwater Sustainability	-	-	-	-	0.00%
9078 FGA West Area - EIR	92,146.34	70,944.88	-	21,201.46	23.01%
9079 FGA Central Area - EIR	247,182.38	145,458.96	-	101,723.42	41.15%
9080 San Juan Grade Road Improvements	1,000,000.00	104,555.97	-	895,444.03	89.54%
9081 Striping and Signing Improvement	500,000.00	577.27	-	499,422.73	0.00%
9084 Traffic Impvts Skyway/Airport	10,446.74	10,446.74	-	(0.00)	0.00%
9085 Utility Underground Districts	43,000.00	1,644.29	-	41,355.71	96.18%
9086 Natividad Creek Silt Removal	75,000.00	-	-	75,000.00	0.00%
9089 N Sanborn Rd Impvts	1,978,191.99	1,737,503.78	45,707.65	194,980.56	9.86%
9090 Downtown Complete Streets	7,478,250.08	286,071.77	-	7,192,178.31	96.17%
9091 Main Street Railroad Crossing	-	-	-	-	0.00%
9092 Park Nexus Study	70,000.00	18,660.47	509.53	50,830.00	72.61%
9093 Permit Center Technology Upgrade	267,270.00	4,813.45	5,601.41	256,855.14	96.10%
9094 Priority Traffic Signals	1,112,549.01	-	-	1,112,549.01	100.00%
9095 Alisal Market Place	11,204.50	-	-	11,204.50	100.00%
9102 PCs & Networking	602,069.24	584,294.69	(0.00)	17,774.55	2.95%
9103 Geographic Information Systems	105,775.63	53,036.51	0.00	52,739.12	49.86%
9105 Street Trees	175,000.00	18,975.00	156,025.00	-	0.00%
9108 Fiber Conn, Virtual Desktop & ERP	32,981.72	30,830.96	-	2,150.76	6.52%
9109 Permit Center Impl Citygate	-	-	-	-	0.00%
9110 Street Maint Vehicle Replacement	6,214.45	-	-	6,214.45	100.00%
9111 Tech & Business Process Innovat	65,100.00	34,074.03	28,461.98	2,563.99	3.94%
9112 Natividad/Laurel Intersection	266,928.90	-	-	266,928.90	100.00%
9114 Salinas River Outfall Channel	190,840.48	-	-	190,840.48	100.00%
9117 Sanborn/US 101 Impvts - Ag Ind	1,812,243.15	1,537,657.84	180,305.63	94,279.68	0.00%
9120 Monte Bella Subdivision Imprvts	1,758,279.34	78,774.44	15,072.17	1,664,432.73	94.66%
9121 Mira Monte Subdivision Imprvts	-	-	-	-	0.00%
9124 Lift Stations Backup Generator	-	-	-	-	0.00%

DIVISION - DESCRIPTION	AMENDED BUDGET	ACTUAL EXPENDITURES	ENCUMBRANCES	UNENCUMBERED BALANCE	PERCENT AVAILABLE
9127 Silt Removal Gabilan Creek	75,240.00	-	-	75,240.00	100.00%
9128 Williams Rd Median Island Impvts	253,999.42	179,255.10	74,744.32	-	0.00%
9130 Salinas River Maintenance Prog	30,000.00	30,000.00	-	-	0.00%
9133 Sun/Market Intersection	190,000.00	-	-	190,000.00	100.00%
9136 ED Element Analysis	330,258.37	25,073.76	44,062.30	261,122.31	79.07%
9138 Corp Yard Storm Drain NPDES	14,760.00	-	-	14,760.00	100.00%
9139 Storm Sewer Drainage Repairs	176,874.92	5,934.16	-	170,940.76	96.64%
9140 Kern/101 Ramps - Mobray	145,000.00	-	-	145,000.00	100.00%
9146 Financial & HR Mgmt ERP System	186,336.30	49,134.72	5,157.00	132,044.58	70.86%
9150 ADA Curb & Ramps	-	-	-	-	0.00%
9151 Facility Upgrades-Airport T-52	106,693.59	39,939.84	-	66,753.75	62.57%
9152 Permit Center Fee Study	-	-	-	-	0.00%
9153 Downtown Traffic & Parking Study	123,210.82	28,350.00	14,100.00	80,760.82	65.55%
9156 Land Purchase Contingency Fund	-	-	-	-	0.00%
9157 RWY 8/26 Helipad Design	15,000.00	11,530.00	3,470.00	-	0.00%
9158 TRAKIT Update	368,896.24	218,561.49	112,282.67	38,052.08	10.32%
9159 Network Equipment Upgrades	54,617.43	51,257.97	1,224.15	2,135.31	3.91%
9160 Wireless Network Coverage	21,091.01	16,749.66	-	4,341.35	20.58%
9161 Geographic Information Systems	183,582.13	44,076.62	7,500.00	132,005.51	71.91%
9162 City Street Sign Reflectivity	34,968.29	2,668.76	-	32,299.53	92.37%
9163 Traffic Calming Improvements	562,072.12	220,153.53	4,375.01	337,543.58	60.05%
9165 Hebborn Family Center Imprvts	173,220.24	-	-	173,220.24	100.00%
9166 New El Gabilan Library	3,601,832.30	940,717.04	264,086.92	2,397,028.34	66.55%
9170 Boronda & N Main Intersec Impvt	99,485.53	214.02	-	99,271.51	99.78%
9171 E Bernal Drive Improvements	245,294.21	122.10	-	245,172.11	99.95%
9172 Reconstruct Parking Lot #16	66,000.00	13,867.25	-	52,132.75	78.99%
9173 Davis Rd Impvt E Laurel-Rossi	70,000.00	-	-	70,000.00	100.00%
9175 Santa Rita Storm Channel	50,000.00	-	-	50,000.00	100.00%
9178 FGA W Area-Specific Plan Applic	2,162.82	2,162.82	-	(0.00)	0.00%
9179 FGA Central-Specific Plan Appl	14,250.36	3,406.27	-	10,844.09	76.10%
9181 Downtown Streets Team	80,000.00	-	-	80,000.00	100.00%
9183 Tree Replacement - Storm Damage	200,000.00	17,050.00	53,220.00	129,730.00	64.87%
9184 Energy-Related Impvts City Facilities	642,816.66	156,247.58	300,461.55	186,107.53	28.95%
9185 T/S Alvin & Linwood	-	-	-	-	0.00%
9188 Pedestrian Crossing Enhancements	118,614.00	-	-	118,614.00	100.00%
9191 Rec Center Repairs/Improvements	0.38	0.38	-	-	0.00%
9192 Enrichment Trips for Youth	380.06	380.00	-	0.06	0.02%
9195 Computers Upgrade LCSD	114,019.16	60,558.61	3,460.55	50,000.00	43.85%
9203 Telephone System City-Wide	7,043.38	-	-	7,043.38	100.00%
9209 IT Strategic Plan and Assessment	35,000.00	-	29,828.00	5,172.00	14.78%
9210 Fire Command/Staff Vehicles	390,483.68	194,749.26	67,353.79	128,380.63	32.88%
9213 Fire Radio Comm/Mobile Data	30,361.71	2,041.75	1,817.70	26,502.26	87.29%
9214 PD Records Management System	1,619,604.50	667,380.70	205,041.55	747,182.25	46.13%
9215 HUD Consolidated Plan	83,514.50	79,026.50	4,488.00	-	0.00%
9216 ADA Pedestrian Ramp Inst	96,968.10	129.21	-	96,838.89	99.87%
9217 Facilities ADA Transition Plan	49,820.21	0.13	-	49,820.08	100.00%
9218 Bardin Rd Safe Route to School	5,269,139.80	592,374.81	72,189.28	4,604,575.71	87.39%
9219 E Alvin/Linwood/Maryal Routes	500,362.65	178,197.18	-	322,165.47	64.39%
9220 E Laurel Dr Sidewalk & Lights	529,464.49	465,688.75	14,457.60	49,318.14	9.31%
9221 Sanitary Sewer Lines Evaluation	352,175.57	11,896.89	-	340,278.68	96.62%
9222 E Lake St Pump Station Upgrade	279,000.00	-	-	279,000.00	100.00%
9223 T/S Boronda & Sanborn Rd	21,039.69	21,039.69	-	(0.00)	0.00%
9224 Chinatown Renewal Street	-	-	-	-	0.00%
9226 Fleet Consolidation Replacement	327,249.51	88,417.09	172,195.24	66,637.18	20.36%
9227 T/S Constitution & Las Casitas	92,086.78	61,889.78	30,197.00	-	0.00%
9229 Vibrancy Plan General Plan	152,802.49	5,000.00	-	147,802.49	96.73%
9230 Vibrancy Plan Infrastructure	11,042,805.36	620,347.48	1,331,998.48	9,090,459.40	82.32%
9231 Vibrancy Plan State Highways	49,402.23	1,691.96	-	47,710.27	96.58%
9232 Vibrancy Plan Parking	3,000.00	-	3,000.00	-	0.00%
9235 Fire Station Renovations	1,342,279.45	201,389.44	52,713.98	1,088,176.03	81.07%
9236 Division Street Plan	112,500.00	-	-	112,500.00	100.00%
9237 Street Tree Trimming	413,194.39	-	338,316.91	74,877.48	18.12%
9238 T/S Alisal & Murphy	37,346.15	37,346.15	-	0.00	0.00%
9242 Harden Ranch Playground	-	-	-	-	0.00%
9243 Sewer Maintenance Equipment	375,118.03	198,272.93	(0.00)	176,845.10	47.14%
9244 New Police Facility Debt Service	4,100,000.00	1,000.00	-	4,099,000.00	99.98%
9245 ED Element GPA/EIR	-	-	-	-	0.00%
9246 EDE Alisal Vibrancy Plan	281,529.87	189,045.97	36,137.83	56,346.07	20.01%
9247 ED Element - Proj Mgmt EDE Imp	6,799.68	5,720.00	-	1,079.68	15.88%
9250 Police Body Worn Cameras	25,118.51	1,908.40	-	23,210.11	92.40%
9252 Digital NEST	50,000.00	50,000.00	-	-	0.00%
9253 ADA Traffic Signal Upgrades	62,215.00	-	12,215.00	50,000.00	80.37%
9255 City Bridges Rehab	58,197.85	1,365.14	-	56,832.71	97.65%
9260 Reimbursable Disaster Events	785,547.89	-	-	785,547.89	100.00%
9262 North Maint St Intersection	67,380.23	15,235.06	-	52,145.17	77.39%
9263 Alisal Corridor Complete Sts Pln	143,691.38	109,095.46	0.00	34,595.92	24.08%
9264 Salinas Valley Sector-Based Int	116,916.75	116,916.75	-	-	0.00%

DIVISION - DESCRIPTION	AMENDED BUDGET	ACTUAL EXPENDITURES	ENCUMBRANCES	UNENCUMBERED BALANCE	PERCENT AVAILABLE
9265 Freight Building Renovation	712,812.04	664,261.61	486.20	48,064.23	6.74%
9266 Bridge Maintenance Program	60,000.00	-	-	60,000.00	100.00%
9267 Streetlight Installation	41,095.86	3,464.15	-	37,631.71	0.00%
9268 T/S E Laurel and St Edwards	660,128.36	585,915.31	28,688.38	45,524.67	6.90%
9269 Facilities Vehicle Replacement	20,900.00	-	-	20,900.00	100.00%
9270 Parks Vehicle Replacement	26,950.00	26,348.34	-	601.66	2.23%
9271 Urban Forestry Equip Replacement	150,000.00	28,698.11	(0.00)	121,301.89	0.00%
9273 Fleet Vehicle Replacement	4,950.00	-	-	4,950.00	100.00%
9274 Wastewater Equipment	-	-	-	-	0.00%
9275 Runway 13/31 Rehab & Const	1,289,906.00	1,064,026.68	224,638.17	1,241.15	0.10%
9277 Bardin Road & Sanitary Sewer Imp	79,452.35	79,452.35	-	-	0.00%
9278 N Main St/Boronda Rd Impvts	229,770.69	306.62	-	229,464.07	99.87%
9279 Homelessness Service Coordinate	-	-	-	-	0.00%
9280 T/S Buckhorn and Sanborn	53,000.00	-	-	53,000.00	100.00%
9281 T/S Boronda and Falcon	700,000.00	-	-	700,000.00	100.00%
9283 Sanitary Sewer Mgmt System	343,550.93	51,996.87	1,950.00	289,604.06	84.30%
9284 Underground Storage Tank	-	-	-	-	0.00%
9304 Abbott St Safety Building	396,025.54	251,469.17	37,471.76	107,084.61	27.04%
9344 Safety Radio Sys- (NGEN)	95,580.10	-	-	95,580.10	100.00%
9346 Natividad Creek Community Park	384,746.16	2,200.20	-	382,545.96	99.43%
9348 WDR-Grease Traps Inspection	45,833.87	-	-	45,833.87	100.00%
9356 Asbestos/Mold Remediation	60,000.00	-	-	60,000.00	100.00%
9357 Building Permit TechnologySystem	304,103.42	-	-	304,103.42	100.00%
9358 T/S Williams Rd & Garner Av	83,833.87	75,299.09	8,534.78	-	0.00%
9370 Development Impact Fee Study	-	-	-	-	0.00%
9377 Fire EMS & Safety Equipment	362,113.35	140,529.79	16,514.06	205,069.50	56.63%
9379 Sherwood Tennis Center Impvt	471,669.73	360,626.67	0.00	111,043.06	23.54%
9380 Park & Open Space Master Plan	35,479.51	28,857.08	939.18	5,683.25	16.02%
9384 Fire Hose & Nozzle Replacement	3,297.94	3,296.55	-	1.39	0.04%
9385 Police Vehicles and Equipment-MV	833.04	800.00	-	33.04	0.00%
9391 School Safety Enhancements	48,941.05	40,303.11	-	8,637.94	17.65%
9395 Monterey Garage Improvements	23,665.68	-	-	23,665.68	100.00%
9403 Monte Bella Park	420,135.86	-	-	420,135.86	100.00%
9404 Fairways Tree Removal	34,136.60	-	-	34,136.60	100.00%
9411 Fire Hydrant Repairs	84,724.61	7,817.07	-	76,907.54	90.77%
9436 Storm Water Monitoring NPDES	-	-	-	-	0.00%
9438 Annual City Sts Rehab Program	1,181,556.28	493,721.21	167,332.82	520,502.25	44.05%
9454 Lower Natividad Creek Park	49,733.24	-	39,350.22	10,383.02	0.00%
9460 West Wing Conference Room	21,638.80	-	-	21,638.80	0.00%
9461 Congestion Mgmt Agency City %	55,995.35	53,158.00	-	2,837.35	5.07%
9480 Chavez Library Courtyard Resurface	4,015.27	29.73	-	3,985.54	99.26%
9508 Rossi Alley Improvements	-	-	-	-	0.00%
9510 E Boronda Rd Traffic Congestion	9,342,728.87	550,151.78	691,928.07	8,100,649.02	86.71%
9512 NPDES Public Education	-	-	-	-	0.00%
9513 NPDES Storm System Mapping	-	-	-	-	0.00%
9525 Fleet Replacement	54,793.69	-	-	54,793.69	100.00%
9527 Fire Safety Gear & Equipment	90,408.36	57,428.48	3,240.77	29,739.11	32.89%
9533 Electric Locking System	20,000.00	-	-	20,000.00	100.00%
9535 Sherwood Recreation Center	1,355,824.90	513,696.75	832,773.78	9,354.37	0.69%
9540 Fire Apparatus Replacement	786,985.00	786,978.31	-	6.69	0.00%
9541 Fire Stations Repairs	72,615.67	72,615.67	(0.00)	-	0.00%
9579 Police Vehicle Replacement	1,155,656.27	1,027,181.89	90,060.72	38,413.66	3.32%
9598 Street Maint Equipment	132,893.85	-	127,812.43	5,081.42	3.82%
9607 Bicycle Lane Installations	90,433.05	44,100.34	38,174.50	8,158.21	9.02%
9618 ADA Transition Plan - City-Wide	147,700.47	24,729.02	98,030.94	24,940.51	16.89%
9654 Traffic Signal Installation	759,995.00	349,162.35	141,828.77	269,003.88	35.40%
9655 E Alisal/Skyway Blvd Roundabout	-	-	-	-	0.00%
9662 Traffic Fee Ordinance Update	439,170.59	1,054.06	-	438,116.53	99.76%
9667 Computer Aided Design System	144,995.90	82,146.33	0.00	62,849.57	43.35%
9701 General Plan	1,298,142.49	22,526.25	15,659.70	1,259,956.54	97.06%
9709 Water Re-Use Feasibility Study	-	-	-	-	0.00%
9716 Steinbeck Library Up-grades	83,565.55	9,580.00	1,955.20	72,030.35	86.20%
9718 Reroof Public Buildings	85,000.00	-	-	85,000.00	100.00%
9720 Sidewalk & Drainage Repairs	1,025,380.42	349,842.89	21,980.00	653,557.53	63.74%
9723 E Romie Lane Widening	689,996.28	-	-	689,996.28	100.00%
9725 Sanitary Sewer Equipment	295,000.00	-	295,000.00	-	0.00%
9735 Priority 1 Storm Sewer Lines	969,056.04	134,412.32	37,547.40	797,096.32	82.25%
9737 Ball Field Repairs	68,587.31	7,821.20	-	60,766.11	88.60%
9742 Sewer Pipe Repairs	1,500,316.40	123,717.24	0.00	1,376,599.16	91.75%
9743 Repairs to Lift Stations	100,000.00	40,850.15	29,835.14	29,314.71	29.31%
9775 Street Median Landscaping	50,000.00	-	-	50,000.00	100.00%
9793 Park Drinking Fountain Repl.	1,518.46	-	-	1,518.46	100.00%
9794 IW Treatment Facility Repairs	4,571,654.60	12,880.57	-	4,558,774.03	99.72%
9840 Irrigation Contrl.Sys.Retrofit	50,000.00	-	-	50,000.00	100.00%
9853 Priority 1 Sanitary Sewer Line	901,532.45	2,703.61	-	898,828.84	99.70%
9875 City Facilities Repainting	50,000.00	47,272.18	2,420.15	307.67	0.62%
9893 US 101 Impvt thru Salinas	1,845,980.95	17,475.50	67,418.75	1,761,086.70	95.40%

DIVISION - DESCRIPTION	AMENDED BUDGET	ACTUAL EXPENDITURES	ENCUMBRANCES	UNENCUMBERED BALANCE	PERCENT AVAILABLE
9904 New Police Facility-Construction	3,692,871.39	1,970,657.40	38,700.00	1,683,513.99	45.59%
9922 Transit Improvements	233,980.00	-	-	233,980.00	100.00%
9935 Misc. Storm Drain Improvements	-	-	-	-	0.00%
9940 IW Shunt Connection	-	-	-	-	0.00%
9962 Sanitary Sewer GIS Mapping	158,974.10	35,956.05	-	123,018.05	77.38%
9976 Circle Drive	72,674.47	6,574.47	66,100.00	0.00	0.00%
9981 Slurry Seal Improvements	2,972,690.97	1,138,269.80	1,724,820.46	109,600.71	3.69%
9983 Fit Testing	20,000.00	-	-	20,000.00	100.00%
9984 Fire Training Tower	55,275.00	-	-	55,275.00	100.00%
9985 Mobile Command Veh Recur Cost	9,968.93	9,049.62	(0.00)	919.31	9.22%
9987 Fire Station Alerting Sys Update	40,324.36	-	40,324.36	-	0.00%
9988 Staff Mgmt Software/Subcrip	713.81	-	-	713.81	100.00%
9989 Fire Breathing Apparatus	4,350.28	4,188.43	-	161.85	3.72%
9993 Sherwood Park Tennis Court Imp	38,962.52	38,962.52	-	-	0.00%
Grand Total	107,480,873.88	23,660,531.07	9,805,737.92	74,014,604.89	68.86%



City of Salinas

200 Lincoln Ave., Salinas,
CA 93901
www.cityofsalinas.org

Legislation Text

File #: ID#19-609, Version: 1

FY 19-20 Workforce Allocation Adjustment

Approve a Resolution adjusting the workforce allocation for the Salinas Fire Department.



CITY OF SALINAS

COUNCIL STAFF REPORT

DATE: November 19, 2019

Department: HUMAN RESOURCES

FROM: Marina Horta-Gallegos, Human Resources Director

SUBJECT: FY 19-20 WORKFORCE ALLOCATION ADJUSTMENT

RECOMMENDED MOTION:

It is recommended that the City Council approve a Resolution adjusting the workforce allocation for the Salinas Fire Department.

RECOMMENDATION:

Staff recommends that the City Council approve a Resolution approving one Management Analyst in the place of the vacant Administrative Secretary within the Salinas Fire Department.

BACKGROUND:

The Fire Department seeks to adjust the workforce allocation for FY 19-20 to include a Management Analyst in the place of the vacant Administrative Secretary. The Management Analyst will be assigned to Fire Administration providing support for the preparation, monitoring, and administration of the Department's operating and capital budgets, grants, contracts, and other administrative functions of the Department.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (SEQA Guidelines Section 15378).

STRATEGIC PLAN INITIATIVE:

The proposed action meets the Effective Sustainable Government Council goal.

DEPARTMENTAL COORDINATION:

The Human Resources Department and Finance Departments coordinated on this effort with the Fire Department.

FISCAL AND SUSTAINABILITY IMPACT:

There is no budget impact to the current FY 19-20 budget; no new money is required.

ATTACHMENTS:

Resolution

RESOLUTION NO. _____ (N.C.S.)

RESOLUTION APPROVING FY 19-20 WORKFORCE ALLOCATION ADJUSTMENT

BE IT RESOLVED BY THE CITY COUNCIL OF SALINAS that the workforce for the Fire Department is adjusted to reflect one Management Analyst.

PASSED AND APPROVED this 19th day of November 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Joe Gunter, Mayor

ATTEST:

Patricia M. Barajas, City Clerk



City of Salinas

200 Lincoln Ave., Salinas,
CA 93901
www.cityofsalinas.org

Legislation Text

File #: ID#19-610, Version: 2

Salinas Municipal Airport - Federal Aviation Administration 2020-2025 Airport Capital Improvement Plan

Approve a Resolution authorizing transmittal of the Salinas Municipal Airport 2020-2025 Airport Capital Improvement Plan to the Federal Aviation Administration.



CITY OF SALINAS

CITY COUNCIL STAFF REPORT

DATE: NOVEMBER 19, 2019

DEPARTMENT: PUBLIC WORKS, AIRPORT DIVISION

FROM: DAVID JACOBS, PUBLIC WORKS DIRECTOR

BY: BRETT J. GODOWN, AIRPORT MANAGER

TITLE: SALINAS MUNICIPAL AIRPORT - FEDERAL AVIATION
ADMINISTRATION 2020-2025 AIRPORT CAPITAL
IMPROVEMENT PLAN

RECOMMENDED MOTION:

A motion to approve a resolution authorizing transmittal of the Salinas Municipal Airport 2020-2025 Airport Capital Improvement Plan to the Federal Aviation Administration.

RECOMMENDATION:

It is recommended that the City Council approve a resolution authorizing transmittal of the Salinas Municipal Airport 2020-2025 Airport Capital Improvement Plan to the Federal Aviation Administration.

BACKGROUND:

The Federal Aviation Administration (FAA) maintains the National Plan of Integrated Airport Systems (NPIAS). The NPIAS identifies nearly 3,400 Airports that are significant to national air transportation and thus eligible to receive Federal grants under the Airport Improvement Program (AIP). It also includes estimates of the amount of AIP money needed to fund infrastructure development projects that will bring these airports up to current design standards and add capacity to congested airports. This planning effort is accomplished by the FAA requiring airports identified in the NPIAS to update and submit a five-year proposed Airport Capital Improvement Plan (ACIP). The information provided by the plan is used by the FAA to prioritize and program future funding needs. Additionally, the plan is used by the State of California Department of Transportation Aeronautics Program to plan and budget future expenditures. It is important to understand that the ACIP is a planning document only. Neither the City nor the FAA with the submittal and acceptance of this plan incurs financial obligations. All grants awarded for development of these projects will require further recommendation by the Airport Commission and final approval by the City Council. The current federal grant structure requires 10 percent matching funds from the City of Salinas for each project awarded a grant.

The ACIP Program Summary and Project Data Sheets are attached to this report. These documents represent the core of the ACIP submittal and will be presented to the FAA upon approval of the City Council. The ACIP Program Summary Sheet compiles the entire 2020-2025 ACIP projects into one spreadsheet. The Summary provides a project description and summary costs for each project and the entire submittal. The Project Data sheets provides greater detailed information for each project.

At the October 30, 2019 Airport Commission meeting, the Airport Commission recommended City Council approve a resolution authorizing transmittal of the Salinas Municipal Airport 2020-2025 Airport Capital Improvement Plan to the Federal Aviation Administration.

ANALYSIS:

The projects identified in the 2020-2025 ACIP transmittal were developed from the Salinas Municipal Airport - Airport Layout Plan and Narrative Report from 2016, “Capital Improvement Program,” Exhibit DD. The projects were identified in the Short to Intermediate Term Program project priorities.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378).

STRATEGIC PLAN INITIATIVE:

This action complements the City Council’s Goals for Well Planned City and Excellent Infrastructure.

DEPARTMENTAL COORDINATION:

Future implementation of this plan will require Public Works, Finance, and Legal Departments participation and coordination. Public Works Department will oversee the development of the project’s plans, specifications, and estimates. Finance Department will administer the proper disbursement of funds, and Legal Department reviews pertinent documents/contracts to ensure compliance with applicable laws and regulations.

FISCAL AND SUSTAINABILITY IMPACT:

There is no financial obligation incurred by the City of Salinas, CalTrans Division of Aeronautics, or the FAA by submittal of this plan. Future grants awarded based on this plan will require further approvals by the Airport Commission and the City Council.

ATTACHMENTS:

Resolution

Airport Capital Improvement Program Summary Sheet

Airport Capital Improvement Program Data Sheets 2020-2025

RESOLUTION NO. _____ (N.C.S.)

**A RESOLUTION AUTHORIZING TRANSMITTAL OF THE SALINAS MUNICIPAL
AIRPORT 2020-2025 AIRPORT CAPITAL IMPROVEMENT PLAN TO THE FEDERAL
AVIATION ADMINISTRATION**

WHEREAS, each year the City of Salinas (“City”) is required to submit a five-year proposed Airport Capital Improvement Plan (ACIP) to the Federal Aviation Administration (FAA) to allow for appropriate planning and budgeting for future projects; and

WHEREAS, the City has prepared an ACIP for the Salinas Municipal Airport as specified and required by the FAA for the years 2020 through 2025; and

WHEREAS, submittal of the ACIP does not commit the City of Salinas or the FAA to any financial obligations. Future grants awarded based on this plan will require further approvals by the Airport Commission and the City Council; and

WHEREAS, the City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act; and

WHEREAS, at the October 30, 2019 Airport Commission meeting, the Airport Commission recommended City Council move to approve a resolution authorizing transmittal of the Salinas Municipal Airport 2020-2025 ACIP to the FAA.

NOW, THEREFORE, BE IT RESOLVED by the City Council of Salinas, that the Airport Manager of the Salinas Municipal Airport is hereby authorized to take all such action as may be necessary to transmit the ACIP to the FAA.

PASSED AND ADOPTED this 19th day of November 2019 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Joe Gunter, Mayor

ATTEST:

Patricia M. Barajas, City Clerk

**CITY OF SALINAS - SALINAS MUNICIPAL AIRPORT
AIRPORT CAPITAL IMPROVEMENT PROGRAM
FY 2020-2025**

DATE: 9/27/2019

Airport: City of Salinas	State: California			NPIAS No.: 3-06-0206		LOC ID: SNS	
Project Description & Year	FAA Funds	Local Funds	Total	NPIAS	Environmental	Start Date	Completion date
2020							
Install Airfield Lighting Control and Monitoring System (ALCMS) (Design & Construction)	\$ 180,000	\$ 20,000	\$ 200,000	72	CATEX 2019	June 2020	July 2021
TOTAL (FY2020)	\$ 180,000	\$ 20,000	\$ 200,000				
2021							
Master Plan Update & Obstruction Survey	\$ 585,000	\$ 65,000	\$ 650,000	68	N/A	June 2021	March 2024
TOTAL (FY2021)	\$ 585,000	\$ 65,000	\$ 650,000				
2022							
Design Apron Pavement Rehabilitation	\$ 247,500	\$ 27,500	\$ 275,000	62	CATEX 2021	June 2022	October 2023
TOTAL (FY2022)	\$ 247,500	\$ 27,500	\$ 275,000				
2023							
Construct Apron Pavement Rehabilitation, Phase I	\$ 905,850	\$ 100,650	\$ 1,006,500	62	CATEX 2021	June 2023	March 2024
TOTAL (FY2023)	\$ 905,850	\$ 100,650	\$ 1,006,500				
2024							
Construct Apron Pavement Rehabilitation, Phase II	\$ 1,040,400	\$ 115,600	\$ 1,156,000	62	CATEX 2021 Revalidate 2023	June 2024	March 2025
TOTAL (FY2024)	\$ 1,040,400	\$ 115,600	\$ 1,156,000				
2025							
Design Airfield Signage and Runway Lighting Upgrades	\$ 180,000	\$ 20,000	\$ 200,000	81	CATEX 2024	June 2025	Dec. 2026
Design Perimeter Road Pavement Rehabilitation	\$ 135,000	\$ 15,000	\$ 150,000	24	CATEX 2024	May 2025	Dec. 2026
TOTAL (FY2025)	\$ 315,000	\$ 35,000	\$ 350,000				
TOTAL (FY2020 - FY2025)	\$ 3,273,750	\$ 363,750	\$ 3,637,500				

SALINAS MUNICIPAL AIRPORT ACIP DATA SHEET

Airport Name		SALINAS MUNICIPAL AIRPORT	Fiscal Year	2020	
Shown On ALP	Project Type*	Project Description	Federal Share	Local Share	Total
Y	D	1 - Install Airfield Lighting Control and Monitoring System (ALCMS) (Design & Construction)	\$ 180,000	\$ 20,000	\$ 200,000
		Total	\$ 180,000	\$ 20,000	\$ 200,000
* D - Development; P - Planning; E - Environmental					
PROVIDE THE FOLLOWING DETAILED INFORMATION FOR PROJECTS ANTICIPATED WITHIN 1-2 YEARS					
Detail Project Description (Square/Lineal Footage or Length/Width)					
1 - Project involves installing a new Airport Lighting Control and Monitoring System (ALCMS) conforming to the FAA Advisory Circular 150/5345-56B (or most current AC) and other appropriate FAA Advisory Circulars and Specifications. A unit will be installed in both the ATCT and electrical vault.					
Project Schedule (Anticipated date for bids or negotiated prices, consultant selection for planning or environmental projects, length of construction or design, planning or environmental process)					
1 - Open Bids April 2020 1 - Construction August 2020 1 - Anticipated grant closeout July 2021					
NEPA Environmental Status (Date of FONSI or CATEX Approval)					
CATEX to be submitted in 2019.					
Land Title Status & Date of Exhibit "A" Status			Date		
Exhibit A Property Map, was approved on 11/23/2010.			Exhibit A: 11/23/2010		
Open AIP Funded Projects			Expected Close-out Date		
AIP 3-06-0206-027-2018: Rehabilitate Runway 13/31			December 2019		
AIP 3-06-0206-028-2019: Rehabilitate Runway 8/26			December 2020		
Certification: To the best of my knowledge and belief, all information shown in the ACIP Data Sheet is true and correct and had been duly authorized by the Sponsor.					
Brett J. Godown, Airport Manager			Brett J. Godown, Airport Manager		
Name and Title of Authorized Representative (Print or Type)			Contact Name and Title (Print or Type)		
			(831) 758-7214		
Signature		Date	Contact Phone (Print or Type)		

SALINAS MUNICIPAL AIRPORT

AIRPORT CAPITAL IMPROVEMENT PROGRAM
FY 2020



LEGEND



1 INSTALL AIRFIELD LIGHTING CONTROL AND MONITORING SYSTEM (ALCMS) (DESIGN & CONSTRUCTION)

SALINAS MUNICIPAL AIRPORT ACIP DATA SHEET

Airport Name		SALINAS MUNICIPAL AIRPORT	Fiscal Year	2021	
Shown On ALP	Project Type*	Project Description	Federal Share	Local Share	Total
Y	P	1 - Airport Master Plan Update & Obstruction Study	\$ 585,000	\$ 65,000	\$ 650,000
		Total	\$ 585,000	\$ 65,000	\$ 650,000
* D - Development; P - Planning; E - Environmental					
PROVIDE THE FOLLOWING DETAILED INFORMATION FOR PROJECTS ANTICIPATED WITHIN 1-2 YEARS					
Detail Project Description (Square/Lineal Footage or Length/Width)					
1 - Project involves updating the current Airport Master Plan to include PMMP, land use planning, obstruction survey and economic impact report.					
Project Schedule (Anticipated date for bids or negotiated prices, consultant selection for planning or environmental projects, length of construction or design, planning or environmental process)					
1 - Begin Study August 2021					
1 - Complete Study August 2023					
1 - Close grant March 2024					
NEPA Environmental Status (Date of FONSI or CATEX Approval)					
N/A					
Land Title Status & Date of Exhibit "A" Status			Date		
Exhibit A Property Map, was approved on 11/23/2010.			Exhibit A: 11/23/2010		
Open AIP Funded Projects			Expected Close-out Date		
AIP 3-06-0206-027-2018: Rehabilitate Runway 13/31			December 2019		
AIP 3-06-0206-028-2019: Rehabilitate Runway 8/26			December 2020		
Certification: To the best of my knowledge and belief, all information shown in the ACIP Data Sheet is true and correct and had been duly authorized by the Sponsor.					
Brett J. Godown, Airport Manager			Brett J. Godown, Airport Manager		
Name and Title of Authorized Representative (Print or Type)			Contact Name and Title (Print or Type)		
			(831) 758-7214		
Signature		Date	Contact Phone (Print or Type)		

SALINAS MUNICIPAL AIRPORT

AIRPORT CAPITAL IMPROVEMENT PROGRAM

FY 2021



NT

LEGEND



1 UPDATE AIRPORT MASTER PLAN & OBSTRUCTION SURVEY

SALINAS MUNICIPAL AIRPORT ACIP DATA SHEET

Airport Name		SALINAS MUNICIPAL AIRPORT	Fiscal Year	2022	
Shown On ALP	Project Type*	Project Description	Federal Share	Local Share	Total
Y	D	1 - Design Apron Pavement Rehabilitation	\$ 247,500	\$ 27,500	\$ 275,000
		Total	\$ 247,500	\$ 27,500	\$ 275,000
* D - Development; P - Planning; E - Environmental					
PROVIDE THE FOLLOWING DETAILED INFORMATION FOR PROJECTS ANTICIPATED WITHIN 1-2 YEARS					
Detail Project Description (Square/Lineal Footage or Length/Width)					
1 - Design approximately 650,000 SF of pavement rehabilitation of the apron. Work will include crack seal, seal coat, minor removal and replacement of specific pavement areas, and re-marking the improvements. (2017 APMS PCI ranges between 34 and 78)					
Project Schedule (Anticipated date for bids or negotiated prices, consultant selection for planning or environmental projects, length of construction or design, planning or environmental process)					
1 - 100% Design Submittal to be submitted March 2023 1 - Project to bid May 2023 1 - Anticipated grant closeout October 2023					
NEPA Environmental Status (Date of FONSI or CATEX Approval)					
1 - CATEX to be submitted 2021					
Land Title Status & Date of Exhibit "A" Status			Date		
Exhibit A Property Map, was approved on 11/23/2010.			Exhibit A: 11/23/2010		
Open AIP Funded Projects			Expected Close-out Date		
AIP 3-06-0206-027-2018: Rehabilitate Runway 13/31			December 2019		
AIP 3-06-0206-028-2019: Rehabilitate Runway 8/26			December 2020		
Certification: To the best of my knowledge and belief, all information shown in the ACIP Data Sheet is true and correct and had been duly authorized by the Sponsor.					
Brett J. Godown, Airport Manager			Brett J. Godown, Airport Manager		
Name and Title of Authorized Representative (Print or Type)			Contact Name and Title (Print or Type)		
			(831) 758-7214		
Signature		Date	Contact Phone (Print or Type)		

SALINAS MUNICIPAL AIRPORT

AIRPORT CAPITAL IMPROVEMENT PROGRAM
FY 2022



LEGEND

- 1 APRON PAVEMENT REHABILITATION (DESIGN)
- 2 PERIMETER ROAD PAVEMENT REHABILITATION (DESIGN)

SALINAS MUNICIPAL AIRPORT ACIP DATA SHEET

Airport Name		SALINAS MUNICIPAL AIRPORT	Fiscal Year	2023	
Shown On ALP	Project Type*	Project Description	Federal Share	Local Share	Total
Y	D	1 - Construct Apron Pavement Rehabilitation, Phase I	\$ 905,850	\$ 100,650	\$ 1,006,500
		Total	\$ 905,850	\$ 100,650	\$ 1,006,500
* D - Development; P - Planning; E - Environmental					
PROVIDE THE FOLLOWING DETAILED INFORMATION FOR PROJECTS ANTICIPATED WITHIN 1-2 YEARS					
Detail Project Description (Square/Lineal Footage or Length/Width)					
1 - Construct approximately 325,000 SF of pavement rehabilitation of the apron. Work will include crack seal, seal coat, minor removal and replacement of specific pavement areas, and re-marking the improvements. (2017 APMS PCI ranges between 34 and 39)					
Project Schedule (Anticipated date for bids or negotiated prices, consultant selection for planning or environmental projects, length of construction or design, planning or environmental process)					
1 - Project to bid May 2023 1 - Construction start August 2023 1 - Anticipated grant closeout March 2024					
NEPA Environmental Status (Date of FONSI or CATEX Approval)					
1 - CATEX to be submitted 2021					
Land Title Status & Date of Exhibit "A" Status			Date		
Exhibit A Property Map, was approved on 11/23/2010.			Exhibit A: 11/23/2010		
Open AIP Funded Projects			Expected Close-out Date		
AIP 3-06-0206-027-2018: Rehabilitate Runway 13/31			December 2019		
AIP 3-06-0206-028-2019: Rehabilitate Runway 8/26			December 2020		
Certification: To the best of my knowledge and belief, all information shown in the ACIP Data Sheet is true and correct and had been duly authorized by the Sponsor.					
Brett J. Godown, Airport Manager			Brett J. Godown, Airport Manager		
Name and Title of Authorized Representative (Print or Type)			Contact Name and Title (Print or Type)		
			(831) 758-7214		
Signature		Date	Contact Phone (Print or Type)		

SALINAS MUNICIPAL AIRPORT

AIRPORT CAPITAL IMPROVEMENT PROGRAM

FY 2023



N.T.S.

LEGEND



APRON PAVEMENT REHABILITATION, PHASE I (CONSTRUCTION) - 325,000 SF

SALINAS MUNICIPAL AIRPORT ACIP DATA SHEET

Airport Name		SALINAS MUNICIPAL AIRPORT	Fiscal Year	2024	
Shown On ALP	Project Type*	Project Description	Federal Share	Local Share	Total
Y	D	1 - Construct Apron Pavement Rehabilitation, Phase II	\$ 1,040,400	\$ 115,600	\$ 1,156,000
		Total	\$ 1,040,400	\$ 115,600	\$ 1,156,000
* D - Development; P - Planning; E - Environmental					
PROVIDE THE FOLLOWING DETAILED INFORMATION FOR PROJECTS ANTICIPATED WITHIN 1-2 YEARS					
Detail Project Description (Square/Lineal Footage or Length/Width)					
1 - Construct approximately 325,000 SF of pavement rehabilitation of the apron. Work will include crack seal, seal coat, minor removal and replacement of specific pavement areas, and re-marking the improvements. (2017 APMS PCI ranges between 50 and 78)					
Project Schedule (Anticipated date for bids or negotiated prices, consultant selection for planning or environmental projects, length of construction or design, planning or environmental process)					
1 - Project to bid May 2024 1 - Construction start July 2024 1 - Anticipated grant closeout March 2025					
NEPA Environmental Status (Date of FONSI or CATEX Approval)					
1 - CATEX to be submitted 2021, revalidated in 2023					
Land Title Status & Date of Exhibit "A" Status			Date		
The ALP set, including these projects and the Exhibit A Property Map, was approved on 11/23/2010.			Exhibit A: 11/23/2010		
Open AIP Funded Projects			Expected Close-out Date		
AIP 3-06-0206-027-2018: Rehabilitate Runway 13/31			December 2019		
AIP 3-06-0206-028-2019: Rehabilitate Runway 8/26			December 2020		
Certification: To the best of my knowledge and belief, all information shown in the ACIP Data Sheet is true and correct and had been duly authorized by the Sponsor.					
Brett J. Godown, Airport Manager			Brett J. Godown, Airport Manager		
Name and Title of Authorized Representative (Print or Type)			Contact Name and Title (Print or Type)		
			(831) 758-7214		
Signature		Date	Contact Phone (Print or Type)		

SALINAS MUNICIPAL AIRPORT

AIRPORT CAPITAL IMPROVEMENT PROGRAM

FY 2024



LEGEND

  APRON PAVEMENT REHABILITATION, PHASE II (CONSTRUCTION) - 325,000 SF

SALINAS MUNICIPAL AIRPORT ACIP DATA SHEET

Airport Name		SALINAS MUNICIPAL AIRPORT	Fiscal Year	2025	
Shown On ALP	Project Type*	Project Description	Federal Share	Local Share	Total
Y	D	1 - Design Airfield Signage and Runway Lighting Upgrades	\$ 180,000	\$ 20,000	\$ 200,000
Y	D	2 - Design Perimeter Road Pavement Rehabilitation	\$ 135,000	\$ 15,000	\$ 150,000
		Total	\$ 315,000	\$ 35,000	\$ 350,000
* D - Development; P - Planning; E - Environmental					
PROVIDE THE FOLLOWING DETAILED INFORMATION FOR PROJECTS ANTICIPATED WITHIN 1-2 YEARS					
Detail Project Description (Square/Lineal Footage or Length/Width)					
1 - Design airfield signage and runway lighting upgrades conforming to FAA Advisory Circular 150/5340-18G <i>Standards for Airport Sign Systems</i> and FAA AC 150/5340-1M <i>Standards for Airport Markings</i> (or most current AC) and other appropriate FAA Advisory Circulars and Specifications.					
2 - Design approximately 9,500 SY of pavement rehabilitation of the perimeter roads. The existing perimeter road pavement is old and near failure.					
Project Schedule (Anticipated date for bids or negotiated prices, consultant selection for planning or environmental projects, length of construction or design, planning or environmental process)					
1 - 100% Design Submittal to be submitted February 2026					
1 - Open Bids May 2026					
1 - Anticipated grant closeout December 2026					
2 - 100% Design Submittal to be submitted February 2026					
2 - Open bids May 2026					
2 - Anticipated grant closeout December 2026					
NEPA Environmental Status (Date of FONSI or CATEX Approval)					
1 - CATEX to be submitted 2024					
2 - CATEX to be submitted 2024					
Land Title Status & Date of Exhibit "A" Status			Date		
Exhibit A Property Map, was approved on 11/23/2010.			Exhibit A: 11/23/2010		
Open AIP Funded Projects			Expected Close-out Date		
AIP 3-06-0206-027-2018: Rehabilitate Runway 13/31			December 2019		
AIP 3-06-0206-028-2019: Rehabilitate Runway 8/26			December 2020		
Certification: To the best of my knowledge and belief, all information shown in the ACIP Data Sheet is true and correct and had been duly authorized by the Sponsor.					
Brett J. Godown, Airport Manager			Brett J. Godown, Airport Manager		
Name and Title of Authorized Representative (Print or Type)			Contact Name and Title (Print or Type)		
			(831) 758-7214		
Signature	Date	Contact Phone (Print or Type)			

SALINAS MUNICIPAL AIRPORT

AIRPORT CAPITAL IMPROVEMENT PROGRAM

FY 2025



LEGEND

1 DESIGN AIRFIELD SIGNAGE AND RUNWAY LIGHTING UPGRADES - NOT DEPICTED

2 PERIMETER ROAD PAVEMENT REHABILITATION (DESIGN)



C&S Companies
8950 Cal Center Drive, Suite 102
Sacramento, CA 95826
p: (916) 364-1470
www.cscos.com

TO: Attendees

FROM: Jessica Bryan, P.E., CM

RE: Salinas Municipal Airport

SUBJECT: FY21 – 25 ACIP Meeting (held on September 12, 2019)

DATE: September 27, 2019

The content of this report is not a complete representation of the meeting minutes. Instead, it is a list of important information and clarifications pertaining to the meeting. If any corrections, comments, or additional items are necessary, please notify Jessica Bryan at jbryan@cscos.com.

The Annual Capital Improvements Program (ACIP) meeting was discussed at the ACA Conference in South Lake Tahoe for Salinas Municipal Airport, on Thursday, September 12, 2019. The following people participated:

- FAA SF ADO
 - Katherine Kennedy
 - Matt Roberts
 - Lemuel Del Castillo
 - Dong Pomeroy
- Salinas Municipal Airport
 - Brett Godown
- C&S Companies
 - Jessica Bryan
 - Nick Alex
 - David Moreno (telephone)
 - Hannah Brazil (telephone)
 - Michelle Auge (telephone)

Open grants

- AIP 27 – Submitting close-out documents in the next month or so (Kimley- Horn)
- AIP 28 – Runway 8-26 Construction project
 - The City is currently working with the Contractor to finalize the Contract. Pre-Construction meeting is scheduled for next Tuesday (9/17/2019)
 - Abel Tapia needs to receive a copy of the Pre-con meeting minutes, construction schedule and contract in order to issue a NTP for the project

Entitlements

- Entitlement funds = \$150,000, with no expiring funds

Future Projects

- FY20 – Can submit for ALCMS (Design & Construction)
 - Need to stay within the \$150,000 entitlement amount
 - CatEX – do full form and diagram (possible trenching)
- FY21 – Masterplan Update
 - Land release to show update and last usable space for development
 - Need to look at the East side
 - 13 acre land swap
 - Trade the Airport's land with the Colleges land
 - Last Master Plan was done in 2004
 - Last Aeronautical Survey was performed in 2008
 - Per the FAA, planning is low priority – may need to bank entitlements in order to get the Master Plan project going
- Look at standard object free area issue for pavement projects in out years
 - May need MOD in hangar areas during ALP process or standalone as part of design
- Airport land release
 - Need to keep project moving and send release submission from ADO to region.
 - Setup meeting with the FAA for next Wednesday
 - Brett to email Reginald and Dong to set up the meeting in the morning
 - Possibly need EA for land release
 - Laurie said to do a CatEX for land release and then EA for development



City of Salinas

200 Lincoln Ave., Salinas,
CA 93901
www.cityofsalinas.org

Legislation Text

File #: ID#19-612, Version: 1

Salinas Steam Maintenance and Enhancement Plan

Approve a Resolution accepting the proposal from Harris & Associates and approve Amendment No. 2 for the On-Call Consultant Master Service Agreement between City of Salinas and Harris & Associates adding EcoSystems West Consulting Group, Albion Environmental, Inc., and Weber Hayes & Associates, Inc. as their subconsultants.



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: NOVEMBER 19, 2019

DEPARTMENT: PUBLIC WORKS DEPARTMENT

FROM: DAVID JACOBS, PUBLIC WORKS DIRECTOR

BY: BRIAN FRUS, SENIOR ENGINEER

TITLE: SALINAS STREAM MAINTENANCE AND ENHANCEMENT PLAN

RECOMMENDED MOTION:

A motion to approve a Resolution to:

1. Accept the proposal from Harris and Associates for conceptual planning, permitting and preparation of grant submittals for the Salinas stream maintenance and enhancement efforts and add the proposed scope of work to the Master Services Agreement with Harris & Associates in the amount of \$260,314.
2. Approve an amendment to Harris and Associates' On-Call Consultant Master Service Agreement dated October 11, 2017.

RECOMMENDATION:

Staff recommends that the City Council approve the resolution approving the proposal from Harris & Associates and approve Amendment No. 2 for the On-Call Consultant Master Service Agreement between City of Salinas and Harris & Associates adding EcoSystems West Consulting Group, Albion Environmental, Inc., and Weber Hayes & Associates, Inc. as their subconsultants.

BACKGROUND:

The 2017 winter storms caused heavy erosion and large amounts of silts to be deposited at Gabilan Creek, Natividad Creek, Santa Rita Creek, the Natividad Creek Detention Basin and the Salinas River Outfall. In the process of making emergency repairs as a result of the storm damage, staff discovered that permits required for repair or maintenance work within these locations have expired.

The City applied to the Federal Emergency Management Agency (FEMA) and the California Governor's Office of Emergency Services (Cal OES) for relief funding to cover the damages. To

date, neither agency has confirmed reimbursement for the majority of the repairs, which are estimated at over \$2 million.

The primary purpose of these essential drainage facilities is to convey flood water in order to protect property, human health and safety; however, opportunities exist which could improve the City's competitiveness for grant funding, not only to make repairs, but also to enhance the ecological health of the creeks' riparian zones.

Adding an ecological element to any restoration project would not only improve habitat along the drainage facility but also could have added benefits such as increasing flood water capacity, water quality, infiltration and percolation, cost effectiveness of maintenance, climate resiliency and recreational opportunities. Both the Gabilan and Natividad Creeks offer a chance to create a nexus for these benefits.

Grant applications often favor projects with multiple benefits. Staff believes there is a strong likelihood that funding could be obtained with the right combination of elements that improve floodwater conveyance, water quality, infiltration and percolation, climate resiliency and ecological enhancements. While a single grant may not offer funding for all desired elements, successive implementation of improvements makes the City better positioned to receive future grant funding.

The level of permitting for work in a riparian corridor is formidable and involves a number of agencies. Due to this required level of permitting effort, it is recommended that the scope be expanded to include a larger more comprehensive project as it would provide the greatest benefit to the City, while also providing the required long-term maintenance permit for these facilities. Coupled with the above environmental components, the overall permit application(s) may be also be looked upon more favorably by the regulatory agencies.

On October 11th, 2017, the City Council approved the Civil Engineering On-Call Consultant List and Master Service Agreement. Public Works staff selected Harris & Associates from the consultant list as the most qualified on-call civil engineering consultant to provide the necessary services based on the above concepts, that could accomplish the following:

Phase 1 & 2

- 1) Develop a comprehensive maintenance plan
- 2) Initiate the permitting process for ongoing maintenance activities
- 3) Create a plan that identifies ecological enhancement opportunities
- 4) Draft a conceptual plan that improves flood capacity, water quality, habitat and infiltration of surface flows
- 5) Assemble a detailed plan description to apply for grant funding
- 6) Research and apply for prospective grants.

Phase 3, 4 & 5 as needed

The availability and source(s) of grant funding could ultimately shape the overall project concept. Should grant funding become available, the scope would include:

- 7) Preparing technical summary reports
- 8) CEQA compliance
- 9) Regulatory compliance and permitting
- 10) Developing detailed plans and specifications
- 11) Project implementation.

Public Works staff has reviewed the proposal and requested Amendment No. 2 and found the included scope of work to be complete and the included cost breakdown and fee schedules to be reasonable and in line with industry standards for this type of professional level work.

In order to execute the Salinas stream maintenance and enhancement effort, Harris & Associates requires the services of three new subconsultants, EcoSystems West Consulting Group (Biological services), Albion Environmental, Inc. (Cultural/archaeological resources services and Native American consultation), and Weber Hayes & Associates, Inc. (hydrogeologic and environmental engineering, hazardous materials assessments and clean up). These specialized consulting firms are currently not listed as subconsultants under Harris & Associate's Master Service Agreement. Therefore, Council's approval to the attached amendment to the existing agreement is required.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

STRATEGIC PLAN INITIATIVE:

This item relates to the Strategic Plan goals of a "Healthy, Vibrant Sustainable and Green Community" and a "Well Planned City and Excellent Infrastructure".

DEPARTMENTAL COORDINATION:

Public Works will advance this project through coordination with Engineering and Maintenance Services with additional input from the Department of Library and Community Services given the potential nexus of grant funding and that two of the streams are located within City parks.

FISCAL AND SUSTAINABILITY IMPACT:

This effort will draw from the CIP projects listed in the table below. Available budgets include carry over and allocations for Fiscal Year 2019-20 and are as follows:

Description and CIP Number	Available Budget
Natividad Creek Detention Basin - 9027	\$53,638
Silt Removal Gabilan Creek - 9127	\$75,240
Natividad Creek Silt Removal - 9086	\$75,000
Santa Rita Storm Channel - 9175	\$50,000
Salinas River Outfall Repairs - 9114 (Outside services only)	\$50,000
Totals	\$303,878

The estimated total cost for the initial Salinas stream maintenance and restoration efforts outlined above and referenced as Phases 1 and 2 in the Harris and Associates proposal including a 15% contingency is \$260,314. Sufficient funds are budgeted to complete the proposed work.

ATTACHMENTS:

Resolution
Harris and Associates Proposal
Amendment No. 2 to Master Service Agreement

RESOLUTION NO. _____ (N.C.S.)

A RESOLUTION APPROVING A PROPOSAL FROM HARRIS AND ASSOCIATES FOR CONSULTING SERVICES TO PROVIDE CONCEPTUAL PLANNING, PERMITTING AND PREPARATION OF GRANT SUBMITTALS FOR THE SALINAS STREAM MAINTENANCE AND ENHANCEMENT EFFORTS IN THE AMOUNT OF \$260,314 AND APPROVING AN AMENDMENT TO THE MASTER SERVICE AGREEMENT BETWEEN CITY OF SALINAS AND HARRIS AND ASSOCIATES

WHEREAS, winter storms in 2017 caused heavy erosion and silts deposits at several of the City's waterways; and

WHEREAS, to date, neither the Federal Emergency Management Agency nor the California Governor's Office of Emergency Services has approved relief funding to cover the damages; and

WHEREAS, specific permits are required for repair or maintenance work at the locations; and

WHEREAS, staff recognized that opportunities exist which could draw grant funding, not only to make repairs, but also to enhance the ecological health of the riparian zones; and

WHEREAS, on October 11, 2017, the City Council pursuant to Resolution No. 21271 (N.C.S.) approved the Civil Engineering on-call consultant list and Master Service Agreement to support the City's Public Works Department to engineer various City of Salinas Capital Improvement projects; and

WHEREAS, Harris and Associates is on the Council approved list of on-call consultants and has a Master Service Agreement with the City of Salinas; and

WHEREAS, City staff has worked with Harris and Associates to develop a scope of work for conceptual planning, permitting and preparation of grant submittals for the Salinas creek maintenance and enhancement efforts; and

NOW, THEREFORE, BE IT RESOLVED, that the City Council authorizes the attached Proposal become part of the Master Services Agreement with Harris and Associates dated October 11th, 2017 for consulting services to provide conceptual planning, permitting and preparation of grant submittals for the Salinas creek maintenance and enhancement efforts in the amount of \$260,314; and

BE IT FURTHER RESOLVED that the City Council approves Amendment No. 2 to the Harris and Associates' Master Service Agreement dated October 11, 2017 by adding EcoSystems West Consulting Group, Albion Environmental, Inc., and Weber Hayes & Associates, Inc. as sub-consultants; and

BE IT FURTHER RESOLVED, that the City Council authorizes the City Manager, or his designee, to take such other actions and execute such other documents as are appropriate to effectuate the intent of this Resolution.

PASSED AND APPROED this 19th day of November 2019 by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

Joe Gunter, Mayor

ATTEST:

Patricia M. Barajas, City Clerk

MEMORANDUM

To: Brian Frus
From: Shannon Bane and Wendy Young
RE: City of Salinas Creeks Enhancement Plan Outline
Date: November 6, 2019
CC:

Introduction

The City of Salinas (City) wishes to develop a comprehensive plan to enhance the creeks (and associated structures and wetlands) that fall within its jurisdiction: Santa Rita Creek, Gabilan Creek, Natividad Creek, Natividad Detention Basin and the stormwater outfall to the Salinas River. The City of Salinas Creeks Enhancement Plan (Plan) will provide a two-pronged approach to creek enhancement, which includes 1) a comprehensive permitting strategy to provide regulatory compliance for all maintenance activities within the creeks and associated wetlands, and 2) an enhancement plan that can be used to offset impacts via the programmatic permits by providing advance mitigation for improving the structure and function of the creeks for flood control, water quality and ecological health (**Figure 1**).

CITY OF SALINAS CREEKS ENHANCEMENT PLAN

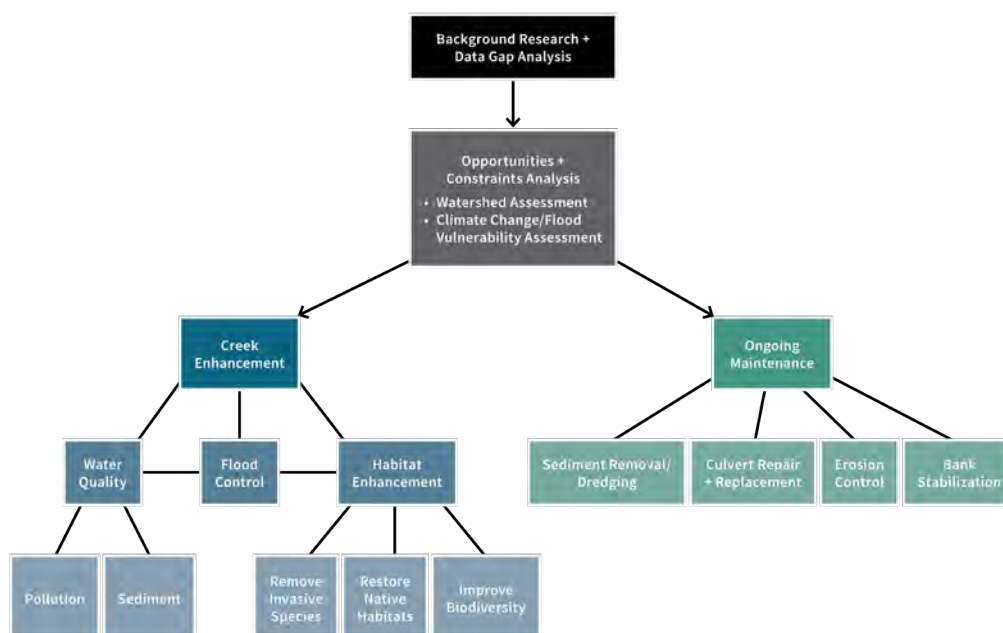


Figure 1. Schematic of the City of Salinas Creeks Enhancement Plan

This scope of work and cost estimate were developed using conservative assumptions, with the intent to provide the City with a comprehensive and realistic plan for this large-scale undertaking as a starting point. However, the scope can and most likely will be modified as the plan is developed and implemented, and to fit actual City and grant funding availability. In addition, the scope was prepared in phases so that the costs may be spread over several fiscal years or other funding timeline(s).

Program Goals and Objectives

The goals and objectives for the Salinas Creeks Enhancement Plan are as follows.

Goal 1: Provide a comprehensive regulatory compliance package to cover Plan activities.

- Objective 1.1: Develop a comprehensive maintenance plan and framework
- Objective 1.2: Work with regulatory agencies to secure permits for ongoing maintenance activities
- Objective 1.3: Develop an advance mitigation plan that identifies ecological enhancement opportunities that will ensure cost effective and time-saving options for fulfilling permit requirements

Goal 2: Improve the structure and function of the Creeks within the City of Salinas

- Objective 2.1: Improve flood capacity of creeks, storm water outfall, and the Natividad detention basin wherever possible using ecological principles and bio-engineering (in conjunction with **Objective 3.1**)
- Objective 2.2: Improve water quality in the creeks and Natividad stormwater detention basin using engineering/design methods in collaboration with other City programs (e.g., NPDES community outreach, stormwater trash capture devices) (in conjunction with **Objective 3.3**)
- Objective 2.3: Improve the quality of aquatic and riparian habitat in creek corridors and wetlands via design and ecological restoration (e.g., invasive species removal, planting trees, installing in-stream woody material)
- Objective 2.4: Improve in-stream and near-stream infiltration/percolation of surface flows into the aquifer through design where possible (e.g., increasing creek roughness to keep water in the stream longer, widening stream benches where water tables are high, removal of impervious surfaces)

Goal 3: Improve the community benefits of the creeks and riparian corridors

- Objective 3.1: Increase public safety and climate resiliency by improving the flood capacity of creeks, storm water outfall, and the Natividad detention basin wherever possible using ecological principles and bio-engineering (in conjunction with **Objective 2.1**)
- Objective 3.2: Increase recreational opportunities in riparian corridors where feasible
- Objective 3.3: Improve water quality in the creeks using both engineering/design options and community outreach options (in conjunction with **Objective 2.2**)
- Objective 3.4: Maximize the City's progress towards meeting climate adaptation goals by increasing carbon sequestration potential in creeks and riparian areas (via restoration)
- Objective 3.5: Explore partnerships with farmers, ranchers, property owners, and local interest groups to improve water quality, improve habitat, and increase biodiversity

Plan Phasing/Implementation

The Salinas Creeks Enhancement Plan will be developed in phases in order to provide flexibility for scheduling and funding, provide discrete opportunities for grant writing, and to facilitate collaboration with the City. Harris proposes work in five (5) phases, as follows:

- Phase 1: Develop Detailed Plan Description
- Phase 2: Grant Research and Application (funding for the development of this Program)
- Phase 3: Prepare Technical Reports
- Phase 4: CEQA Compliance
- Phase 5: Regulatory Compliance/Permitting

Specific tasks associated with each phase are described below; costs for each phase and its tasks are provided in the attached cost estimate. Time needed for project management has been added into each task in the cost estimate (as opposed to being added as a separate phase or task).

Tasks are further broken down into subtasks based on both timing (e.g., information needed before grant applications are submitted) and funding (e.g., City funding or grant funding).

Phase 1: Detailed Plan Description

A detailed project description will be required for grant applications, compliance documents, and permit packages. All tasks within Phase 1, including background research and data gap analysis, plan description, and opportunities and constraints analysis contribute to the development of the detailed project description. This task will therefore be conducted prior to any grant activities and will be funded by the City.

A strong, detailed Plan Description is an invaluable asset for grant applications and is mandatory for preparing regulatory compliance packages. In **Phase 1**, Harris will work with the City of Salinas to develop a detailed Plan Description for the Creeks Enhancement Plan. The Plan Description will include an overview of the creeks and creek-related resources within City boundaries, as well as the existing maintenance activities and future/proposed goals, objectives, and activities to manage and enhance the creeks throughout the City's lands. In addition, Harris will include a description of the environmental setting that will identify existing resources (e.g., soils, hydrology, vegetation, wildlife), opportunities and constraints for implementing the City of Salinas Creeks Enhancement Plan, and descriptions of regulatory triggers (e.g., waters and wetlands of the U.S. and State) and special-status species and habitats.

Due to the longer time commitment needed to secure programmatic permits, any maintenance projects planned for 2019-2020 may be permitted separately in order to allow the City to proceed with their implementation. Harris will first request that the regulatory agencies permit these projects in conjunction with, but in advance of, the programmatic permits. If the agencies will not accommodate this request, Harris will immediately acquire project-specific permits for these projects. This scope of work reflects this separate permitting effort; however, these costs would be removed if the agencies consent to allowing the 2019-2020 maintenance work to proceed in advance of (and in conjunction with) the programmatic permit.

Task 1.1: Background Research and Data Gap Analysis

Harris will conduct research that will help develop the plan description and permit packages (e.g., impact analysis and the identification of avoidance, minimization, and mitigation measures). Examples of research sources include: queries of state and federal databases for special status species and their habitats, including

critical habitat (e.g., CDFW's California Natural Diversity Database, USFWS's Information for Planning and Consultation, CNPS's Rare Plant Inventory), flood maps, parcel maps, prime farmland maps, existing documents such as biological assessments and other technical documents, and the Cortese list for hazardous materials.

Any information that is necessary for the development and/or regulatory compliance of the Plan, but is not available in existing documents, will be included in a list of data gaps provided to the City. Harris will provide the assistance needed to complete technical studies required to fill the data gaps (see **Phase 3**, below). Alternately, Harris can help develop a scope of work to be used to develop a request for proposals (RFPs) and/or hire a subconsultant, as needed.

Task 1.1 Deliverables:

- List of data gaps to prepare the plan description and/or permit packages.
- Up to two (2) scopes of work for technical studies that the City can use to develop RFPs or to hire a subconsultant upon request (included in this scope and budget).

Task 1.1 Assumptions:

- Harris assumes that there will be little or no revisions to the list of data gaps.
- If any scope(s) of work is/are prepared for the City, there will be only one round of comment and revisions to those documents.

Task 1.2: Plan Description

Current and Proposed/Future Activities and Responsibilities of the City

Harris will research existing information and maintenance practices that the City currently undertakes within the creeks, wetlands, and Natividad detention basin, and will work with the City to determine future needs for creek maintenance and enhancement. This ensures that the Plan will be developed in compliance with existing guidance and regulatory documents, including the City of Salinas General Plan, City of Salinas Specific Plans (East, West, and Central Specific Plans, where applicable), maintenance programs, and will reflect the future needs and desires of the City and its staff.

In addition, influential existing partnerships, including those with Monterey One Water, Pure Water Monterey, Castroville Seawater Intrusion Program (CSIP), and others will be included in the Plan description for context and for use in subsequent tasks and phases (e.g., opportunities and constraints analysis, grant funding).

All of this information will be included in the development of a clear plan description and list of covered activities, and to determine the plan regulatory compliance strategy.

Relationship to Existing Plans for the Salinas River in Neighboring Jurisdictions

Harris will research and provide a summary of the existing plans and programs of neighboring jurisdictions to determine what enhancement activities and programs are already underway or completed within the Salinas Valley.

In certain cases, specific maintenance actions may qualify for coverage under existing permits for enhancement activities and programs already underway within the Salinas Valley. This includes programs for non-native invasive species removal (specifically the giant reed (*Arundo* spp.)) removal program being implemented by the Resource Conservation District (RCD) of Monterey County.

Because any creek or river is part of a larger interconnected system, consideration of efforts/plans that may influence the creeks within the City may affect the utility and/or feasibility of certain actions. Actions that will provide larger benefit or that are more cost effective may be chosen or prioritized over others during the development of the Plan.

Task 1.2 Deliverables:

- Harris will attend one (1) meeting with City of Salinas staff to discuss the City's current and future maintenance and Plan needs.
- Draft and Final Plan Description in electronic copy (both Word and pdf files) for City review.

Task 1.2 Assumptions:

- Harris assumes that there will be only one round of consolidated comments submitted on the draft Plan Description, and that revisions to the document will not require major changes to the document.

Task 1.3: Opportunities and Constrains Analysis

An opportunities and constraints analysis will be conducted to identify and prioritize creek maintenance and enhancement areas and actions.

First, the current and future maintenance and enhancement actions identified in the Plan description (see **Task 1.2**) are used to create a list of actions that the City would like to implement. These actions are then linked to specific locations within the City, including creek reaches, parks, open spaces, etc. using geographic information systems (GIS). A basic analysis of flood potential for the project area (including the Natividad stormwater basin) will then be implemented to identify priorities for maintenance projects to minimize flood risks. Additional spatial information collected during background information such as slope, aspect, vegetation, land use designations, and proximity to infrastructure and/or homes, and sensitive species are entered into GIS for context. A spatial analysis is conducted by comparing plan areas and activities against sensitive resources, goals and objectives, and other relevant information, and spatial opportunities and constraints are revealed.

Design-related opportunities and constraints will be identified and used to analyze the feasibility of the maintenance and enhancement actions identified in the Plan description. City and Harris engineers will help determine general design options for maintenance and restoration actions identified in the Plan description, including options for bioengineering, infrastructure modifications, and recreational options/access.

Opportunities to collaborate with existing programs and agencies (e.g., NPDES public education program, stormwater trash collection devices/program, RCD of Monterey County Arundo removal program, regional programmatic permits) will be assessed at this time; collaborations may provide support for Plan areas and activities. Opportunities and constraints related to funding sources will also be taken into consideration, and may include those available from FEMA, Caltrans, and other sources that require specialized compliance, permitting, and/or reporting (see **Phase 2**, below).

Areas/actions can be prioritized during the opportunities and constraints analysis, which will be determined in collaboration with the City. Priorities will be determined by 1) importance to the City's Plan goals and objectives, 2) ease of design and implementation, 3) largest environmental and social beneficial impact, 4) relationship to other areas/actions, and 5) ease of funding (see **Phase 2**, below).

Task 1.3 Deliverables:

- Harris will attend up to two (2) meetings with City of Salinas staff to discuss the assessment methodology for the opportunities and constraints analysis and to determine priorities for funding and implementation.

- Harris will write up a short memorandum (including a list and map of plan actions and areas) describing the results of the opportunities and constraints analysis, including a list of priorities to consider for plan funding and implementation. This memorandum will be appended to the Plan description developed in **Task 1.2**.

Task 1.3 Assumptions:

- Harris assumes that there will be only one round of consolidated comments submitted on the draft opportunities and constraints memorandum and map, and that revisions to the document will not require major changes to the document.

Task 1.4 Securing Permits for 2019-2020 Maintenance Projects

As discussed above, if the regulatory agencies require separate permits for maintenance projects planned for 2019-2020 (in advance of the issuance of the programmatic permit), Harris will secure permits for these projects. We anticipate working with the following agencies:

- Army Corps of Engineers (Clean Water Act Section 404),
- US Fish and Wildlife Service and NOAA Fisheries (Federal Endangered Species Act),
- State Historic Preservation Officer (National Historic Preservation Act and AB 52),
- California Department of Fish and Wildlife Service (California Endangered Species Act and California Fish and Game Code 1600 series),
- Regional Water Quality Control Board (Clean Water Act Section 401).

Compliance with these regulations would require technical reports, CEQA compliance, and the preparation of permit packages as described in **Phases 3, 4, and 5**, respectively. These tasks would be similar, but smaller in scope and scale to those described in the following sections. The costs for these tasks are included in the cost estimate in **Phase 1**.

Task 1.4 Deliverables: Deliverables will be the same as those for Phases 3, 4, and 5.

Task 1.4 Assumptions: Assumptions will be the same as those for Phases 3, 4, and 5 with the following additions.

- We assume that a Categorical Exemption will be sufficient for CEQA compliance for these maintenance projects. If an Initial Study/Mitigated Negative Declaration is needed, the scope can be amended to provide this expanded service.

Phase 2: Grant Research and Application

Phase 2, Task 2.1 will be implemented concurrently with **Phase 1**. In **Task 2.1**, Harris will research appropriate grant opportunities in support of the preparation of the Plan and its required environmental compliance tasks. Because this work is required in advance of grant applications, it will be funded by the City.

In **Task 2.2**, the same attention will be given to funding the implementation of the Plan; however, this task should be undertaken after specific Plan actions and associated locations are identified and prioritized for implementation. This may be after permit packages are developed in **Phase 3**.

We anticipate that the result of grant writing completed in **Phase 2** will fund between 30-60% of the total costs of both the preparation and implementation of the Plan through grant awards.

Task 2.1 - Grant Packages for the Development of the Plan

A table of prospective grants, application requirements, timelines, funding limits, and predicted competition/win rates will be compiled and presented to City staff. Based on input from the City, Harris will develop a suite of grants to apply for to offset costs for the developing the Plan, obtaining environmental regulatory compliance, and implementing the Plan. Specifically, Harris will focus on developing links in Plan areas and actions to leverage funding options (e.g., recreation, restoration, flood control).

Harris will prepare up to four (4) grant packages for the suite of grants agreed upon by Harris and the City. Harris will write grant narratives, and work with the City to compile all required documentation needed to complete the grant packages for submission. Harris assumes 30 hours per grant application; more complex grant packages may need additional hours to prepare.

Task 2 .1 Deliverables:

- Harris will provide the City with an electronic copy of an Excel spreadsheet detailing prospective grants, application requirements, timelines, funding limits, and predicted competition/win rates. Harris will also present the findings of the grant research (including the grant table) to the City in a meeting, and will facilitate a discussion to focus the grant writing efforts by selecting a suite of grant opportunities for development of grant packages.

Task 2.1 Assumptions:

- Harris assumes that few or no edits or additional grant research will be required, and that one (1) meeting will be sufficient to narrow down the suite of grants for preparation and submission. This scope does not include any grant administration (e.g., monitoring, reporting), but can be amended to include these tasks.

Task 2.2 - Grant Packages for the Implementation of the Plan

Similar to **Task 2.1**, a table of prospective grants, application requirements, timelines, funding limits, and predicted competition/win rates will be compiled and presented to City staff for actions and locations that are ready for implementation. Based on input from the City, Harris will develop a suite of grants to apply for to offset costs for the implementation of specific elements of the Plan (actions and areas). Again, Harris will focus on developing links in Plan actions and areas to leverage funding options (e.g., recreation, restoration, flood control)

Harris will prepare up to four (4) grant packages for the suite of grants agreed upon by Harris and the City. Harris will write grant narratives, and work with the City to compile all required documentation needed to complete the grant packages for submission. Harris assumes 30 hours per grant application; more complex grant packages may need additional hours to prepare.

Task 2 .2 Deliverables:

- Harris will provide the City with an electronic copy of an Excel spreadsheet detailing prospective grants, application requirements, timelines, funding limits, and predicted competition/win rates. Harris will also present the findings of the grant research (including the grant table) to the City in a meeting, and will facilitate a discussion to focus the grant writing efforts by selecting a suite of grant opportunities for development of grant packages.

Task 2.2 Assumptions:

- Harris assumes that few or no edits or additional grant research will be required, and that one (1) meeting will be sufficient to narrow down the suite of grants for preparation and submission. This scope does not include any grant administration (e.g., monitoring, reporting), but can be amended to include these tasks.

Phase 3: Technical Reports

Harris will work with the City and agencies on a permitting strategy based on the outcome(s) of the opportunities and constraints analysis. The results of these discussions may result in variations to the approach to the technical reports outlined below.

A number of technical reports are needed to support the environmental regulatory compliance documents and permit packages. These studies can be conducted after the project description is developed, and may be funded by grant monies.

Because the structure of the programmatic permit will be developed in conjunction with the regulatory agencies, there may be different requirements and/or strategies for providing technical information for permitting purposes. Most often, programmatic permits cover general maintenance actions, with annual development of the proposed work schedule and project area locations for the upcoming year. If this Plan follows suit, biologists and cultural resources specialists may first undertake a broad analysis of the project area that identifies areas of sensitivity (e.g., sites with sensitive species and/or sites likely to have cultural significance). Then, during the permit period, projects identified for implementation each year would be identified and submitted to the agencies, with specific jurisdictional delineations and cultural reports prepared at that time. These specific reports would cover all proposed actions within the upcoming year's project area/s through descriptions of aquatic and cultural features that fall within them.

Regardless of the outcome of the permitting strategy discussions/approach, Harris anticipates the need for the preparation of a Jurisdictional Delineation of wetlands and waters of the U.S. and State, a Biological Assessment, and a Cultural Resources Technical Report. These reports are broken down into specific tasks, discussed individually below.

Task 3.1 – Jurisdictional Delineation of Wetlands and Waters of the U.S.

Waters and wetlands of the U.S. are protected via the Clean Water Act, and impacts from project implementation on these resources must be mitigated. A wetland delineation and subsequent verification by the Army Corps of Engineers (USACE) is used to determine the extent of waters and wetlands of the U.S. within a project area. Wetland delineations involve an investment of time and funding to complete, and have a lifespan of 3 years (with subsequent renewal possible). Our proposed recommendation is to prepare a broad-scale analysis of waters and wetlands of the US, with specific jurisdictional delineations when and where needed for project implementation. For the purposes of this scope we propose the following:

Harris team biologists would complete a reconnaissance-level survey of the Plan area to identify maintenance areas that are in or near potential wetlands and waters of the U.S., and conduct one wetland delineation annually (one wetland delineation is included in the attached cost estimate) that would describe all aquatic features and wetlands potentially affected by maintenance and repair actions anticipated to be performed under the programmatic permit the following year.

This formal jurisdictional wetland delineation of wetlands and "other waters" of the U.S. would be conducted using protocols outlined in the USACE Wetlands Delineation Manual (Environmental Laboratory 1987) and the

Regional Supplements to the Corps of Engineers Wetland Delineation Manual: Mountains and Valleys and Arid West Region, Version 2.0 (Environmental Laboratory 2008). The USACE defines three criteria to delineate wetlands: (1) hydrophytic vegetation, (2) wetland hydrology, and (3) hydric soils. A draft of the delineation report would be submitted to the City for review, comment, and approval prior to submittal to the USACE for verification.

Note: If informal consultation with the USACE determines that the use of hydrologic modeling will be accepted in place of a jurisdictional delineation, Harris engineers would provide these calculations and all necessary documentation for the USACE. Harris would produce a revised scope and costs and discuss these two options with the City prior to proceeding with the determined methodology for determining USACE jurisdictional impacts.

Task 3.1 Deliverables:

- Draft and final general map and report identifying likely jurisdictional areas within the City's boundaries.
- Draft and final specific jurisdictional report (in both Word and pdf formats) for one small project area proposed for implementation in 2021.

Task 3.1 Assumptions:

- The City will provide one set of consolidated comments to Harris for the Draft general map and specific jurisdictional report. It is assumed that there will be one round of City review and revisions per document.
- Harris will attend one (1) meeting in the field to confirm the jurisdictional wetland delineation.

Task 3.2 – Biological Assessment

A Biological Assessment (BA), which characterizes the biological resources within the study area, will be used as the basis for CEQA analysis (see **Phase 4**, below) and will be submitted with regulatory compliance/permitting packages to USFWS and/or NOAA Fisheries (and modified to submit to CDFW) (**Phase 5**, below).

To complete the BA, Harris biologists will gather information from the CNDDDB, and USFWS and/or NOAA Fisheries, and CDFW species lists, to determine which species would need to be addressed in the BA based on local occurrence and presence of habitat in or near the identified plan sites. The results of these queries and informal consultation with the USFWS and/or NOAA Fisheries will determine the species to be included in the BA.

The BA would follow the guidelines provided by the USFWS and include a discussion of the proposed Plan, existing habitat conditions, documented occurrence of federally-listed species in the Plan vicinity, effects of the proposed Plan, potential for take, and minimization measures to reduce or avoid adverse impacts. A draft of the BA will be submitted to the City for review, comment, and approval prior to submittal to the USACE.

Additionally, our biologists would prepare a Biological Resources Appendix so the BA can be used for state consultation. BAs prepared for federal Section 7 consultation do not include information or analyses pertaining to non-federal biological resources, such as state-listed species or sensitive natural communities. To expedite the state permitting processes with CDFW and the RWQCB, Harris would prepare an appendix to the BA that addresses state-regulated biological resources. The appendix would include a list of special- status species and sensitive natural communities with potential to occur in the study area, and an analysis of potential impacts on these species and communities along with a description of any environmental measures that will be included in the Plan description to offset potential impacts. This appendix would be attached only to the copies of the BA

that are submitted to CDFW and the RWQCB (not to the BA that is submitted to the USACE, USFWS and/or NOAA Fisheries) (see **Phase 5**, below).

Task 3.2 Deliverables:

- Draft and final BA and Appendix (in both Word and pdf formats).

Task 3.2 Assumptions:

- The City will provide one set of consolidated comments to Harris for the Draft BA and Appendix. It is assumed that there will be one round of City review and revisions.

Task 3.3 – Cultural Resources Technical Memorandum

As mentioned in **Task 3.1**, implementation of the Plan is likely to impact the bed and banks of wetlands and waters of the U.S., and therefore will fall under the jurisdiction of the USACE. If this is the case, the Plan will require compliance with the Clean Water Act (CWA) Section 404 (see **Phase 5** for a discussion of the Regulatory Compliance needs of the Plan), which requires that the USACE comply with the National Historic Preservation Act (NHPA) Section 106 through consultation with the SHPO.

Similar to the approach for wetland delineations, a general records search and survey would be conducted for archaeological and historical resources, with annual specific site surveys and reports for projects and areas identified for implementation each year. The general report, in compliance with Section 106, would be submitted so that the USACE can consult with the SHPO regarding the Plan's potential to affect cultural and historical resources. The specific reports would accompany the yearly project list provided to the regulatory agencies, as required by the programmatic permit.

For the general cultural resources report the Harris Team will identify and map the Plan's area(s) of potential effects (APE), on which direct ground disturbance may occur. We will then assess whether any possible cultural and historic built resources are located directly adjacent to the areas of proposed ground disturbance. The background research will include conducting a cultural and historic resources records search at the Northwest Information Center (NWIC), requesting information related to Native American resources from the Native American Heritage Commission, and any Native American contacts that are identified by the Commission, reviewing historical maps and documents, and conducting a desktop geoarchaeological review of local soil conditions for evidence of potential buried cultural resources. When possible, the results of these efforts will be used to help guide ground disturbing activities that may impact known cultural resources, or refine proposed work in areas that have been identified as sensitive for supporting cultural resources.

For annual projects identified for implementation during the time period that the permit is valid, a qualified archaeologist would need to perform an archaeological pedestrian survey within the potentially affected sensitive areas of the APE identified in the general report. The purpose of the pedestrian survey would be to identify previously undocumented archaeological and historic built resources visible on the ground surface.

Over the course of the pedestrian survey, the archaeologist would carefully inspect the ground surface to identify artifacts, features, and infrastructure, and assess the local geomorphic context. Pedestrian survey transects would be spaced at 10-meter intervals and would occur within areas where direct ground disturbance is proposed and where these areas would be accessed throughout implementation of the Plan. If resources are identified, the survey team would document them for future study. The archaeologist would also excavate up to three (3) 40 cm diameter by 60-100 cm deep shovel probes in areas of exposed ground to identify any buried cultural resources within the sensitive areas in the APE.

After completion of the pedestrian survey and shovel testing, the archaeologist would prepare a technical memorandum that summarizes the results of the record search, historic background research, and fieldwork, including complete cultural resources inventory forms if resources are identified. It would also provide a determination of potential effects on historic properties and technical recommendations for avoidance, minimization, or additional studies. The technical memorandum would include revised maps of the sensitive areas of the APE, resource locations (as needed), and prominent landscape features.

The general cultural resources report and one annual technical report that meets the requirements of the programmatic permit are included in the attached cost estimate.

Task 3.3 Deliverables:

- Draft and Final Cultural and Historical Resources Report (in electronic Word and pdf formats) to be included in the programmatic permit package. Draft and Final letter to SHPO in electronic format (sent to USACE)
- One Draft and Final Annual Cultural and Historical Resources Technical Memoranda in electronic format (in both Word and pdf formats). Draft and Final letter to SHPO in electronic format (sent to USACE).

Task 3.3 Assumptions:

- The City will provide one set of consolidated comments to Harris for the Draft Cultural and Historical Resources Report and one Annual Cultural and Historical Resources Technical Memoranda (one set of comments for each report). It is assumed that there will be one round of City review and revisions, and that changes to each of the documents will be minimal.

Phase 4: CEQA Compliance

In Phase 4, Harris will prepare a CEQA document that will provide environmental compliance for the Plan. The specific CEQA compliance document that is needed will depend on the plan that is developed. For instance, CEQA compliance for a maintenance plan may be categorically exempt, while the inclusion of a project that improves or increases capacity of existing infrastructure would require a initial study/mitigated negative declaration (IS/MND). The appropriate CEQA document also depends on the timing of a project's design and implementation. In advance of the development of the Plan, we have provided a scope for a IS/MND for reference. The costs would be significantly reduced if a categorical exemption is prepared. Either way, this task could be funded by grants.

An IS/MND would include the evaluation of the following 21 environmental topics, in accordance with the State CEQA Guidelines, Appendix G, and relevant regulations.

- Aesthetics and Visual Resources
- Agriculture and Forestry Resources
- Air Quality
- Biological Resources
- Cultural Resources
- Energy
- Geology and Soils
- Greenhouse Gas Emissions
- Hazards and Hazardous Materials
- Hydrology, Water Supply and Water Quality

- Land Use and Planning
- Mineral Resources
- Noise
- Population and Housing
- Public Services
- Recreation
- Transportation
- Tribal Cultural Resources
- Utilities and Service Systems
- Wildfire
- Mandatory Findings of Significance

This task includes preparing the Notice of Intent (NOI) to adopt an MND and filing it with the Monterey County Clerk, and preparing the Notice of Completion (NOC) and filing it with the State Clearinghouse. The City is required to produce 15 hard copies which the Clearinghouse will distribute to relevant State agencies for review and comment. This scope assumes that the City will be responsible for additional distribution of the NOI and noticing requirements (e.g., newspaper, onsite posting) in accordance with CEQA requirements.

Following the 30-day public review period, Harris will review and respond to comments received on the IS/MND in memorandum format for City consideration and for the administrative record. If comments identify errors or other necessary changes to the IS, we will prepare a revised IS, along with the final MND.

CEQA does not require formal responses to comments, preparation of a final document with comments/responses, nor a public hearing during the 30-day review period for an IS/MND. Therefore, these items have not been included in the scope. However, CEQA does require that the City notify commenting agencies in writing of any public hearing to be held for the Plan at least 10 days in advance, and it is recommended the City provide responses to agency comments. The response memorandum we prepare can be used for this.

Additionally, we will prepare the Mitigation Monitoring and Reporting Program (MMRP) in tabular format, and seek City input to determine appropriate monitoring/reporting responsibilities. The MMRP will include all mitigation that has been identified in the IS/MND, in addition to avoidance and minimization measures and Best Management Practices (BMPs) included in the Plan description.

Finally, once the City has approved the MND and voted to approve the Plan, we will prepare the Notice of Determination (NOD) and submit it to the State Clearinghouse and County Clerk. The NOD must be filed within five working days of the City's approval on the Plan. The costs for the City Clerk and California Department of Fish & Wildlife (CDFW) MND filing fees are not included in this scope.

Phase 4 Deliverables:

- Draft and Final IS/MND in electronic format (both Word and pdf). Harris will also prepare the accompanying MMRP and NOD to file the Final IS/MND with the County Clerk and State Clearinghouse.

Phase 4 Assumptions:

- This scope assumes the preparation of the first administrative draft of the IS/MND for City review and comment in electronic format (both Word and pdf formats). This scope assumes that any revisions to the IS/MND would be minor and not require additional analysis. Once revisions

are incorporated, we will prepare the IS/MND for public review, including preparation of the NOI and NOC. We assume that the public document will be provided to the City electronically for printing and distribution. Our scope can be revised to include printing and distribution upon City request.

Phase 5: Regulatory Compliance/Permitting

After the filing of the CEQA document, Harris will begin the permitting process. As with Phase 4, Phase 5 can be funded by grants. Our permitting staff provides a streamlined and comprehensive approach to permitting, reducing the amount of time and resources needed to permit and mitigate for plan impacts, based on our strong relationships with regulatory agency staff. **Phase 5** includes initial consultation with the agencies, the preparation of permit packages, and additional agency coordination to finalize permit requirements. These activities are broken down into individual tasks, below. Because of the variation in agency personnel and permit options available, we have provided the most conservative scope(s) of work and costs for these tasks; actual requirements may result in changes to the permitting strategy during Plan implementation.

Task 5.1 – Initial Agency Consultation to Determine Permitting Strategy

Task 5.1 includes initial consultation with the USACE, USFWS and/or NOAA Fisheries, RWQCB and CDFW to determine the level of effort and information that will be required in order to comply with the federal CWA, federal and state Endangered Species Acts, National Historic Preservation Act, Porter-Cologne Act, Fish and Game Code, and to obtain permits for the suite of actions proposed in the Plan.

Following initial consultation with the regulatory agencies, our team will meet with the City to present our findings and the required level of effort that will be needed to meet the consultation and regulatory permitting requirements from the environmental regulatory agencies for implementation the Plan.

Task 5.1 Deliverable:

- Memorandum describing the Plan permitting strategy. Harris will discuss the contents of the memorandum with the City prior to proceeding with **Tasks 5.2** and **5.3**.

Task 5.1 Assumptions:

- We assume no review or revision to the memorandum will be necessary, and that decisions regarding the permitting strategy can be summarized in an email after Harris meets with the City.

Task 5.2 Permit Packages

Any impacts to natural resources associated with Plan implementation (including impacts that occur within the 100-year flood elevation, to riparian habitats, to wetlands, and to other biological resources) require regulatory compliance and coordination with the CWA through the USACE, who is responsible for regulating waters of the U.S., and the RWQCB and CDFW, who regulate waters of the State through the CWA Section 401 and California Fish and Game Code, respectively. To comply with CWA requirements and issue the Section 404 permit, the USACE requires a wetland delineation (**Task 3.1**), biological resources assessment (**Task 3.2**), and coordination/documentation with other federal and state agencies, which accompany the USACE permit package. State agencies will utilize these same reports, and the CEQA document, for compliance with state water regulations.

Compliance with CWA Section 404 requires compliance with state water regulations via CWA Section 401 and the California RWQCB. The issuance of the 404 permit also requires compliance with the Endangered Species Act

(ESA) Section 7 through the USFWS and/or NOAA Fisheries, and the National Historic Preservation Act Section 106 through the State Historic Preservation Officer (documentation associated cultural resources is included in **Task 3.3**).

Task 5.1 includes initial consultation with the USACE, RWQCB, USFWS and/or NOAA Fisheries, and CDFW to determine the level of effort and information that will be required in order to obtain permits for the actions identified in the Plan. The level of coordination and information required from each agency will be determined through these consultations and the jurisdictional delineation completed in **Task 3.1**, and the initial cultural resources surveys discussed under **Task 3.3**. It is during this task that any mitigation, monitoring, and adaptive management requirements that are identified to offset impacts to resources from implementation of the Plan are developed.

USACE

This plan does not qualify for coverage under any existing General Permit, and would require a standard permit for the project. Thus, this task includes preparing a pre-construction notification (PCN) with a detailed description of the plan, a description of permanent and temporary impacts on waters of the U.S., and demonstrated compliance with the specific terms and conditions of a standard permit. The figures for this report will be prepared using plan design files and files from the Jurisdictional Delineation (**Task 3.3**) to graphically depict the type and extent of impacts in USACE jurisdiction.

The PCN package will also include a standard USACE permit application form, a copy of the wetland delineation report (prepared in **Task 3.1**), the BA (prepared in **Task 3.2**), and cultural resources technical report (prepared in **Task 3.3**). Implementation of the project will result in ecological benefits to offset unavoidable permanent impacts on waters of the U.S., so this scope includes the preparation of an advance mitigation plan (with restoration projects that can be used as compensatory mitigation) rather than the preparation of a conceptual mitigation plan. A draft of the application package will be submitted to the City for review, comment, and approval prior to submittal to the USACE.

A federal permit requires compliance with the National Environmental Policy Act (NEPA). For a standard permit, programmatic NEPA compliance that covers nationwide permits issued by the USACE applies, and does not require additional studies to be performed, outside of those requirements to obtain a 404 permit, for the plan.

USFWS and NOAA Fisheries

Consultation with the USFWS and/or NOAA Fisheries would occur pursuant to Section 7 of the ESA. Our qualified biologists would prepare a BA (see **Task 3.2**), with a thorough review of federally-listed species and/or habitats present at or near the locations identified in the Plan, for submittal to the USACE. The USACE would use the BA as the basis for initiating Section 7 consultation with the USFWS regarding impacts on federally-protected species and their habitats.

Our team will prepare two draft consultation initiation letters, without signature blocks or letterhead, which the USACE can use to initiate consultations with USFWS. The City would be given the opportunity to review these draft letters before we email them as Word files directly to the USACE plan manager.

RWQCB

Our biologists would evaluate the Plan for potential impacts to wetlands and waters of the State, as regulated by the RWQCB. A Section 401 Water Quality Certification (WQC) of the USACE by the RWQCB must be obtained for the 404 compliance to be valid. If the Plan impacts any waters or wetlands that are not regulated under the federal CWA, the RWQCB would issue Waste Discharge Requirements (WDR) under the California Porter-Cologne Water Quality Control Act. Therefore, this task includes preparing an application for WQC/WDR, as

appropriate, for submittal to the RWQCB that would be based, in large part, on the information developed for the USACE permit application.

The application package would include a cover letter, description of existing conditions, discussion of impacts on waters of the State (including riparian habitat), description of avoidance and minimization measures, and a completed application form. The application package will also include demonstration of the plan's CEQA compliance (IS/MND prepared in **Phase 4**) and analysis of impacts to biological resources (BA with Appendix prepared in **Task 3.2**). A draft of the WQC/WDR application package would be submitted to the City for review, comment, and approval prior to submittal to the RWQCB. A permit processing/filing fee would be required from the City at the time of application submittal. The fee amount would be based on the extent of temporary and permanent fill in waters of the State.

CDFW

The CDFW would likely claim jurisdiction over any wetland habitat (including riparian vegetation) that may be impacted at the locations identified in the Plan. As such, this task includes preparing an application for a standard Lake or Streambed Alteration Agreement (LSAA) to address work activities in areas that CDFW regulates. The application would include a cover letter, standard notification form, evidence of CEQA compliance, and other necessary attachments (wetland delineation, figures, plans, BA with Appendix (prepared in **Task 3.2**) and a tree survey by a certified arborist if tree removal is necessary). A draft of the LSAA application package would be submitted to the City for review, comment, and approval prior to submittal to CDFW. An application filing/processing fee would be required from the City at the time of application submittal. The fee amount would be based on the cost of the proposed work in CDFW's jurisdiction.

Task 5.2 Deliverables:

- Permitting packages for USACE, USFWS and/or NOAA Fisheries, RWQCB, and CDFW.

Task 5.2 Assumptions:

- The City will provide one set of consolidated comments to Harris for each draft permitting package. It is assumed that there will be one round of City review and revisions for each permitting package. All permit fees will be paid for and provided directly from the City.
- This task does not include any site visits with agency personnel, although the scope may be amended to include these meetings, if requested by the City and/or agencies. All agency coordination is included in **Task 5.3**.

Task 5.3 – Additional Agency Coordination and Requirements

Once the permit applications and reports are submitted to the agencies (USACE, USFWS, NOAA Fisheries, RWQCB, SHPO, CDFW), there is typically additional coordination and information required to obtain the permits. The level of effort required varies widely from project to project depending on project features, location, resource sensitivity and likelihood of unknown resources that may be discovered through project implementation.

In addition, based on the level and type of impacts to resources from implementation of the Plan, mitigation, monitoring, and adaptive management plans, if required, would be developed in conjunction with the regulatory agencies at this time. Harris will work with the agencies to develop any necessary plans to fulfill these additional requirements, and will add them as appendices to the permit packages.

For these reasons, **Task 5.3** has been identified in this scope of work. As we move forward with **Tasks 5.1-5.3**, we will gain a better understanding of agency requirements, provide the City with regular updates, and determine the level of effort needed to meet agency requirements to both obtain the permits and proceed with plan implementation. An estimate of additional design work and/or changes, meetings, and permit submittals is included based on previous permitting efforts, and is based on time and materials. Additional work beyond these hours will be considered an addition to the scope.

Task 5.3 Deliverables:

- Harris will provide regular email updates to the City.
- If required by the agencies, a mitigation, monitoring, and adaptive management plan will be prepared and submitted to the City for review prior to submission to the regulatory agencies. It is assumed that there will be one round of City review and revisions for the mitigation, monitoring, and/or adaptive management plan, and that the City will provide one set of consolidated comments to Harris. This task does not include any site visits with agency personnel, although the scope may be amended to include these meetings, if requested by the City and/or agencies.

Task 5.3 Assumptions:

- It is assumed that agency coordination will not require major changes to the permit packages, other than the addition of a mitigation, monitoring, and adaptive management plan.

Schedule for Environmental Compliance and Permitting

The following schedule is proposed for Phases 1-4 for the preparation of the Plan and accompanying environmental compliance.

Phase 1: Develop Plan Description (City Funded)

Harris can complete **Phase 1** in three to four weeks, depending on the availability of Harris and City staff for meetings, and the timeframe in which background documents are provided to Harris staff. Background research and meetings with the City of Salinas will be conducted first, followed by more detailed research and the preparation/writing of the Plan Description. After the submission of the first draft of the Plan Description, and receipt of one collated set of comments from the City, Harris can complete the revisions in one to two weeks, depending on the number of comments and level of effort required to revise the document.

Phase 2: Grant Research and Application (City Funded)

Phases 1 and 2 can be implemented concurrently; Phase 2: Grant Research, can begin as soon as the Plan Description is developed enough to support identification of appropriate grants. The table of appropriate grants, meeting with the City, and identification of the suite of grants for application will be developed first. However, a detailed Plan Description must be completed and approved by the City before the preparation of grant packages and applications for submission. Depending on the number of grants in the grant suite, and the delivery of supporting documentation from the City, the preparation of grant packages can be finished in a timeframe of four to six weeks. However, the completion of **Phase 2** will take up to two (2) years, based on the grant submission deadlines and award schedules.

Phase 3: Prepare Technical Reports (Grant Funded)

Although **Phase 3** may begin at any time, we anticipate that the City will want to proceed with the technical reports when grant funding becomes available. The Jurisdictional Delineation and Biological Assessment can be prepared concurrently, and will require at least one field visit by a Harris biologist. We anticipate that the field visits and report would be completed in two to three weeks. In addition, the Jurisdictional Delineation may also require a second field visit with USACE personnel for verification of the field results, which would be subject to agency personnel availability, and may take up to one month.

The cultural resources technical memorandum will take one to two weeks to prepare, but is subject to a thirty-day response time for the records request from the Northwest Information Center and Native American Heritage Commission, as well as the time needed for tribal consultation, if requested by local tribes. These requirements may extend the time to complete the cultural resources technical memorandum by two to three months.

Phase 4: CEQA Compliance (Grant Funded)

Phase 4 can be started as soon as the Plan Description (**Phase 1**) is developed enough to conduct impact analysis from implementation of the Plan, but cannot be completed until a final Plan Description is approved by the City. Alternatively, **Phase 4** can also be delayed until grant funding is available. Once the Plan Description is approved, the research and preparation of the CEQA document, likely an IS/MND, can be completed in a timeframe of five to six weeks. After the submission of the first draft of the CEQA document, and receipt of one collated set of comments from the City, Harris can complete the requested revisions in two to three weeks, depending on the number of comments and level of effort required to revise the document, and will have the CEQA document ready for the 30-day public review period.

After the Final IS/MND is prepared, Harris will prepare the MMRP and NOD; the City will then be able to file the document with the Monterey County Clerk and State Clearinghouse.

Phase 5: Regulatory Compliance/Permitting (Grant Funded)

Phase 5 should begin after the Plan Description is developed enough to discuss details with the regulatory agencies; at a minimum, informal discussions/consultation with the agencies should occur during the development of the Plan Description to ensure that any agency concerns are addressed at that time to guide the development of the Plan.

If cost constraints require that **Phase 5** begin upon grant funding (after **Phases 1 and 2** are complete), it is possible to discuss and submit a final Plan Description to the agencies prior to the finalization of the IS/MND. There may be some revisions to the Plan Description based on agency input, but because the goals of the Plan are to improve habitat, flood control, and groundwater recharge, we do not anticipate major revisions to the Plan.

Harris anticipates that **Phase 5** will take between six to nine months. The permit packages can be completed in three to four weeks, but the agency coordination can take some time, and is dependent on agency personnel availability, workload, and priorities (e.g., emergencies in other parts of the country or state can affect availability and priorities).

Costs for the City of Salinas Creeks Enhancement Program Development and Environmental Compliance/Permitting


As a reminder, this scope and cost estimate were developed using the most conservative assumptions. The intent was for Harris to provide a comprehensive and realistic plan for this large-scale undertaking as a starting point. However, the scope can and most likely will be modified as the plan is developed and implemented, and to fit actual City and grant funding availability. In addition, the scope was prepared in phases so that the costs may be spread over several fiscal years or other funding timeline(s).

A summary of the costs associated with each phase and total cost for the entire project is provided below. Please see the attached cost estimate for detailed costs for each of the phases and tasks discussed in this scope of work.

- Phase 1: Develop Detailed Plan Description - \$133,460
- Phase 2: Grant Research and Application (funding for the development of this Program) - \$90,800
- Phase 3: Prepare Technical Reports - \$56,430
- Phase 4: CEQA Compliance - \$64,260
- Phase 5: Regulatory Compliance/Permitting - \$103,910

Total (including subconsultant markup of 10%) - \$454,760

Please contact us with any questions, or for further clarification. We appreciate the opportunity to submit this scope of work to the City of Salinas, and look forward to working with you.

<div> Harris & AssociatesSM</div> <div>Salinas Creek Enhancement Plan Cost Estimate (11/6/19)</div>	HARRIS STAFF HOURS								SUBCONSULTANTS			Fee
	Project Director	Project Manager	Permitting Specialist	Hydrologic Engineer	Air/GHG/Noise	GIS Specialist	Publishing	Graphics	EcoSystems West	Albion	Weber Hayes	
	Kate Giberson	Shannon Bane	Wendy Young	Madeline Baker	Sharon Toland	Randy Deodat	Gerrie Filipowicz	Joseph Ramot	Biological Resources	Cultural Resources	Hazardous Materials	
	\$225.00	\$185.00	\$180.00	\$150.00	\$165.00	\$130.00	\$110.00	\$100.00				
Phase 1. Detailed Plan Description (City Funded)												
Task 1.1 Background Research and Data Gap Analysis		32.0	24.0	8.0	8.0		2.0	2.0			\$ 5,000.00	\$ 18,180.00
Task 1.2 Plan Description	4.0	60.0	52.0	16.0	24.0	4.0	4.0	7.0				\$ 29,380.00
Task 1.3 Opportunities and Constraints Analysis	2.0	32.0	32.0	8.0	8.0	24.0	4.0	4.0				\$ 18,610.00
Task 1.4 Securing Permits for 2019-2020 Maintenance Projects	2.0	120.0	120.0	8.0	24.0	8.0	4.0	4.0	\$8,000.00	\$8,000.00		\$67,290.00
Hours Subtotal	8	244	228	40	64	36	14	17				
Task 1 Subtotal	\$1,800.00	\$45,140.00	\$41,040.00	\$6,000.00	\$10,560.00	\$4,680.00	\$1,540.00	\$1,700.00	\$8,000.00	\$8,000.00	\$5,000.00	\$133,460.00
Phase 2. Grant Research and Application (City Funded)												
Task 2.1 Grant Packages for the Development of the Plan	4.0	120.0	100.0	4.0			30.0	4.0				\$ 45,400.00
Task 2.2 Grant Packages for the Implementation of the Plan	4.0	120.0	100.0	4.0			30.0	4.0				\$ 45,400.00
Hours Subtotal	8	240	200	8	0	0	60	8				
Task 2 Subtotal	\$1,800.00	\$44,400.00	\$36,000.00	\$1,200.00	\$0.00	\$0.00	\$6,600.00	\$800.00				\$90,800.00
Phase 3. Technical Reports (Grant Funded)												
Task 3.1 Jurisdictional Delineation of Wetlands and Waters of the U.S.		12.0							\$ 8,000.00			\$ 10,220.00
Task 3.2 Biological Assessment		16.0							\$ 20,000.00			\$ 22,960.00
Task 3.3 Cultural Resources Technical Report		2.0	16.0							\$ 20,000.00		\$ 23,250.00
Hours Subtotal	0	30	16	0	0	0	0	0				
Task 3 Subtotal	\$0.00	\$5,550.00	\$2,880.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$ 28,000.00	\$ 20,000.00	\$ -	\$56,430.00
Phase 4. CEQA Compliance (Grant Funded)												
Task 4.1 CEQA Compliance	16.0	60.0	160.0	48.0	24.0	8.0	16.0	8.0	5000.0	1000.0		\$ 64,260.00
Hours Subtotal	16	60	160	48	24	8	16	8				
Task 4 Subtotal	\$3,600.00	\$11,100.00	\$28,800.00	\$7,200.00	\$3,960.00	\$1,040.00	\$1,760.00	\$800.00	\$5,000.00	\$1,000.00	\$ -	\$64,260.00
Phase 5. Regulatory Compliance/Permitting (Grant Funded)												\$ -
Task 5.1 Initial Agency Consultation to Determine Permitting Strategy		16.0	16.0	12.0								\$ 7,640.00
Task 5.2 Permit Packages	2.0	52.0	52.0	40.0		8.0	24.0	12.0	\$15,000.00	\$5,000.00		\$ 50,310.00
Task 5.3 Additional Agency Coordination and Requirements		120.0	132.0									\$ 45,960.00
Hours Subtotal	2	188	200	52		8	24	12				
Task 5 Subtotal	\$450.00	\$34,780.00	\$36,000.00	\$7,800.00		\$1,040.00	\$2,640.00	\$1,200.00	\$15,000.00	\$5,000.00	\$ -	\$103,910.00
												\$ -
SUBTOTAL TASKS 1-5	\$7,650.00	\$140,970.00	\$144,720.00	\$22,200.00		\$6,760.00	\$12,540.00	\$4,500.00	\$33,000.00	\$21,000.00	\$5,000.00	\$448,860.00
Subconsultant Markup (10%)									\$3,300	\$2,100	\$500	\$5,900
TOTAL												\$454,760.00

**AGREEMENT — AMENDMENT NO. 2 TO
MASTER SERVICE AGREEMENT FOR PROFESSIONAL SERVICES
BETWEEN
THE CITY OF SALINAS AND HARRIS AND ASSOCIATES**

This Amendment No. 2 to the Master Service Agreement for Professional Services between the City of Salinas and Harris and Associates (the “Amendment”) is entered into this 19th day of November 2019, by and between the **City of Salinas**, a California charter city and municipal corporation (the “City”), and **Harris and Associates**, a California Corporation, (the “Consultant”). City and Consultant may be individually referred to herein as a “Party” and collectively the City and Consultant may be referred to as the “Parties.”

RECITALS

WHEREAS, the City and Consultant first entered into a Master Service Agreement effective October 11th, 2017, pursuant to which Consultant agreed to act as and provide certain services to the City for compensation (the “Agreement”); and

WHEREAS, the City and Consultant desire to amend the Agreement to include the addition of a subconsultant, EcoSystems West Consulting Group, Albion Environmental, Inc., and Weber Hayes & Associates, Inc, to Exhibit A – Fee Schedule to provide biological services, cultural resources (archaeological) services and Native American consultation, and hydrogeologic and environmental engineering, hazardous materials assessments and clean up, respectively.

NOW, THEREFORE, in mutual consideration of the terms and conditions set forth below, the Parties agree as follows:

TERMS

1. The Master Service Agreement for Professional Services between the City of Salinas and Harris and Associates, Exhibit A – Fee Schedule section, is amended to add the EcoSystems West Consulting Group, Albion Environmental, Inc., and Weber Hayes & Associates, Inc. Fee Schedules (Exhibit 1).
2. All other covenants, terms, and conditions set forth in the Agreement and not amended by this Amendment shall remain in full force and effect as if fully set forth herein.

IN WITNESS WHEREOF, the undersigned, as authorized representatives of the City and Consultant have entered into this Agreement as of the date first written above.

CITY OF SALINAS

Ray E. Corpuz, Jr., City Manager

Date

APPROVED AS TO FORM:

Christopher A. Callihan, City Attorney

Date

HARRIS AND ASSOCIATES INC.

Frank S. Lopez

Printed name: Frank S. Lopez
Title: Engineering Director

November 8, 2019

Date

Kate Giberson

Printed name: Kate Giberson
Title: Environmental Planning and Compliance Director

November 7, 2019

Date

Exhibit:

1. Exhibit 1 – Amendment No. 2 Fee Schedule

Exhibit 1: Amendment No. 2 Fee Schedule

Albion Environmental, Inc.

Principal 3E	\$109.17 per hour
Senior Archaeologist 6C	\$104.01 per hour
Senior Archaeologist 5B	\$93.30 per hour

Weber Hayes & Associates, Inc.

Word Processing/Administrative Support	\$50 per hour
Information Technician	\$60 per hour
Staff Scientist/Technical Writer	\$65 per hour
Field Technician	\$65 per hour
Accountant	\$75 per hour
Senior Technician	\$75 per hour
Staff Geologist/Engineer	\$85 per hour
Project Geologist/Engineer	\$100 per hour
Senior Geologist/Engineer	\$120 per hour
Principal Geologist/Engineer	\$140 per hour
Associate	\$200 per hour
Court Appearances as an Expert Witness (Minimum half day charge of \$800)	\$1600 per day

EcoSystems West Consulting Group

Principal	\$145 per hour
Senior Botanist/Wetland Specialist	\$125 per hour
Senior Wildlife Biologist	\$115 per hour
Herpetologist/Wildlife Specialist	\$125 per hour
Graphics/GIS Specialist	\$100 per hour

Hourly rates shown above will not change for 1 year of agreement and are allowed an annual adjustment based on the classifications shown above. An adjusted rate schedule is effective from May 15, 2019 and on the 15th of May every year thereafter.

Subject to a 3.5% annual increase.