



MAYOR:	JOHN LIZALDE	CITY ADMINISTRATOR:	CRUZ W RAMOS
MAYOR PRO TEM:	ARISTON JULIAN	CITY ATTORNEY:	PHILIP F. SINCO
COUNCIL MEMBER:	GINA RUBALCABA	CITY CLERK:	JOICE E. RAGUZ
COUNCIL MEMBER:	TONY RAMIREZ	CITY TREASURER:	PETRONA AMIDO
COUNCIL MEMBER:	VIRGINIA PONCE		

AGENDA

GUADALUPE CITY COUNCIL & SUCCESSOR AGENCY

**Special Meeting
Monday, August 14, 2017**

5:00 PM

**City Hall, Council Chambers
918 Obispo Street, Guadalupe, California 93434**

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in a City meeting or other services offered by this City, please contact the City Clerk's office, (805) 356-3891. Notification of at least 72 hours prior to the meeting or time when services are needed will assist the City staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service.

*If you wish to speak concerning any item on the agenda, please complete the Request to Speak form that is provided at the rear of the Council Chambers prior to the completion of the staff report and hand the form to the City Clerk. **Note:** Staff Reports for this agenda, as well as any materials related to items on this agenda submitted after distribution of the agenda packet, are available for inspection at the office of the City Administrator, City Hall, 918 Obispo Street, Guadalupe, California during regular business hours, 8:00 a.m. to 4:30 p.m., Monday through Friday; telephone (805) 356-3891.*

1. **CALL TO ORDER.** Mayor John Lizalde
2. **ROLL CALL.** Council Members Tony Ramirez, Virginia Ponce, Gina Rubalcaba, Ariston Julian and Mayor John Lizalde.
3. **PLEDGE OF ALLEGIANCE.**
4. **COMMUNITY PARTICIPATION FORUM.**

Each person will be limited to a discussion of 3 minutes or as directed by the Mayor. This time is reserved to accept comments from the public on Consent Agenda items, Closed Session items, or matters not otherwise scheduled on this agenda. Pursuant to provisions of the Brown Act, no action may be taken on these matters unless they are listed on the agenda, or unless certain emergency or special circumstances exist. City Council may direct Staff to investigate and/or schedule certain matters for consideration at a future City Council meeting.

5. **CONSENT CALENDAR.** The following items are presented for Council approval without discussion as a single agenda item in order to expedite the meeting. Should a Council Member wish to discuss or disapprove an item, it must be dropped from the blanket motion of approval and considered as a separate item.
 - a. Approval of M&W Pump Inc. Invoice # 12013 \$39,500 for the Tognazzini Well Pump Test.
 - b. Approval of M&W Pump Inc. Invoice # 12012 \$19,500 for the Tognazzini Well Cleaning.

6. **FORMATION OF THE PASADERA LANDSCAPING AND LIGHTING DISTRICT.** That the City Council:
 - 1). Adopt Resolution No. 2017-46 initiating proceedings to form the Pasadera Landscaping and Lighting District, which calls for the preparation and filing of the Engineer's Report regarding the formation of the district and the levy of assessments; and
 - 2). Adopt Resolution No. 2017-47 declaring the City's intention to form the Pasadera Landscaping and Lighting District, to levy assessments commencing in fiscal year 2018/2019, preliminarily approve and file the Engineer's Report, to conduct a property owner protest ballot proceeding for the assessments, and sets the time and place for the public hearing.
 - a. Written Staff Report (Jeff van den Eikhof, City Engineer)
 - b. City Council discussion and consideration.
 - c. It is recommended that the City Council adopt Resolution No. 2017-46 and 2017-47.

SUCCESSOR AGENCY

7. **APPROVING THE PROFESSIONAL SERVICE AGREEMENTS FOR THE FINANCING TEAM MEMBERS IN CONNECTION WITH THE REFUNDING OF THE 2003 GUADALUPE COMMUNITY REDEVELOPMENT AGENCY TAX ALLOCATION BONDS.** That the Successor Agency adopt Resolution No. 2017-02 appointing the Financing Team of (a) Norton Rose Fulbright US LLP to provide Bond Counsel and Disclosure Counsel services; (b) Stifel, Nicolaus & Company, Inc, as Underwriter; and (c) Urban Futures, Inc., as Financial Advisor for the Refunding of the Series 2003 Guadalupe Community Redevelopment Agency Tax Allocation Bonds, authorize the Executive Director to execute agreements.
 - a. Written Staff Report (James M. Casso, Agency Special Counsel)
 - b. Successor Agency discussion and consideration.
 - c. It is recommended that the Successor Agency adopt Resolution No. 2017-02.

8. **DEBT MANAGEMENT POLICY.** That the Successor Agency review and adopt Resolution No. 2017-03 approving the Debt Management Policy.
 - a. Written Staff Report (Annette Munoz, Finance Director)
 - b. Successor Agency discussion and consideration.
 - c. It is recommended that the Successor Agency adopt Resolution No. 2017-03.

9. **AMENDED RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) 17-18B FOR THE JANUARY 1, 2018 THROUGH JUNE 30, 2018 PERIOD.** That the Successor Agency review and adopt Resolution No. 2017-04 adopting the Amended Recognized Obligation Payment Schedule for the January 1, 2018 through June 30, 2018 period.
- a. Written Staff Report (Annette Munoz, Finance Director)
 - b. Successor Agency discussion and consideration.
 - c. It is recommended that the Successor Agency adopt Resolution No. 2017-04.
10. **CONSIDERATION OF SUCCESSOR AGENCY RESOLUTION NO. 2017-05, AUTHORIZING THE ISSUANCE OF TAXABLE TAX ALLOCATION REVENUE REFUNDING BONDS AND APPROVING AN INDENTURE, A BOND PURCHASE AGREEMENT AND A FORM OF CONTINUING DISCLOSURE AGREEMENT AND AUTHORIZING CERTAIN ACTIONS RELATING THERETO.**
- a. Written Staff Report (Annette Munoz, Finance Director & Don Hunt, Bond and Disclosure Counsel)
 - b. Successor Agency discussion and consideration.
 - c. It is recommended that the Successor Agency adopt Resolution No. 2017-05.
11. **ADJOURNMENT.**

I hereby certify under penalty of perjury under the laws of the State of California that the foregoing Agenda was posted at the City Hall display case, the Water Department and the City Clerk's office not less than 24 hours prior to the meeting. Dated this 11th day of August 2017.

By:  _____
Cruz W Ramos, City Administrator

M & W Pumps, Inc.

1226 W. Furukawa Way
Santa Maria CA 93458

PH: 805-925-1147 FAX: 805-928-6286

5a.
Invoice

Bill To
City of Guadalupe 918 Obispo Street Guadalupe, CA 93434

Date	Invoice #
7/25/2017	12013

P.O. Number	Terms	Ship	Via	FOB
Tognazzini Well	Net 30 Days From Invoice Date	7/21/2017	Our Truck	
Quantity	Description	Price Each	Amount	
	Install test pump, run continuous test, take recovery, pull test pump, per quote.	39,500.00	39,500.00	

RECEIVED
CITY of GUADALUPE
 Date Rec'd **JUL 28 2017**
 Approved **City of Guadalupe**
 Vendor # **Finance Department**
 Acct. #
 Amt. \$

Thank you for your business.

Subtotal	\$39,500.00
Sales Tax (8.0%)	\$0.00

Total Amount Due \$39,500.00

Due Date	8/24/2017
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NOTE: A FINANCE CHARGE OF 1.5% PER MONTH (18% PER YEAR) WILL BE ADDED TO ALL ACCOUNTS PAST DUE BASED ON EXISTING CREDIT TERMS.

If you have any questions regarding this invoice please call Lisa at 805-925-1147 or email info@mwumps.com.

M & W Pumps, Inc.

1226 W. Furukawa Way
Santa Maria CA 93458

PH: 805-925-1147 FAX: 805-928-6286

5b. Invoice

Bill To
City of Guadalupe 918 Obispo Street Guadalupe, CA 93434

Date	Invoice #
7/25/2017	12012

P.O. Number	Terms	Ship	Via	FOB
Tognazzini	Net 30 Days From Invoice Date	6/7/2017	Our Truck	

Quantity	Description	Price Each	Amount
	Scrubbed well, 3rd Arc Wave, video per quote.	19,500.00	19,500.00

CITY of GUADALUPE
 Date Rec'd _____
 Approved _____
 Vendor # _____
 Acct. # _____
 Amt. \$ _____

RECEIVED
 JUL 28 2017
 City of Guadalupe
 Finance Department

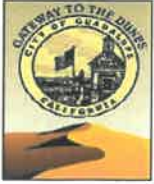
Thank you for your business.

Subtotal	\$19,500.00
Sales Tax (8.0%)	\$0.00

NOTE: A FINANCE CHARGE OF 1.5% PER MONTH (18% PER YEAR) WILL BE ADDED TO ALL ACCOUNTS PAST DUE BASED ON EXISTING CREDIT TERMS.

Total Amount Due	\$19,500.00
Due Date	8/24/2017

If you have any questions regarding this invoice please call Lisa at 805-925-1147 or email info@mwpumps.com.



AGENDA REPORT

SUBJECT/TITLE:

FORMATION OF THE PASADERA LANDSCAPING AND LIGHTING DISTRICT

RECOMMENDATION:

- 1. APPROVE RESOLUTION NO. 2017-46 INITIATING PROCEEDINGS TO FORM THE PASADERA LANDSCAPING AND LIGHTING DISTRICT, WHICH CALLS FOR THE PREPARATION AND FILING OF THE ENGINEER'S REPORT REGARDING THE FORMATION OF THE DISTRICT AND THE LEVY OF ASSESSMENTS; AND,**
- 2. APPROVE RESOLUTION NO. 2017-47 DECLARING THE CITY'S INTENTION TO FORM THE PASADERA LANDSCAPING AND LIGHTING DISTRICT, TO LEVY ASSESSMENTS COMMENCING IN FISCAL YEAR 2018/2019, PRELIMINARILY APPROVE AND FILE THE ENGINEER'S REPORT, TO CONDUCT A PROPERTY OWNER PROTEST BALLOT PROCEEDING FOR THE ASSESSMENTS, AND SETS THE TIME AND PLACE FOR THE PUBLIC HEARING**

DISCUSSION:

The City of Guadalupe is proposing the formation of the Pasadera Landscaping and Lighting District ("District") to pay for the ongoing maintenance, operation and servicing of the local parks, landscaping, and street lighting improvements established in connection with development of the properties within the planned commercial and residential development area identified in the DJ Farms Specific Plan and commonly referred to as the Pasadera development, which is generally located on the south side of Main Street near Obispo Street and Flower Avenue.

Similar to other assessment districts previously formed by the City, this proposed District is being formed in connection with previously approved development agreements to provide a mechanism to fund the ongoing maintenance and operation of the local parks, landscaping, and street lighting improvements established in connection with development of the properties within the proposed District pursuant to the provisions of the Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the California Streets and Highway Code. At build-out, it is anticipated that this District will incorporate approximately eight hundred and three (803) single-family residential home sites; twenty-one (21.49) acres of non-residential development (commercial service and commercial neighborhood); a fourteen (14.37) acre school site; and various associated public areas, easements, and rights-of-way. Currently, the lots and parcels of land within the DJ Farms Specific Plan and the District and are inclusive of the following parcels identified on the Santa Barbara County Assessor's Parcel Maps as: Book 113 Page

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01, Parcels 25 and 37; Page 08, Parcel 18; Page 45, Parcels 01 through 04, and 06 through 10; Page 46, Parcels 01 through 57; Page 47, Parcels 01 through 61; and Page 48, Parcels 01 through 41.

The formation of the District will allow for the levy and collection of annual assessments on the County tax rolls commencing in fiscal year 2018/2019. The annual assessments which are more fully described in the attached Engineer's Report will provide funding for the net special benefit costs and expenses that are necessary to service and maintain the local parks, landscaping, and lighting improvements associated with and resulting from the development of properties within the District.

However, to levy such assessments, the City must conduct a property owner protest ballot proceeding under the provisions of the California Constitution, Article XIID (Proposition 218) which requires mailed notices and ballots to the property owners of record at least 45-days prior to the public hearing. At the conclusion of the public hearing, returned ballots will be opened and tabulated to determine if majority protest exists. If majority protest exists, proceedings to form the District will be abandoned. If majority protest does not exist, the City Council may form the District and authorize the levy of assessments.

The resolutions being presented this evening for the City Council's consideration are required pursuant to the provisions of the Landscaping and Lighting Act of 1972 and represent the first steps in the district formation process and sets the public hearing for Tuesday, October 10, 2017.

These resolutions are nearly identical to those adopted by the City Council at its meeting on June 13, 2017. The only significant changes are the change in the date of the levy of assessments from FY 17-18 to FY 18-19, and the change in the date set for the public hearing for the property owner protest from August 8, 2017 to October 10, 2017. After the approval of the resolutions on June 13, 2017, the developer of the Pasadera project contacted City staff and requested a delay in the levy of assessments until FY 18-19 because it intended to maintain the landscaping and other improvements that the assessments were intended to pay for during FY 17-18, and since the developer currently owns most of the parcels that will be assessed, having to pay the assessments was, in effect, a double payment for maintenance. City staff was not opposed to this request since the monies collected through the levy of assessments could only be used to maintain the landscaping and other improvements in the district, but wanted the district to be formed during FY 17-18 even though the assessments would not be levied until FY 18-19. To document and confirm this agreement between the City and the developer, a Memorandum of Understanding was drafted, but not finalized prior to the meeting of August 8, 2017. Unbeknownst to City staff, the developer did not sign its assessment district ballots because it apparently assumed that the matter would be continued until the terms of the MOU were finalized, whereas, staff's understanding was that the ballots would be submitted at the hearing on August 8th and the district would be formed, but that the actual levy of assessments would be continued to another meeting. When this misunderstanding was discovered the day before the Council meeting, staff learned that the only person authorized to sign on behalf of the developer was out of town on vacation and there was insufficient time to get them signed before the meeting.

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As a result, it was necessary to cancel the public hearing and start the process over again, beginning with the notice of intent to form the district and set a public hearing for the property owners' protest.

Staff recommends that the City adopt Resolutions 1) initiating proceedings to form the Pasadera Landscaping and Lighting District; and 2) the resolution of Intention

ATTACHMENTS:

1. Engineer's Report, Formation of Pasadera Landscaping and Lighting District, Fiscal Year 2018/2019
2. Resolution No. 2017-46
3. Resolution No. 2017-47

Prepared by: Jeff van den Eikhof, City Engineer

Meeting Date: August 14, 2017

City Administrator Approval: _____

CWR

Agenda Item: _____

RESOLUTION NO. 2017-46

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GUADALUPE, INITIATING PROCEEDINGS FOR THE FORMATION OF THE PASADERA LANDSCAPING AND LIGHTING DISTRICT; AND DIRECTING THE PREPARATION AND FILING OF AN ENGINEER'S REPORT RELATED THERETO, PURSUANT TO THE PROVISIONS OF PART 2 OF DIVISION 15 OF THE CALIFORNIA STREETS AND HIGHWAYS CODE

WHEREAS, the City Council of the City of Guadalupe ("City"), pursuant to the provisions of the Landscaping and Lighting Act of 1972, Division 15, Part 2 of the California Streets and Highways Code ("Act"), desires to initiate proceedings for the formation of an assessment district within the City to be known and designated as the Pasadera Landscaping and Lighting District ("District"), and to levy and collect annual assessments for the District commencing in fiscal year 2018/2019 to pay for the operation, maintenance, and servicing of local parks, landscaping and lighting improvements, and appurtenant facilities related thereto; and

WHEREAS, pursuant to Chapter 2, Article 1 Section 22585 of the Act, proceedings for the formation of an assessment district shall be initiated by resolution and that resolution shall generally describe the proposed improvements, describe the proposed assessment district and specify a distinctive designation for the district and order the engineer to prepare and file a report in accordance with Article 4 (commencing with Section 22565) of Chapter 1 of the Act; and

WHEREAS, the City has retained Willdan Financial Services ("Willdan") as the Assessment Engineer of Work for the purpose of assisting with the formation of the District, the establishment of annual assessments, and to prepare and file a report with the City Clerk concerning the formation of Pasadera Landscaping and Lighting District and the proposed annual levy of assessments in accordance with the Act and the provisions of the California Constitution Article XIID (the "Constitution").

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Guadalupe as follows:

SECTION 1. That the foregoing recitals are true and correct; and

SECTION 2. That the City proposes to form the Pasadera Landscaping and Lighting District incorporating all lots and parcels of land within the planned commercial and residential development area identified in the DJ Farms Specific Plan and commonly referred to as the Pasadera development (hereafter referred to as the "Pasadera Development") located on the south side of Main Street near Obispo Street and Flower Avenue; and to levy and collect annual assessments for the District commencing in fiscal year 2018/2019 to pay for the operation, maintenance, and servicing of local parks, landscaping and lighting improvements, and appurtenant facilities related thereto; and

SECTION 3. It is anticipated that at build-out, the territory within the Pasadera Development and the District will incorporate approximately eight hundred and three (803) planned single-family residential home sites; twenty-one (21.49) acres of non-residential development (commercial service and commercial neighborhood); a fourteen (14.37) acre school site; and various associated public areas, easements, and rights-of-way that are part of the District improvements or otherwise receive no special benefit from the improvements

to be provide. Currently, the lots and parcels of land within the DJ Farms Specific Plan and the District and are inclusive of the following parcels identified on the Santa Barbara County Assessor's Parcel Maps as: Book 113 Page 01, Parcels 25 and 37; Page 08, Parcel 18; Page 45, Parcels 01 through 04, and 06 through 10; Page 46, Parcels 01 through 57; Page 47, Parcels 01 through 61; and Page 48, Parcels 01 through 41. By reference, these maps are made part of this resolution; and

SECTION 4. That the improvements for which the District is formed generally include, but are not limited to, the maintenance, operation and servicing of local street lighting, parks, and various landscaping improvements established in connection with development of the properties within the District, and which shall be maintained for the special benefit of those properties. The maintenance and servicing of the improvements generally include, but are not limited to, the materials, equipment, utilities, labor, and incidental expenses, including administrative expenses, required for annual operation, as well as the performance of periodic repairs and replacement activities as needed to provide for the growth, health, and beauty of the parks and landscaping within specified public areas, rights-of-way and/or dedicated easements, the proper operation and functioning of related amenities including, irrigation and drainage systems, specified fencing, hardscapes; sports courts and fields; playground equipment and structures; sidewalks, ornamental or safety lighting; benches, trash receptacles; drinking fountains, picnic facilities and any other equipment, structures or facilities related to the parks and/or landscape areas; and the proper operation of the public street lights and street lighting system within the public rights-of-way which may include, but is not limited to the furnishing of electric current or other illuminating agent; as needed maintenance, repair, and replacement of worn out electrical components and light fixtures, including bulbs, ballasts, photoelectric cells, meters, electrical cables; repair or replacement of damaged poles, ground wires, and conduits caused by accidents, vandalism, time, and weather; and monitoring of the Underground Service Alert (USA) network to prevent damage by excavation; and

SECTION 5. In accordance with Chapter 2 Article 1 Section 22586 of the Act, the City Council hereby directs the Assessment Engineer Work to prepare and file with the City Clerk an Engineer's Report concerning the formation of the District; the improvements and services connected therewith and the annual levy of assessments commencing with the fiscal year 2018/2019, in accordance with Chapter 1 Article 4 (commencing with Section 22565) of the Act.

PASSED, APPROVED AND ADOPTED at a special meeting on the 14th day of August 2017 by the following vote:

Motion:

AYES:

NOES:

ABSENT:

ABSTAIN:

I, Joice Earleen Raguz, City Clerk of the City of Guadalupe DO HEREBY CERTIFY that the foregoing Resolution, being C.C. Resolution No. 2017-46, has been duly signed by the Mayor and attested by the City Clerk, all at a special meeting of the City Council, held August 14, 2017, and that same was approved and adopted.

ATTEST:

Joice Earleen Raguz, City Clerk

John Lizalde, Mayor

APPROVED AS TO FORM:

Philip F. Sinco, City Attorney

RESOLUTION NO. 2017-47

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GUADALUPE, DECLARING THE CITY'S INTENTION TO FORM THE PASADERA LANDSCAPING AND LIGHTING DISTRICT; AND TO LEVY AND COLLECT ANNUAL ASSESSMENTS RELATED THERETO COMMENCING FISCAL YEAR 2018/2019, PURSUANT TO THE PROVISIONS OF PART 2 OF DIVISION 15 OF THE CALIFORNIA STREETS AND HIGHWAYS CODE; AND CALLING FOR A PROPERTY OWNER PROTEST PROCEEDING, TO SUBMIT TO THE QUALIFIED PROPERTY OWNERS THE QUESTION OF LEVYING SUCH ASSESSMENTS AND ESTABLISHING AN ASSESSMENT RANGE FORMULA FOR SAID DISTRICT PURSUANT TO THE PROVISIONS OF THE CALIFORNIA CONSTITUTION, ARTICLE XIIIID

WHEREAS, the City Council of the City of Guadalupe ("City"), pursuant to provisions of the Landscaping and Lighting Act of 1972 being Part 2, Division 15 of the California Streets and Highways Code ("Act"), did by previous Resolution, initiate proceedings for the formation of an assessment district within the City to be known and designated as the Pasadera Landscaping and Lighting District ("District"), and to levy and collect annual assessments for the District commencing in fiscal year 2018/2019 to pay for the operation, maintenance, and servicing of local parks, landscaping and lighting improvements, and appurtenant facilities related thereto; and

WHEREAS, the Assessment Engineer of Work has prepared and filed an Engineer's Report with the City Clerk regarding the formation of the District and the levy of annual assessments connected therewith commencing in fiscal year 2018/2019 (beginning July 1, 2018 and ending June 30, 2019), pursuant to Section 22623 of the Act, and said report has been presented to the City Council, and is incorporated herein by reference.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Guadalupe as follows:

SECTION 1. That the foregoing recitals are true and correct; and

SECTION 2. The Engineer's Report as presented, consists of the following:

2a.) The Plans and Specifications which describe the boundaries of the District and the improvements associated therewith that provide special benefits to the parcels therein; and,

2b.) The Method of Apportionment that details the method of calculating proportional special benefit and the annual assessment obligation for each affected parcel; and,

2c.) The Estimate of Improvement Costs including the calculation of the assessments and the estimated annual funding (Budget) required for the annual maintenance, servicing, and operation of the parks, landscaping and lighting improvements and specifically the costs associated with the improvements determined to be of special benefit to parcels within the District, establishing the proposed maximum assessments and the assessments for fiscal year 2018/2019; and,

2d.) The Assessment Range Formula (Annual Inflationary Adjustment) to be applied to the proposed Maximum Assessment Rates per Equivalent Benefit Unit in subsequent fiscal years. The proposed Maximum Assessments including the Assessment Range Formula shall be presented to the property owner(s) of record in a protest ballot proceeding pursuant to the California Constitution Article XIID; and,

2e.) A District Diagram outlining the boundaries of the District and Zones therein for fiscal year 2018/2019; and,

2f.) An Assessment Roll containing the proposed maximum assessment and levy of assessment for fiscal year 2018/2019 for each Assessor Parcel Number currently identified within the District; and,

SECTION 3. The City Council hereby approves the Engineer's Report on a preliminary basis as submitted or amended by direction of this City Council, and orders said Report to be filed in the Office of the City Clerk as a permanent record and to remain open to public inspection, and by reference the Engineer's Report is made part of this resolution; and,

SECTION 4. The City Council hereby declares its intention to form the assessment district to be known and designated as the Pasadera Landscaping and Lighting District pursuant to Chapter 2 Article 1 of the Act, and to establish said District with benefit zones pursuant to Section 22574 of the Act; and to levy and collect annual assessments against parcels of land within the District commencing with fiscal year 2018/2019 in accordance with the Act and the provisions of the California Constitution Article XIID. and,

The City Council further declares its intention to conduct a public hearing regarding this district formation and the proposed levy of new assessments pursuant to the provisions of the Act and the California Constitution Article XIID and thereby calls for a property owner protest balloting proceeding related thereto. The City Council finds that the public's best interest requires such action and levy of assessments; and,

SECTION 5. The City Council hereby finds that the territory within the proposed District as identified in the Engineer's Report consists of and includes those lots, parcels and subdivisions of land that will receive special benefits from the improvements to be provided; and,

SECTION 6. The proposed improvements and services for the District as identified in the Engineer's Report, include, but are not limited to, the maintenance, operation and servicing of local street lighting, parks, and various landscaping improvements established in connection with development of the properties within the District, and which shall be maintained for the special benefit of those properties. The maintenance and servicing of the improvements generally include, but are not limited to, the materials, equipment, utilities, labor, and incidental expenses, including administrative expenses, required for annual operation, as well as the performance of periodic repairs and replacement activities as needed to provide for the growth, health, and beauty of the parks and landscaping within specified public areas, rights-of-way and/or dedicated easements, the proper operation and functioning of related amenities including, irrigation and drainage systems, specified fencing, hardscapes; sports courts and fields; playground equipment and structures; sidewalks, ornamental or safety lighting; benches, trash receptacles; drinking fountains, picnic facilities and any other equipment, structures or facilities related to the parks and/or landscape areas;

and the proper operation of the public street lights and street lighting system within the public rights-of-way which may include, but is not limited to the furnishing of electric current or other illuminating agent; as needed maintenance, repair, and replacement of worn out electrical components and light fixtures, including bulbs, ballasts, photoelectric cells, meters, electrical cables; repair or replacement of damaged poles, ground wires, and conduits caused by accidents, vandalism, time, and weather; and monitoring of the Underground Service Alert (USA) network to prevent damage by excavation. The Engineer's Report prepared and filed with the City Clerk provides a more detailed description of the improvements and services to be provided and for which properties shall be assessed; and,

SECTION 7. The City Council hereby determines that to provide the improvements described in section 6 of this resolution, it is necessary to levy and collect assessments against lots and parcels within the District commencing in fiscal year 2018/2019. The Engineer's Report referred to in Section 2 of this resolution establishes the proposed maximum assessments for the District including the annual inflationary adjustment to the maximum assessment rates; and the assessments necessary to provide for the annual operation, administration, services and maintenance of the improvements commencing in fiscal year 2018/2019; and,

SECTION 8. Pursuant to California Constitution Article XIID, an assessment ballot proceeding is hereby called on the matter of confirming the proposed new assessments for the District. The ballots and notices so authorized shall be distributed by first class mail to the property owners of record as of the last County equalized roll not less than 45 days prior to the public hearing, and each property owner may return the ballot by mail or in person to the City Clerk not later than the conclusion of the public hearing for this matter; and,

SECTION 9. The City Council hereby authorizes and directs the City Clerk or their designee to prepare and mail notice of the Public Hearing; and in the same or separate mailing, mail the property owner protest ballot(s) to the subject property owner regarding the proposed levy of assessments and the assessment range formula outlined in the Engineer's Report, for return receipt prior to the date and time of the public hearing set forth in this resolution; and,

SECTION 10. The City Council hereby declares its intention to conduct a Public Hearing concerning the District, the improvements, and the levy of assessments and in accordance with Section 22624 (e) and 22625 of the Act, notice is hereby given that on Tuesday, October 10, 2017 at 6.00 P.M., the City Council will hold a Public Hearing for the District and the levy and collection of assessments related thereto commencing in fiscal year 2018/2019, or as soon thereafter as feasible. The Public Hearing will be held in the City Council Chambers, located at 918 Obispo Street, Guadalupe CA 93434, at the time so fixed. At the Public Hearing, all interested persons shall be afforded the opportunity to hear and be heard; and,

SECTION 11. The property owner protest ballot proceeding conducted for the District shall constitute the property owner's approval or rejection of the annual levy of assessments and assessment range formula. The property owner may return the ballot by mail or in person to the City Clerk not later than the conclusion of the Public Hearing on Tuesday October 10, 2017. After the close of the Public Hearing, pursuant to Section 4, Sub-Section 4 (e) of the California Constitution, the City shall tabulate the ballots returned to determine if majority protest exists. The ballots shall be weighted according to the proportional financial obligation

of the affected property. Majority protest exists if, upon the conclusion of the hearing, ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment; and,

Any interested person may file a written protest with the City Clerk prior to the conclusion of the hearing, or having previously filed a protest, may file a written withdrawal of that protest. A written protest shall state all grounds of objection, and protest by a property owner shall contain a description sufficient to identify the property owned by such property owner. At the public hearing, all interested persons shall be afforded the opportunity to hear and be heard; and,

SECTION 12. The City Clerk or their designee is hereby authorized and directed to give notice of such Public Hearing as provided by law.

PASSED, APPROVED AND ADOPTED at a special meeting on the 14th day of August 2017 by the following vote:

Motion:

AYES:

NOES:

ABSENT:

ABSTAIN:

I, Joice Earleen Raguz, City Clerk of the City of Guadalupe DO HEREBY CERTIFY that the foregoing Resolution, being C.C. Resolution No. 2017-47, has been duly signed by the Mayor and attested by the City Clerk, all at a special meeting of the City Council, held August 14, 2017, and that same was approved and adopted.

ATTEST:

Joice Earleen Raguz, City Clerk

John Lizalde, Mayor

APPROVED AS TO FORM:

Philip F. Sinco, City Attorney



CITY OF GUADALUPE
Engineer's Report
Formation of
Pasadera Landscaping and Lighting District

Fiscal Year 2017/2018

Intent Meeting: August 14, 2017
Public Hearing: October 10, 2017

CITY OF GUADALUPE
918 OBISPO STREET
GUADALUPE, CA 93434

AUGUST 2017

PREPARED BY

WILLDAN FINANCIAL SERVICES

27368 Via Industria, Suite 200
Temecula, California 92590
T. 951.587.3500 800.755.6864
F. 951.587.3510 888.326.6864

www.willdan.com/financial



ENGINEER'S ANNEXATION REPORT AFFIDAVIT

**City of Guadalupe
Pasadera Landscaping and Lighting District**

**District Formation
Fiscal Year 2017/2018
Annual Levy of Assessments
Commencing in Fiscal Year 2018/2019**

**City of Guadalupe,
County of Santa Barbara, State of California**

This Report and the enclosed budgets, diagrams, and descriptions presented for the consideration of the Guadalupe City Council, outline the proposed formation of the Pasadera Landscaping and Lighting District for Fiscal Year 2017/2018 and the establishment of annual assessments related thereto commencing in Fiscal Year 2018/2019. Said District includes all lots and parcels of land identified on the Santa Barbara County Assessor's Parcel Maps as the same existed at the time this Report was prepared incorporating: Book 113, Page 01, Parcels 25 and 37; Book 113, Page 08, Parcel 18; Book 113, Page 45, Parcels 01 through 004, and 06 through 10; Book 113, Page 46, Parcels 01 through 57; Book 113, Page 47, Parcels 01 through 61; and Book 113, Page 48, Parcels 01 through 41.

Reference is hereby made to the Santa Barbara County Assessor's Parcel Maps for a detailed description of the lines and dimensions of each parcel within the Pasadera Landscaping and Lighting District including all subsequent subdivisions, lot-line adjustments, or parcel changes therein. The undersigned respectfully submits the enclosed Report as directed by the City Council.

Dated this _____ day of _____, 2017.

Willdan Financial Services
Assessment Engineer
On Behalf of the City of Guadalupe

By: _____

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By: _____

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Introduction

Pursuant to the provisions of the Landscape and Lighting Act of 1972, being Part 2 of Division 15 of the California Streets and Highways Code, commencing with Section 22500 (referred to as the "1972 Act"), and in compliance with the substantive and procedural requirements of Article XIID of the California State Constitution (hereafter referred to as the "California Constitution"), the City Council of the City of Guadalupe, County of Santa Barbara, State of California (hereafter referred to as the "City"), propose to form a special benefit assessment district designated as:

Pasadera Landscaping and Lighting District

(hereafter referred to as the "District"), in order to provide and maintain various landscaping and lighting improvements that provide special benefits to properties within the District which includes all lots and parcels of land within the planned commercial and residential development area identified in the DJ Farms Specific Plan and commonly referred to as the Pasadera development (hereafter referred to as the "Pasadera Development") located on the south side of Main Street near Obispo Street and Flower Avenue.

This Engineer's Report (the "Report") has been prepared pursuant to Chapter 1, Article 4 of the 1972 Act, and presented to the City Council for their consideration and approval of the improvements and services to be provided within the District and the levy and collection of the assessments related thereto to fund the special benefit costs and expenses required to service and maintain designated improvements within the District commencing in Fiscal Year 2018/2019.

Previously on July 13, 2017 the City Council adopted a Resolution of Intention to form the District and to levy assessments commencing in Fiscal Year 2017/2018. As part of that Resolution of Intention the City Council called for a property owner protest ballot proceeding and set the public hearing for August 8, 2017. Subsequent to the City Council's adoption of that resolution and the mailing of the notices and ballots, the developer of the properties within the proposed District ("Developer") approached the City and requested that rather than levying assessments for Fiscal Year 2017/2018 as originally outlined in the Resolution of Intention, the Developer would prefer to fund and maintain the District improvements for Fiscal Year 2017/2018 and postpone the first levy of assessments until Fiscal Year 2018/2019. In response to the Developer's request, the City has determined that for purposes of transparency and the public's best interest, it was appropriate for the City to abandon the previous proceedings to form the District and restart the process with the adoption of a new Resolution of Intention, updated Report, property owner protest ballot proceeding, and public hearing set for October 10, 2017. This Report has been prepared at the direction of the City for the formation of the District and the proposed levy of annual assessments commencing in Fiscal Year 2018/2019. If any section, subsection, sentence, clause, phrase, portion, zone, or subzone of this Report is, for any reason, held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining provisions of the Report and each section, subsection, subdivision, sentence, clause, phrase, portion, zone, or subzone thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases, portions, zones, or subzones might subsequently be declared invalid or unconstitutional.

This Report outlines the District structure, the improvements, and the proposed assessments to be levied in connection with the special benefits the properties within the District will receive from the maintenance and servicing of the District improvements. The annual assessments to be levied on properties within the District will provide a funding source for the continued operation and maintenance of the parks, landscaping and lighting improvements within the District and zones of benefit ("Zones") established herein, which provide special benefits to the properties within the

District and each respective Zone. Each Zone outlined in this Report is a reflection of the various improvements and the types of improvements and services to be provided by the District for the properties that are directly associated with and benefit from those improvements. The net annual cost to provide the improvements for each Zone are allocated to the benefiting properties within that Zone using a weighted method of apportionment (refer to Assessment Methodology in Section II, Method of Apportionment) that calculates the proportional special benefit and assessment for each parcel as compared to other properties that benefit from the District improvements and services.

The estimated cost of the improvements and the proposed annual assessments budgeted and assessed against properties within the District and each respective Zone each fiscal year may include, but are not limited to the estimated expenditures for regular annual maintenance and repairs; incidental expenditures related to the operation and administration of the District; the collection of funds for operational reserves or for periodic maintenance and improvement rehabilitation projects; deficits or surpluses from prior fiscal years; and revenues from other sources as authorized by the 1972 Act. Each parcel is to be assessed proportionately for only those improvements, services and expenses for which the parcel will receive special benefit. After formation of this District, in each subsequent fiscal year, the City shall establish the District's assessments based on an estimate of the costs to maintain, operate and service the improvements for that fiscal year and available revenues including fund balances, general benefit contributions, any additional City contributions, and the assessment limits established herein.

The word "parcel," for the purposes of this Report, refers to an individual property assigned its own Assessor's Parcel Number ("APN") by the Santa Barbara County Assessor's Office. The Santa Barbara County Auditor/Controller uses Assessor's Parcel Numbers and specific Fund Numbers to identify properties to be assessed on the tax roll for the District assessments.

To adequately provide and fund the parks, landscaping and lighting improvements to be constructed and installed in connection with the development of properties in the Pasadera Development, the City Council has determined that it is appropriate and in the public's best interest to form the Pasadera Landscaping and Lighting District, and to levy annual assessments on the County tax rolls for the benefit of properties therein commencing in Fiscal Year 2018/2019 to fund the estimated special benefit improvement costs that are considered necessary to maintain and service the improvements. Furthermore, the improvements to be provided and funded in whole or in part by the District assessments are consistent with the current development plans and specifications for the Pasadera Development and the overall improvements outlined in the DJ Farms Specific Plan which are on file in the Office of Public Works of the City of Guadalupe and by reference these plans and specifications are made part of this Report. The improvements to be provided by the District and the assessments described herein are made pursuant to the 1972 Act and the provisions of the California Constitution and the District shall incorporate each parcel that will receive special benefits from those improvements.

Ballot Proceedings

Pursuant to the provisions of Article XIID, Section 4 of the California Constitution, the City shall conduct a property owner protest ballot proceeding ("Ballot Proceeding") for the proposed levy of new assessments as described in this Report. In conjunction with this Ballot Proceeding, the City Council will conduct a noticed public hearing to consider public testimonies, comments, and written protests regarding the formation of the District and the establishment of the proposed assessments. Upon conclusion of the public hearing, property owner protest ballots received will be opened and tabulated to determine whether majority protest exists as defined in Article XIID of the California Constitution.

"A majority protest exists if, upon the conclusion of the hearing, ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment. In tabulating the ballots, the ballots shall be weighted according to the proportional financial obligation of the affected property."

After completion of the ballot tabulation, the City Council will confirm the results of the balloting. If majority protest exists for the proposed assessments, further proceedings to form the District and implement the new assessments shall be abandoned at this time. If tabulation of the ballots indicate that majority protest does not exist for the proposed assessments and the assessment range formula presented and described herein, the City Council may adopt this Report (as submitted or amended); approve the district diagram(s) contained herein; order the formation of the District; direct the improvements to be made; and confirm and approve the levy and collection of the assessments as outlined in this Report.

The assessment rates and method of apportionment described in this Report, as approved or modified by the City Council, define the initial maximum assessment applicable to the parcels within the District as of Fiscal Year 2017/2018 although the annual assessment will not commence until Fiscal Year 2018/2019. The assessments so authorized, including the assessment range formula shall establish the authorized maximum assessments for subsequent fiscal years including Fiscal Year 2018/2019.

Commencing in fiscal year 2018/2019 and each subsequent fiscal year, an annual engineer's report for the District shall be prepared and presented to the City Council to address any proposed changes to the District including any proposed annexations, changes to the improvements, budgets and assessments for that fiscal year. The City Council shall annually hold a noticed public hearing regarding these matters prior to approving and ordering the levy of assessments for the upcoming fiscal year. The assessments as approved and ordered will be submitted to the Santa Barbara County Auditor/Controller for inclusion on the property tax roll for each affected parcel for that fiscal year. Such assessments shall not exceed the annually adjusted maximum assessments authorized herein unless the proposed new or increased assessment is approved by the property owners in a ballot proceeding.

Report Content

This Report has been prepared in connection with the formation of the Pasadera Landscaping and Lighting District and the levy of assessments commencing in Fiscal Year 2018/2019, pursuant to a resolution of the City Council and consists of five (5) parts:

Part I — Plans and Specifications:

This section provides a general description of the District and the improvements for which parcels are to be assessed. The proposed assessments as outlined in this Report are based on the improvements and appurtenant facilities that will provide a special benefit to the properties within the District and generally consist of local parks, landscaping, lighting, and operational expenses authorized pursuant to the 1972 Act. The plans and specifications contained in this Report generally describe the nature and extent of the improvements. In conjunction with these descriptions of the improvements, an overall visual depiction of the proposed landscaping and lighting improvements is provided on the District Diagrams contained in Part V of this Report. More detailed information regarding the specific plans and specifications associated with the District improvements are on file in the Office of Public Works of the City of Guadalupe and by reference are made part of this Report.

Part II — Method of Apportionment

This section includes a discussion of the general and special benefits associated with the various improvements to be provided within the District (Benefit Analysis), which includes a discussion of the proportional costs of the special benefits and a separation of costs considered to be of general benefit (and therefore not assessed). This section of the Report also outlines the method of calculating each property's proportional special benefit necessary to calculate the annual assessments.

Part III — Estimate of Costs

This section establishes an estimate of the annual costs to operate, maintain, and service the local parks, landscaping, lighting, and appurtenant facilities to be installed in connection with the development of properties within the District at build-out. This budget includes an estimate of the maintenance costs and incidental expenses including, but not limited to: labor, materials, utilities, equipment, and administration expenses as well as the collection of other appropriate funding authorized by the 1972 Act. Those improvements and/or costs determined to be of general benefit shall be funded by a City contribution and are excluded from the amount to be assessed as special benefit. The resulting proposed maximum assessment rates (the "Maximum Assessment Rate Per EBU") identified in this budget establishes the initial maximum assessment rates as of Fiscal Year 2017/2018 and shall be adjusted annually by the Assessment Range Formula also described in this section of the Report. The maximum assessment amount to be balloted for each parcel is calculated based on the initial maximum assessment rate established for each Zone and the Assessment Methodology described in "Part II — Method of Apportionment" of this Report.

Although no assessments are being proposed for Fiscal Year 2017/2018, in accordance with the 1972 Act each fiscal year commencing in Fiscal Year 2018/2019, an estimate of costs to provide the District improvements for the fiscal year shall be prepared and filed with the City Clerk in an Engineer's Report. These annual costs shall be based on the estimated net annual special benefit cost of operating, maintaining, and servicing the improvements for that fiscal year as well as funds to be collected for authorized reserves and/or installments for costs and activities that cannot be

reasonably collected in a single fiscal year's assessments. The resulting assessment rates (the "Assessment Per EBU") identified in the engineer's report and approved annually by the City Council shall establish the proposed assessments to be levied and collected for that fiscal year.

Part IV — District Diagrams

This section of the Report contains diagram(s) showing the boundaries of the District and applicable Zones within the District as of Fiscal Year 2017/2018 which incorporates each of the parcels determined to receive special benefits from the various District improvements proposed. These diagrams also provide a visual depiction of the location and extent of the improvements to be maintained. The lines and dimensions of each lot, parcel, and subdivision of land contained in these diagrams are inclusive of all parcels listed in "Part V – Assessment Roll" of this Report and the corresponding County Assessor's Parcel Maps for said parcels as they existed at the time this Report was prepared and shall include all subsequent subdivisions, lot-line adjustments, or parcel changes therein. Reference is hereby made to the Santa Barbara County Assessor's maps for a detailed description of the lines and dimensions of each lot and parcel of land within the District.

Part V — Assessment Roll

A listing of the parcels within the District and the "Balloted Maximum Assessment" amount for such parcels. The "Balloted Maximum Assessment" for each parcel represents that parcel's maximum assessment amount as of Fiscal Year 2017/2018 and is based on the parcel's calculated proportional special benefit as outlined in "Part II — Method of Apportionment", and calculated assessment rates established by the budgets in "Part III — Estimate of Costs". The assessments to be levied and collected in subsequent fiscal years, commencing in Fiscal Year 2018/2019, shall be based on the improvements and estimated expenses at that time and identified in an annual engineer's report.

Part I — Plans and Specifications

Description of the District

The territory within the District consists of the lots or parcels of land within the planned commercial and residential development area identified in the DJ Farms Specific Plan and commonly referred to as the "Pasadera Development" which is located within the City of Guadalupe on the south side of Main Street near Obispo Street and Flower Avenue. According to the DJ Farms Specific Plan and current Assessor's Parcel Maps, at build-out, the District is anticipated to incorporate eight hundred and three (803) planned single-family residential home sites; approximately twenty-one (21.49) acres of non-residential development (commercial service and commercial neighborhood); a fourteen (14.37) acre school site; and various associated public areas, easements, and rights-of-way that are part of the District improvements or otherwise receive no special benefit from the improvements to be provided. At the time this Report was prepared, the lots and parcels of land within the DJ Farms Specific Plan and the District and are inclusive of the following parcels identified on the Santa Barbara County Assessor's Parcel Maps as:

Book 113, Page 01, Parcels 25 and 37;

Book 113, Page 08, Parcel 18;

Book 113, Page 45, Parcels 01 through 04, and 06 through 10;

Book 113, Page 46, Parcels 01 through 57;

Book 113, Page 47, Parcels 01 through 61; and

Book 113, Page 48, Parcels 01 through 41.

Currently the properties immediately west, south and east of these parcels and the boundaries of this District (excluding any streets or other rights-of-way) are outside the City boundaries.

Description of the District Improvements

As authorized by the 1972 Act, the improvements to be provided by the District and associated with each Zone therein incorporate local street lighting, parks, and various landscaping improvements that are maintained and serviced for the benefit of real property within the District. The various improvements to be maintained by the District have been or will be installed in direct connection with the development of properties for the benefit of those properties and are considered necessary for the development of those properties to their full and best use. The work to be performed within the District may include, but is not limited to (as applicable), the personnel; materials; equipment; electricity; water; contract services; repair and rehabilitation of the improvements; and incidental expenses required to operate the District and provide the improvements and services. The annual assessments to be levied on properties within the District provide a source of funding to support the continued operation and maintenance of these improvements that provide a particular and distinct benefit (special benefit) to those properties. Each parcel shall be assessed proportionately for only those improvements, services, and expenses for which the parcel receives a special benefit. The improvement plans and specifications for the District are on file in the Office of Public Works of the City of Guadalupe and by reference these plans and specifications are made part of this Report. The District improvements generally include but are not limited to:

Landscape Improvements

The landscape improvements to be funded by the District assessments may include, but are not limited to, turf, ground cover, shrubs and plants; areas of natural vegetation; trees; irrigation and drainage systems; masonry walls, retaining walls, or other fencing; monuments; hardscapes; concrete or decomposed granite trail/pathways; and other related appurtenant facilities within the District that have been dedicated to the City for maintenance including but are not limited to:

- designated parkway side-panels adjacent to the streets and properties within the District, including parkways, entryways, and trails;
- various non-street landscaping and/or vegetation management areas including a drainage basin, dedicated Habitat/Open Space areas, a water tank site, and buffer/greenbelt/trail areas along the railroad right-of way; and
- the planned local park sites and/or recreational areas within the District.

The following provides a summary description of the landscape improvements anticipated to be constructed as part of the development of properties within the District and ultimately maintained through the District at build-out. For reference purposes, in conjunction with these descriptions of the improvements a visual depiction of the landscape improvement areas is provided on the diagrams contained in Part V of this Report. At build-out, it is anticipated that the District's landscape improvements will generally include, but is not limited to approximately:

Obispo Street

- 41,785 square feet of irrigated landscape improvements located on both sides of Obispo Street between Buena Vista Road and the railroad rights-of-way; and
- 20,463 square feet of irrigated landscape improvements located on both sides of Obispo Street between the railroad rights-of-way and "C" Street.

Del Mar Drive

- 5,192 square feet of irrigated landscape improvements located on both sides of Del Mar Drive between Obispo Street and Fuente Drive.

Arroyo Seco Road

- 4,720 square feet of irrigated landscape improvements located on the west side of Arroyo Seco Road between Buena Vista Road and Manzanita Street;
- 3,196 square feet of irrigated landscape improvements located on the west side of Arroyo Seco Road between the southern end of the park site (just north of "E1" Street) and the end of Arroyo Seco Road (cul-de-sac); and
- 68,660 square feet of maintained improvements located on the east side of Arroyo Seco Road between Buena Vista Road and the end of Arroyo Seco Road (cul-de-sac). These maintained improvements incorporate 45,702 square feet of irrigated landscaping and 22,958 square feet of trail/pathway improvements.

"B" Street

- 33,627 square feet of irrigated landscape improvements located on the north side of "B" Street between "C" Street and "F10" Street; and

- 60,494 square feet of maintained improvements located on the south side of "B" Street between "C" Street and "F10" Street. These maintained improvements incorporate 40,342 square feet of irrigated landscaping and 20,152 square feet of trail/pathway improvements.

"F10" Street

- 6,813 square feet of maintained improvements located on the east side of "F10" Street from "B" Street up to the end of the cu-de-sac on "F10" Street. These maintained improvements incorporate 4,830 square feet of irrigated landscaping and 1,983 square feet of trail/pathway improvements.

"C" Street

- 8,045 square feet of irrigated landscape improvements located on the east side of "C" Street between Obispo Street and "B" Street; and
- 33,353 square feet of maintained improvements located on the west side of "C" Street between "B" Street and "D5" Street. These maintained improvements incorporate 24,932 square feet of irrigated landscaping and 8,421 square feet of trail/pathway improvements.

Non-Streetscape Areas

- 2,277 square feet of non-streetscape trail/pathway improvements located between the homes on the southwest side of the intersection of "E2" Street and "E3" Street, connecting these streets with the park site near the northeast side of the railroad right-of-way adjacent to the park;
- 22,850 square feet of improvement area (landscape buffer/trail) located on the northeast/east side of the railroad right-of-way behind the homes on the west and southwest side of Las Flores Drive extending from Buena Vista Road south to Obispo Street. It is anticipated that much of this improvement area will be irrigated landscaping, but all or a portion of the area may ultimately be installed with minimal/modified irrigation or no irrigation;
- 15,778 square feet of improvement area (landscape buffer/trail) located on the southwest side of the railroad right-of-way behind the homes on the northeast side of "D1" Street between Obispo Street and the designated well-site located at the northern end of "D1" Street. This square footage includes the estimated 2,147 square feet of paseo (pathway) connecting "D1" Street with the landscape buffer/trail area. It is anticipated that much of this improvement area will be irrigated landscaping, but all or a portion of the area may ultimately be installed with minimal/modified irrigation or no irrigation;
- 39,437 square feet of improvement area (landscape buffer/trail) located on the southwest side of the railroad right-of-way behind the homes on the northeast side of "F1" Street and at the cul-de-sacs of "F9" Street and "F10" Street, between Obispo Street and "F10" Street. This square footage includes the estimated 2,205 square feet of paseo (pathway) connecting "F1" Street and "F2" Street with this landscape buffer/trail area. It is anticipated that much of this improvement area will be irrigated landscaping, but all or a portion of the area may ultimately be installed with minimal/modified irrigation or no irrigation;
- 280,770 square feet of natural/minimal-maintenance landscape improvements (Habitat Area) located on the south/southeast side of Obispo Street between the railroad rights-of-way and "A" Street and between "A" Street and "C" Street;
- 37,244 square feet of natural/minimal-maintenance landscape improvements (open space water tank site) located north of the cul-de-sac on "D1" Street, between the railroad rights-of-way and the western boundary of the District; and

- 67,388 square feet of maintained improvements (open space drainage basin site) located at the northeast corner of the Zone, east of Flower Avenue between Main Street and Buena Vista Road. These maintained improvements incorporate 30,842 square feet of irrigated landscaping and 36,546 square feet of non-irrigated natural/minimal-maintenance landscaped area.

Parks

- 659,633 square feet of park and recreational area improvements located within sixteen planned park sites or recreational areas located throughout the residential development area within the District boundaries. While it is anticipated that much of this improvement area will be irrigated landscaping (mostly turf), this overall square footage also incorporates the non-landscaped areas within the parks including play areas, sports courts, sidewalks and other hardscape areas, but does not include any parking areas associated with these park/recreational areas.

Park Facilities

In addition to the landscape improvements within the park/recreational areas, the improvements and facilities to be funded may include, but are not limited to maintenance and servicing of the sports courts and fields; playground equipment and structures; sidewalks, ornamental or safety lighting; benches, trash receptacles; drinking fountains, picnic facilities and any other equipment, structures or facilities related to the foregoing.

Lighting Improvements

Lighting improvements to be funded by the District assessments may include, but are not limited to, electrical energy, lighting fixtures, poles, meters, conduits, electrical cable and appurtenant facilities associated with the street lights, traffic signals, and lighting within public areas within the District. Maintenance, operation, and servicing of these lighting improvements may include, but is not limited to the furnishing of electric current or other illuminating agent; as needed maintenance, repair, and replacement of worn out electrical components and light fixtures, including bulbs, ballasts, photoelectric cells, meters, electrical cables; repair or replacement of damaged poles, ground wires, and conduits caused by accidents, vandalism, time, and weather; and monitoring of the Underground Service Alert (USA) network to prevent damage by excavation. At build-out, it is anticipated that the District's lighting improvements will generally include, but is not limited to:

- Thirteen (13) street lights located on the south side of Main Street adjacent to the proposed non-residential development area within the District;
- Two (2) street lights on Flower Avenue between Main Street and Buena Vista Road;
- Fourteen (14) street lights on the north side of Buena Vista Road which is between the proposed residential developments and the proposed non-residential development area;
- Five (20) street lights on Obispo Street;
 - Five (5) street lights located between Main Street and Buena Vista Road;
 - Ten (10) street lights located between Buena Vista Road and the railroad right-of-way;
 - Five (5) street lights located between the railroad right-of-way and "C" Street;
- One hundred ninety-four (194) street lights within the planned residential developments;

- The safety/security lights, recreational lights (fields and courts) and/or ornamental lighting associated with the park/recreational areas; and
- Any other public lighting facilities including future traffic signals that may be deemed necessary or desired for the safe ingress or egress to the properties within the District.

Excluded Improvements

Improvements that are not a part of the District improvements include, privately owned street lights and landscaping improvements located on private property and/or areas designated as Homeowner Association or Business Association properties or easements. Such improvements and facilities including street trees shall be provided and maintained by the individual property owners, property management group or association established in connection with the development of properties within the District.

Zones of Benefit

The 1972 Act permits the establishment of assessment districts by agencies for the purpose of providing various landscaping and lighting improvements, including the acquisition, construction, installation, maintenance, and servicing of those improvements and related facilities. In addition, to ensure an appropriate allocation of the estimated costs to provide various improvements based on proportional special benefits, landscaping and lighting districts often times include benefit zones ("Zones") as authorized pursuant to Chapter 1 Article 4, Section 22574 of the 1972 Act:

"The diagram and assessment may classify various areas within an assessment district into different zones where, by reason of variations in the nature, location, and extent of the improvements, the various areas will receive differing degrees of benefit from the improvements. A zone shall consist of all territory which will receive substantially the same degree of benefit from the improvements."

While the California Constitution requires that "The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement or the maintenance and operation expenses of a public improvement..."; it is reasonable to conclude that certain landscaping and/or lighting improvements may benefit most if not all properties within a district, while other improvements may only provide special benefits to specific parcels, developments or portions of the district (particularly in larger districts). In addition, some improvements within a district and/or the costs associated with various public improvements are identified as providing some measure of general benefit and because these general benefit costs cannot be assessed, the cost of those improvements may be proportionately allocated as both special benefits and general benefit.

In accordance with the 1972 Act, it has been determined that it is appropriate and necessary to initially establish two benefit zones (Zones) within this District to be designated as Zone A and Zone B. The boundaries of each Zone are established based on the location, extent and types of improvements or similarities in the types of improvements being maintained through the District assessments as well as the particular and distinct benefits the various developments and properties derive from those improvements based on proximity to those specific improvements and the nexus between the development of the properties that required or facilitated the installation of those improvements. While some improvements may be specifically associated with specific development areas or parcels within the District, many improvements may reasonably be considered shared improvements because the overall development of the properties in the area required or necessitated those improvements. In such cases, the special benefits and cost of providing such improvements are proportionately shared by parcels in each Zone.

The net annual cost to provide the improvements for each Zone are allocated to the benefiting properties within that Zone using a weighted method of apportionment (refer to Assessment Methodology in Section II, Method of Apportionment) that calculates the proportional special benefit and assessment for each parcel as compared to other properties that benefit from the District improvements and services. The following is a brief description and summary of the Zones and improvements associated within each Zone. A visual depiction of the location and extent of the improvements and Zone boundaries are provided on the District Diagrams provided in Part IV of this Report.

Zone A Parcels and Improvements

Zone A Parcels: Comprises that portion of the parcels within District located on the south side of Main Street and north of Buena Vista Road. The properties in this Zone are primarily identified as non-residential properties (Commercial Properties), but the Zone also incorporates the future drainage basin in the northeast corner of the District which is one of the improvement areas to be maintained and shared by parcels in both Zone A and Zone B. At the time this Report was prepared, the parcels in Zone A are identified on the Assessor' Parcel Maps as:

Book 113, Page 45, Parcels 01, 02, and 03 (Planned Non-Residential Development properties); and

Book 113, Page 45, Parcel 10 (Exempt parcel – planned drainage basin).

Zone A Improvements: The parcels within Zone A receive special benefit and are proportionately assessed in whole or in part for improvements that include, but are not limited to the following:

Shared Improvements (proportionately shared by parcels in Zone A and Zone B)

- street lights on Flower Avenue between Main Street and Buena Vista Road;
- street lights on Buena Vista Road adjacent to both Zone A and Zone B;
- street lights on Obispo Street between Main Street and Buena Vista Road; and
- landscaping improvements associated with the drainage basin site located at the northeast corner of the District.

Zone Specific Improvements (proportionately shared by parcels in Zone A only)

- street lights on the south side of Main Street adjacent to Zone A;

Zone B Parcels and Improvements

Zone B Parcels: Comprises that portion of the parcels within District located south of Buena Vista Road. The properties in this Zone are primarily identified as Single Family Residential parcels and Planned Residential Development properties, but also includes a future Public School property as well as the sixteen parks and recreational areas, and the other various landscape improvements to be maintained by the District. At the time this Report was prepared, the parcels in Zone B are identified on the Assessor' Parcel Maps as:

Book 113, Page 01, Parcels 25 and 37 (Exempt parcels - railroad rights-of-way);

Book 113, Page 08, Parcel 18 (Planned Residential Development);

Book 113, Page 45, Parcels 04 and 09 (Planned Residential Development);

Book 113, Page 45, Parcel 07 (Public School);

Book 113, Page 45, Parcels 06 and 08 (Exempt parcels – park/recreational areas);
Book 113, Page 46, Parcels 01 through 55 (Single Family Residential parcels);
Book 113, Page 46, Parcels 56 and 57 (Exempt parcels – park and proposed improvement area);
Book 113, Page 47, Parcels 01 through 21 and 24 through 59 (Single Family Residential parcels);
Book 113, Page 47, Parcels 22 and 23 (Exempt parcels – mapped as residential lots, but converted to a street and designated improvement areas);
Book 113, Page 47, Parcels 60 and 61 (Exempt parcels – park and proposed improvement area);
Book 113, Page 48, Parcels 01 through 40 (Single Family Residential parcels); and
Book 113, Page 48, Parcel 41 (Exempt parcels – proposed improvement area);

Zone B Improvements: The parcels within Zone B receive special benefit and are proportionately assessed in whole or in part for improvements that include, but are not limited to the following:

Shared Improvements (proportionately shared by parcels in Zone B and Zone A)

- street lights on Flower Avenue between Main Street and Buena Vista Road;
- street lights on Buena Vista Road located between Zone A and Zone B;
- street lights on Obispo Street between Main Street and Buena Vista Road; and
- landscaping improvements associated with the drainage basin site located at the northeast corner of the District.

Zone Specific Improvements (proportionately shared by parcels in Zone B only)

- street lights on Obispo Street between Buena Vista Road and "C" Street which is the end of Obispo street, (proportionately shared by parcels in Zone B only); and
- the remaining street lights (194 street lights not identified above) within the planned residential developments;
- landscaping improvements on both sides of Obispo Street between Buena Vista Road and "C" Street;
- landscaping improvements on both sides of Del Mar Drive between Obispo Street and Fuente Drive;
- landscaping improvements on the west side of Arroyo Seco Road between Buena Vista Road and Manzanita Street;
- landscaping improvements on the west side of Arroyo Seco Road between the park site and the end of Arroyo Seco Road (cul-de-sac);
- landscaping and trail improvements on the east side of Arroyo Seco Road between Buena Vista Road and the end of Arroyo Seco Road (cul-de-sac);
- landscaping improvements on the north side of "B" Street between "C" Street and "F10" Street;
- landscaping and trail improvements on the south side of "B" Street between "C" Street and "F10" Street;
- landscaping and trail improvements on the east side of "F10" Street from "B" Street up to the end of the cu-de-sac on "F10" Street;

- landscaping improvements on the east side of "C" Street between Obispo Street and "B" Street; and
- landscaping and trail improvements on the west side of "C" Street between "B" Street and "D5" Street;
- the paseo (pathway and landscaping) located between the homes on the southwest side of the intersection of "E2" Street and "E3" Street, connecting these streets with the park site near the northeast side of the railroad right-of-way adjacent to the park site;
- the landscape buffer/trail on the northeast/east side of the railroad right-of-way extending from Buena Vista Road south to Obispo Street;
- the landscape buffer/trail on the southwest side of the railroad right-of-way between Obispo Street and the designated well-site located at the northern end of "D1" Street and the paseo (pathway and landscaping) connecting "D1" Street with the landscape buffer/trail area;
- the landscape buffer/trail on the southwest side of the railroad right-of-way between Obispo Street and "F10" Street and the paseo (pathway and landscaping) connecting "F1" Street and "F2" Street with the landscape buffer/trail area;
- the Habitat Area on the south/southeast side of Obispo Street between the railroad rights-of-way and "A" Street and between "A" Street and "C" Street;
- the natural/minimal-maintenance landscaping improvements at the water tank site located north of the cul-de-sac on "D1" Street, between the railroad rights-of-way and the western boundary of the District;
- the park/recreational area improvements located within sixteen planned parks and recreational areas located throughout the residential developments within the District boundaries.

Zone B Sub-Zones

At the time this Report was prepared, only a portion of the properties within the District have been fully subdivided and/or developed, and only a portion of the improvements have actually been installed. Therefore, for administrative purposes and to ensure an equitable apportionment of the annual maintenance and operation expenses, the residential development areas within the District identified as Zone B have been initially established and grouped into Sub-Zones to reflect the current and anticipated development of the properties and the installation of improvements within Zone B. For Fiscal Year 2017/2018 the Sub-zones which are illustrated on the District Diagrams provided in Part IV of this Report are generally described in the following:

Sub-Zone B1 incorporates the residential developments that have already been subdivided into Single Family Residential lots and associated improvement areas. For Fiscal Year 2017/2018 this Sub-Zone includes the one hundred fifty-two Single Family Residential parcels and the parks and proposed improvement areas within Tract 26,061. These parcels are identified on the Assessor' Parcel Maps as: Book 113, Page 46, Parcels 01 through 57; Book 113, Page 47, Parcels 01 through 61; and Book 113, Page 48, Parcels 01 through 41.

Sub-Zone B2 incorporates the planned development area generally located south of Buena Vista Road, east of Obispo Street, and northeast of the railroad right-of-way. The properties included in this Sub-Zone are currently identified by the County Assessor's Office as Vacant property and has not been fully subdivided and/or developed. The parcels within this Sub-Zone are currently identified on the Assessor' Parcel Maps as: Book 113, Page 45, Parcel 04 (218 planned residential lots); Book 113, Page 45, Parcel 07 (Public School); Book 113, Page 45, Parcels 06

and 08 (Exempt parcels – park/recreational areas); and Book 113, Page 45, Parcel 09 (104 planned residential lots).

Sub-Zone B3 incorporates the planned residential development area generally located southwest of the railroad right-of-way. The properties included in this Sub-Zone are currently identified by the County Assessor's Office as Vacant property and has not been fully subdivided or developed. The parcels within this Sub-Zone are currently identified on the Assessor' Parcel Maps as: Book 113, Page 01, Parcels 25 and 37 (Exempt parcels - railroad rights-of-way); and Book 113, Page 08, Parcel 18 (329 planned residential lots).

By establishing and utilizing a Zone and Sub-Zone structure, similar properties with similar types of improvements will be assessed a proportional amount for the total annual expenses related to the maintenance, operation and servicing of the improvements provided by the District and for which the properties receive special benefits. The use of Sub-Zones will allow for each development and the parcels therein to be assessed for the improvements provided as development occurs and/or improvements are installed.

For purposes of establishing the maximum assessments for Zone B and the assessment amount balloted for each parcel, the parcels in Sub-Zone B2 and Sub-Zone B3 are assigned a proportional benefit and land use designation that reflects the planned development of that property at build-out (Planned Residential Development, Public School, or Exempt as applicable). For calculating subsequent annual assessments, some or all of the parcels in Sub-Zone B2 and Sub-Zone B3 may be identified as either Undeveloped Residential Property and/or Exempt parcels and will be assessed in accordance with the method of apportionment described in "Part II — Method of Apportionment" of this Report. However, as these parcels are subdivided or developed, and/or as additional improvements for Zone B are accepted for maintenance, at the discretion of the Assessment Engineer and/or City, the affected properties may be reclassified as Sub-Zone B1 parcels and assessed accordingly. It is anticipated that at build-out, each of the parcels currently within Sub-Zone B2 and Sub-Zone B3 will be transitioned into Sub-Zone B1 and the Sub-Zone designations can be eliminated.

Part II — METHOD OF APPORTIONMENT

Legislative Authority and Provisions

1972 Act

The 1972 Act permits the establishment of assessment districts by agencies for the purpose of providing certain public improvements, including the acquisition, construction, installation and servicing of landscaping and lighting improvements and related facilities. The 1972 Act requires that the cost of these improvements be levied according to benefit rather than assessed value:

Section 22573 defines the net amount to be assessed as follows:

“The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements.”

Section 22574 provides for zones as follows:

“The diagram and assessment may classify various areas within an assessment district into different zones where, by reason of variations in the nature, location, and extent of the improvements, the various areas will receive differing degrees of benefit from the improvements. A zone shall consist of all territory which will receive substantially the same degree of benefit from the improvements.”

The formulas used for calculating assessments and the designation of Zones and Sub-Zones as established herein reflect the composition of parcels within the District and the improvements and activities to be provided, and have been designed to fairly apportion the cost of providing those improvements based on a determination of the proportional special benefits to each parcel, consistent with the requirements of the 1972 Act and the provisions of Article XIII D of the California Constitution (Proposition 218).

California Constitution

The costs to operate and maintain the District improvements are identified and allocated to properties within each Zone and/or Sub-Zone within the District based on special benefit. The improvements provided and for which properties are to be assessed are identified as local landscaping and lighting improvements and related amenities that were installed in connection with the development of the properties and/or would otherwise be required for the development of properties within each respective Zone and/or Sub-Zone. The District assessments and method of apportionment is based on the premise that these improvements would otherwise not have been required without the development or planned development of those parcels.

Article XIII D Section 2d defines District as follows:

“District means an area determined by an agency to contain all parcels which will receive a special benefit from a proposed public improvement or property-related service”;

Article XIII D Section 2i defines Special Benefit as follows:

“Special benefit” means a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large. General enhancement of property value does not constitute “special benefit.”

Article XIII D Section 4a defines proportional special benefit assessments as follows:

"An agency which proposes to levy an assessment shall identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed. The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."

Benefit Analysis

The improvements provided by this District and for which properties will be assessed have been identified as necessary, desired and/or required for the orderly development of the properties within the District to their full potential, consistent with the development plans and applicable portions of the City's General Plan.

Special Benefits

The ongoing maintenance of landscaped areas within the District will provide aesthetic benefits to the properties within the District and each respective Zone and/or Sub-Zone therein, and are intended to provide a more pleasant environment to walk, drive, live, and work. The primary function of these improvements and related amenities is to serve as an aesthetically pleasing enhancement and green space for the benefit of the immediately surrounding properties and developments for which the improvements are constructed and installed and/or are facilitated by the development or potential development of properties within the District. These improvements are an integral part of the physical environment associated with the parcels in the District and while some of these improvements may in part be visible to properties outside the District and/or the respective Zones and Sub-Zones, collectively if these improvements are not properly maintained, it is the parcels within the District and/or the respective Zones and Sub-Zones that would be aesthetically burdened. Additionally, the many of the landscape improvements include parks, green spaces, and trails that provide visually pleasing open space areas that serve as an extension of the physical attributes of the parcels assessed, such as their front or rear yards and may also provide a greater opportunity for recreation as well as serving as a physical buffer and/or sound reduction buffer between the roadways and the properties in the District. Thus, the maintenance of these landscaped improvements provides particular and distinct benefits to the properties and developments associated with those improvements.

Likewise, street lighting in the District is primarily useful for illuminating the streets that provide access to the properties in the District as well as the sidewalks and parking lanes associated with those properties. While it is recognized that street lights and traffic signals serve in part to enhance traffic safety, installation and construction of these improvements are for the most part, required by the development of properties within the district and these improvements provide three main special benefits to those properties: (i) property security benefit, (ii) pedestrian safety benefit, and (iii) parkway/roadway access benefit. Furthermore, because traffic circulation in the City is largely the result of local traffic to and from these properties by the property owners and guests, it is reasonable to assume that these properties derive a particular and distinct benefit from the streetlighting that support the safe access to the properties and essentially all pedestrians and parking vehicles in the lit areas will, after dark, be directly associated with the assessed properties. As a result, the maintenance of these lighting improvements is a particular and distinct benefit to the properties and developments within the District and the Zones and Sub-Zones therein.

Collectively these landscaping and lighting improvements and related assessments enhance the security, overall use, presentation and marketability of the properties, and ensure the long-term cost-efficiency of services that is obtained through the City provided maintenance (economy of scale), and the regulatory restrictions on future cost increases.

General Benefit

Landscaping General Benefit

In reviewing the location and extent of the specific landscaped areas and improvements to be funded by District assessments and the proximity and relationship to properties to be assessed, it is evident these improvements have been or will be installed as part of the development of properties within the District or are improvements that would otherwise be shared by and required for development of those properties. Although the District improvements are located on public streets or public areas that are typically visible and/or accessible to the general public, it is evident that the ongoing maintenance of these improvements are only necessary for the appearance and advantage of the properties within the District that are directly associated with those improvements and these improvements (particularly the level of maintenance and servicing) are not required nor necessarily desired by any properties outside the District and/or the respective Zones and/or Sub-Zones associated with those various improvements. It is also evident that the maintenance these improvements and the level of maintenance provided has a direct and particular impact (special benefit) only on those properties in proximity to those improvements and such maintenance beyond that which is required to ensure the safety and protection of the general public and property in general, has limited (if any) indirect or incidental benefit to the public at large or properties outside each respective Zone.

In the absence of a special funding Zone, the City's maintenance of these improvements would for the most part, be limited to tree management, weed abatement, rodent control, and erosion control services for the various landscape areas. This basic or baseline level of service would typically provide for periodic servicing of these areas on an as-needed basis. This baseline level of service would provide for public safety and essential property protection to avoid negative impacts on adjacent roadways and vehicles traveling on those roadways and potential property damage, but results in a far less visually pleasing environment than is created with the enhanced levels of services associated with the regular landscape maintenance that can be provided through the District assessments.

On average, the cost to provide this baseline level of service for the District' planned landscape areas is estimated to be approximately \$0.01150 per square foot (approximately \$500 per acre) which includes a five percent (5%) cost factor for City overhead and administration. This baseline service cost per square foot represents approximately five percent (5%) of the overall cost per square foot for the annual operation and maintenance of the landscape areas.

Other Landscaping General Benefits

In addition to the general benefit identified above, it is recognized that there are indirect or incidental general benefits to properties within the District as well as the general public that are associated with regular landscape maintenance services, including:

- Minimization of dust and debris; and
- Decreased potential water runoff from both properties and the landscaped areas.

Although these types of benefits might best be characterized as indirect consequences of the special benefit of the landscape maintenance provided to parcels served by the District, for the

purposes of calculating proportional benefits, we assume these types of benefits to be general benefits, albeit general benefits that are extremely difficult to quantify. We estimate that the costs associated with these indirect benefits do not exceed one percent (1%) of the annual maintenance expenditures for the landscaping improvements.

The baseline general benefit costs and the indirect/incidental general benefit costs identified above shall be excluded from the special benefit assessment funding and not assessed to the parcels within the District. The total calculated general benefit cost for the landscaping improvements associated with each Zone and/or Sub-Zone is summarized in the table at the end of this section and is also identified in the budgets contained in Part III of this Report.

Lighting General Benefit

In reviewing the location and extent of the specific lighting improvements to be funded by District assessments and the proximity and relationship to properties to be assessed, like the landscaping improvements it is evident these improvements are being installed as a direct result of the development of the properties within the District or are lighting improvements that would otherwise be shared by and required for the development of those properties. It is also evident that the maintenance and servicing of these improvements has a direct and particular impact (special benefit) on those properties in proximity to those street lighting improvements and these street lighting improvements are for the most part, lighting improvements that exceed what would otherwise be required for traffic circulation or to ensure the safety and protection of the general public and property in general.

Because these District lighting improvements are directly associated with the development or anticipated development of the properties within each respective District Zone and clearly provide a special benefit to those properties that is not shared by all properties in the City, it is certainly reasonable to conclude that the maintenance and operation of these improvements is largely if not entirely a special benefit to those properties to be assessed. Based on the special benefits previously identified for street lights, it is apparent that within residential developments (Zone B which is comprised initially as Sub-Zones B1, B2, and B3), the internal residential development street lights are installed solely for the use and benefit those residential properties and there is no quantifiable general benefit to other properties or to the public at large.

In addition to the internal residential street lights within the various developments in Zone B, the properties in Zone B (both the residential parcels and the school site) are accessed from and/or are adjacent to Obispo Street and/or Flower Avenue and Buena Vista Road and the street lights on these secondary/collector streets are collectively and proportionately shared by the properties in Zone B as well as the non-residential properties in Zone A which are adjacent to these streets and associated street lights. Collectively, these secondary/collector street lights represent approximately 15% of the total street lights to be installed within the District. While these secondary/collector lights are clearly the result of the development of properties within the District, it is also reasonable to conclude that these types of streets are often accessed by the general-public (possibly in route to the school or parks) and to some extent the street lighting on these streets may also enhance general nighttime traffic safety and circulation for other properties and the public at large. Based on various traffic circulation studies related data, it is estimated that less than forty percent (40%) of these secondary/collector street lights would be required for similar streets in less concentrated development areas. Therefore, it has been determined that the general benefit related to the overall operation and maintenance of these shared street lights is no more than six percent (6%) of the street light operating costs for these particular street lights. However, to ensure that no parcel is assessed for more than its proportional special benefit for

these shared street lights, the City will contribute for general benefit an amount equal to ten percent (10%) of the budgeted regular annual maintenance expenditures (maintenance and energy costs). These general benefit costs shall be excluded from the special benefit assessment funding and not assessed to the parcels within the District.

In addition to the internal residential street lights and secondary/collector street lights discussed above, the non-residential properties within Zone A will directly benefit from the street lights to be installed on Main Street (a primary/arterial street) adjacent to those properties. Similar to the lights on secondary/collector streets, it is certainly reasonable to recognize that the street lights on this primary/arterial street provides a measure of general benefit to the public and to properties in general resulting from nighttime traffic safety and circulation. The American National Standard Practice for Roadway Lighting and various related traffic and street lighting studies suggest that over ninety percent (90%) of the street lights installed on primary/arterial streets in urban areas are directly the result of property development (both residential and non-residential development). In turn these developments increase traffic circulation and ultimately dictate the type of lighting, spacing and number of lights required and without such development, both the need and quantity of those lights would be dramatically reduced, which is reflected by the very limited lighting that currently exists in this area on Main Street. Therefore, like the secondary/collector street lights associated with this District, it has been determined that the general benefit related to the operation and maintenance of the street lights on Main Street is ten percent (10%) of the regular annual maintenance expenditures (maintenance and energy costs). These general benefit costs shall be excluded from the special benefit assessment funding and not assessed to the parcels within Zone A of the District.

The total calculated general benefit cost for the street lighting improvements associated with each Zone and/or Sub-Zone is summarized in the table below and is also identified in the budgets contained in Part III of this Report.

Utilizing the general benefit service costs outlined above and the improvements proposed at build-out, the following table summarizes the estimated general benefit costs calculated for each Zone and Sub-Zone within District:

Estimated General Benefit for Street Lighting, Landscaping, and Parks

Zone	Street Lighting General Benefit	Landscaping and Parks General Benefit	Total ⁽¹⁾ General Benefit
Zone A	(\$290)	(\$24)	(\$315)
Zone B Sub-Zone B1	(\$108)	(\$3,651)	(\$3,758)
Zone B Sub-Zone B2	(\$237)	(\$8,022)	(\$8,258)
Zone B Sub-Zone B3	(\$233)	(\$7,902)	(\$8,135)
Zone B Zone B Total	(\$577)	(\$19,575)	(\$20,152)
Total General Benefit	(\$868)	(\$19,599)	(\$20,466)

⁽¹⁾ As with most maintenance costs, the General Benefit Costs shown above will be impacted by inflation and in subsequent fiscal years the General Benefit Cost contributions will be adjusted for inflation.

Assessment Methodology

Upon the successful formation of this District, the City proposes to annually levy and collect special benefit assessments commencing in Fiscal Year 2017/2018 to fund the operation, maintenance and servicing of the improvements that provide special benefits to parcels within the District. The estimated annual cost to operate, maintain, and service the improvements at build-out and for Fiscal Year 2017/2018 are identified in the budget section of this Report (Part III of this Report).

To calculate and identify the proportional special benefit received by each parcel and ultimately each parcel's proportionate share of the improvement costs it is necessary to consider not only the improvements and services to be provided, but the relationship each parcel has to those improvements as compared to other parcels in the District

Article XIID Section 4a reads in part:

"...The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement or the maintenance and operation expenses of a public improvement or for the cost of the property related service being provided. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."

Landscaping and lighting improvements like most public improvements, provide varying degrees of benefit (whether they be general or special) based largely on the extent of such improvements, the location of the improvements in relationship to properties associated with those improvements. To establish the proportional special benefit and ultimately the assessment obligation for each parcel, these factors need to be addressed and formulated in the method of apportionment by the use of benefit zones that reflect the extent and location of the improvements in relationship to the properties, as well as the specific use of the property and characteristics that reflects each parcel's proportional special benefit as compared to other properties that benefit from those same improvements.

The method of apportionment (method of assessment) developed for this District is based on the premise that each of the property to be assessed receives a particular and distinct benefit (special benefit) from the improvements, services and facilities to be financed by the District assessments and to assess benefits equitably it is necessary to calculate each property's relative share of the special benefits conferred by the funded improvements and service. The Equivalent Benefit Unit (EBU) method of assessment apportionment is utilized in this District and establishes a basic unit of benefit (base value) and then calculates the benefit derived by each assessed parcel as a multiple (or a fraction) of that basic unit. This EBU method of apportioning special benefits is typically seen as the most appropriate and equitable assessment methodology for districts formed under the 1972 Act, as the benefit to each parcel from the improvements are apportioned as a function of comparable property characteristics. The base value and assessment formula utilized in each Zone may be different, but is established for each Zone to reflect the improvements and properties that benefit from those improvements utilizing property characteristics that may include but is not limited to the type of development (property land use), property's development status, and size of the property (acreage or units).

For the purposes of this Engineer's Report, an EBU is the quantum of benefit derived from the various Zone improvements by a single family residential parcel. The single family residential parcel has been selected as the basic value for calculation of assessments since at build-out this land use will represent over 98% of the parcels in the District and over 70 % of the total acreage developed. Thus, the "benchmark" property (the single family residential parcel) derives one EBU of benefit and is assigned 1.00 Equivalent Benefit Unit.

The following outlines the land use classifications that are associated with or may be associated with the parcels in the District and the proportional Equivalent Benefit Units established for those land use classifications.

Land Use Classifications

Single-Family Residential -- This land use classification is defined as a fully subdivided residential home site with or without a structure. This land use may include, but is not limited to subdivided residential tract lots, condominiums, or other individual residential units or subdivided lots assigned an Assessor's Parcel Number. As previously noted, the single family residential parcel has been selected as the basic value for calculation of assessments and each is assigned 1.00 Equivalent Benefit Unit.

Multi-Family Residential -- This land use classification is defined as properties that are primarily used for residential purposes, but contain more than a single residential unit on the parcel (parcels with more than one dwelling) including apartments, duplexes, or other multi-unit structures. Due in part to the development and population densities associated with these types of dwelling units (reduced unit size compared to the typical density and size of single-family properties), studies have consistently shown that the average apartment unit impacts infrastructure approximately 80% as much as a single-family residence. (Sources: Institute of Transportation Engineers Informational Report Trip Generation, Fifth Edition, 1991; Metcalf and Eddy, Wastewater Engineering Treatment, Disposal, Reuse, Third Edition, 1991). Therefore, it is reasonable to conclude that the proportional special benefit these properties receive from the public improvements funded by the District assessments has a similar proportionality and these parcels shall be assigned a weighted proportional special benefit of 0.80 EBU per unit.

Developed Non-Residential -- This land use is defined as a parcel and/or development (group of parcels) that has been developed primarily with a non-residential use including, but not limited to (both publicly owned and privately owned) commercial retail or service, office or professional service, hotel or motel, manufacturing, warehousing, parking lot, and/or institutional facilities including hospitals or other medical facilities, private schools or education centers, churches or other non-profit organizations. Based on the planned residential development within this District, it has been determined that these planned single-family residential developments will yield approximately five dwelling units per acre of land. The actual residential development density is 5.43 units per acre. Therefore, since the single family residential parcel (the base value for calculation of assessments) is assigned 1.0 Equivalent Benefit Unit it is reasonable and appropriate to assign the developed non-residential properties a weighted special benefit that reflects a similar and proportional development density. Therefore, the EBU assigned to each developed non-residential property is established by multiplying the parcel's applied acreage by 5.0 EBU per acre (e.g. a developed non-residential parcel of 4.25-acres would be assigned 21.25 EBU, $4.25 \text{ acres} \times 5.0 \text{ EBU/acre} = 21.25 \text{ EBU}$).

Public School Property -- This classification includes the parcel currently identified specifically as public school site. On average, approximately 1/3rd (33.33%) of the total school site acreage is developed with structures and parking facilities, which is similar to what is commonly associated with non-residential developments. The remaining parcel acreage (approximately 66.67%) is generally playground areas and/or sports fields which is similar to the District's park improvements. Recognizing the overall development of this parcel as compared to other properties in the District and the improvements in proximity to this property, it has been determined that proportional special benefit EBU calculated for this parcel is accurately reflected by treating that portion of the parcel with structures and parking facilities (1/3rd of the parcel's acreage) similar to the EBU calculated for Developed Non-Residential properties (33.33% of acreage x 5.0 EBU/acre), with the remaining 2/3rd of the parcel's acreage being excluded (treated similar the District' park facility, although this area is not part of the improvements being maintained by the District). Therefore, this 14.37 acre school site parcel shall be assigned 11.98 EBU for balloting purposes to establish the property's maximum assessment and proportional special benefit ($[14.37 \text{ acres} \times 33.33\% = 4.79 \text{ applied acre}] \times 5.00 \text{ EBU/acre} = 11.98 \text{ EBU}$).

However, for calculation of the annual assessments each fiscal year, the Assessment Engineer shall apply to this parcel an EBU that best reflects the property's development status and proportional special benefit from the exiting improvements and/or new improvements to be installed and accepted during the fiscal year. The Assessment Engineer may treat the parcel as a Vacant Undeveloped Property (assigned 1.00 EBU per acre or 4.79 EBU) or any proportional EBU up to the parcel's maximum EBU described above (11.98 EBU).

Planned Residential Development -- This land use classification is defined as a parcel or group of parcels that may currently be identified as vacant undeveloped property, but is zoned for residential use and the number of residential units to be developed on the property has been determined or identified as part of a Tentative Development Plan, Tentative Tract Map or Specific Plan.

For balloting purposes to establish each property's maximum assessment and proportional special benefit, these parcels are assigned an EBU that reflects the total EBU's planned for that parcel at build-out (1.00 EBU per single-family residential lot and 0.80 per multi-family residential unit).

However, for calculation of the annual assessments each fiscal year, the Assessment Engineer shall apply to such parcels an EBU that best reflects that parcel's proportional special benefit from the improvements and services provided as compared to other properties in the District, Zone and Sub-Zone based on the type and location of the improvements to be maintained, the proximity of the property to those improvements, and the development status of the property. Because these factors can vary from year to year and from parcel to parcel, the calculated EBU for each Planned Residential Development parcel may be different utilizing either the acreage of the parcel or number of planned units. The Assessment Engineer may identify the parcel and treat the parcel as a Vacant Undeveloped Property (assigned 1.00 EBU per applied acre, but a maximum of 5.0 EBU) or may temporarily identify the parcels as a Special Case Parcel (refer to this land use classification below) assigning the parcel any proportional EBU up to the maximum EBU for which the property was ballot (1.0 EBU per single-family residential lot and 0.80 per multi-family residential unit).

It is anticipated that development of the properties within the District (specifically in Zone B) and installation of the improvements will be spread out over several years and as such, many of the parcels initially identified in this Report as Planned Residential Development properties will likely be assigned a weighted special benefit per acre applicable to Vacant Undeveloped Property until

the properties are developed or a substantial portion of the Zone or overall District improvements have been installed and accepted for maintenance.

Planned Non-Residential Development -- This land use classification is defined as a parcel or group of parcels that may currently be identified as vacant undeveloped property, but is zoned for a non-residential use including commercial retail or service, office or professional service, hotel or motel, manufacturing, warehousing, parking lot, and/or institutional facilities including hospitals or other medical facilities, private schools or education centers, churches or other non-profit organizations based on a Tentative Development Plan, Tentative Tract Map or Specific Plan.

For balloting purposes to establish each property's maximum assessment and proportional special benefit, these parcels are assigned an EBU that reflects the parcel's anticipated EBU at build-out (5.00 EBU per applied acre as applicable to Developed Non-Residential properties).

However, for calculation of the annual assessments each fiscal year, the Assessment Engineer shall apply to such parcels an EBU that best reflects that parcel's proportional special benefit from the improvements and services provided as compared to other properties in the District and Zone based on the type and location of the improvements to be maintained, the proximity of the property to those improvements, and the development status of the property. Because these factors can vary from year to year and from parcel to parcel, the calculated EBU for each Planned Non-Residential Development parcel may be different. The Assessment Engineer may identify the parcel and treat the parcel as a Vacant Undeveloped Property (assigned 1.00 EBU per applied acre, but a maximum of 5.0 EBU) or may temporarily identify the parcels as a Special Case Parcel (refer to this land use classification below) assigning the parcel any proportional EBU up to the maximum EBU for which the property was ballot (5.00 EBU per applied acre as applicable to Developed Non-Residential properties).

It is anticipated that development of the properties within the District (specifically in Zone A) and installation of the improvements may be spread out over several years, many of the parcels initially identified in this Report as Planned Non-Residential Development properties will likely be assigned a weighted special benefit per acre applicable to Vacant Undeveloped Property until the properties are developed or a substantial portion of the Zone or overall District improvements have been installed and accepted for maintenance.

Vacant Undeveloped Property -- This land use classification includes undeveloped properties that are identified as parcels with no development including residential and non-residential properties, undeveloped school sites, and parcels that may currently be used for agricultural purposes. Although it is recognized that most of the improvements within the various Zones and Sub-Zones of the District will be constructed and accepted for maintenance in large part as properties are developed and these developments will clearly receive a particular and distinct benefit (direct special benefit) from those improvements, it is also recognized that most of the various improvements proposed within the District are considered shared improvements that collectively support the overall development of properties within the District and Zones to their full and best use, including the vacant undeveloped properties. However, it is also recognized that the planned parks and internal (neighborhood) street lights within the District are in large part specifically related to the residential parcels that have an immediate utilization of those improvements and the special benefit costs associated with these parks and neighborhood street lights should be assessed primarily if not entirely to the properties which are actively being developed. Likewise, most of the remaining landscaping and lighting improvements within the District will likely be installed and accepted for maintenance as properties are developed and those developing parcels clearly receive a proportionately greater benefit from those improvements than do the undeveloped properties. Therefore, it has been determined that parcels identified as Vacant Undeveloped Property shall be assigned a proportional EBU that is 20% of

that assigned to developed properties, which is 1.0 EBU per applied acre (20% of the 5.0 EBU per acre assigned to Developed Non-Residential properties), up to a maximum of 5 acres per parcel or 5.0 EBU per parcel. (e.g. a Vacant Undeveloped Property which is 7.00-acres would be assigned 5.00 EBU [5.0 acre maximum x 1.0 EBU/acre]).

Special Case Parcels -- In many landscaping and lighting districts (particularly districts that have a wide range of land uses, phased developments, and/or diversity in the location and type of improvements) there may be one or more parcels to be assessed that the standard land use classifications and proportionality identified above do not accurately identify the use and special benefit received from the improvements. Properties that are typically classified as Special Case Parcels usually involve partial or mixed use development of the property or development restrictions whether those restrictions are temporary or permanent and affect the properties proportional special benefit. Examples of such restrictions may include situations where only a portion of the parcel's total acreage is or can be developed. In such a case, the net acreage of the parcel that is utilized rather than the gross acreage of the parcel may be applied to calculate the parcel's proportional special benefit similar to how the Public School site parcel is treated. Each such parcel shall be addressed on a case-by-case basis by the Assessment Engineer and the EBU assigned to such parcels shall be based on the specific issues related to that parcel and its proportional special benefit compared to other properties that receive special benefits from the improvements.

Exempt Properties -- Within most districts, there are lots or parcels of land that do not receive a special benefit from the improvements provided (exempt from assessment), which may include, but is not limited to public streets and other roadways (typically not assigned an APN by the County); dedicated public easements, public rights-of-way, or utility rights-of-way; common areas, bifurcated lots; sliver parcels or any other parcel that has little or no assessed value and cannot be developed independently; parcels that are part of the improvements being maintained by the District or that the City has determined that the parcel cannot be developed. These types of parcels are considered to receive no special benefit from the improvements and are therefore exempted from assessment and are assigned 0.00 EBU.

A summary of the applied Equivalent Benefit Units (EBUs) for the various land use classifications within the District is shown in the following table:

Assessment Land Use	Equivalent Benefit Unit Formula	
Single Family Residential	1.00	EBU per Unit/Parcel
Multi-Family Residential	0.80	EBU per Unit
Developed Non-Residential	5.00	EBU per Applied Acre
Public School Property	5.00	EBU per Applied Acre
Planned Residential Development	1.00	EBU per Unit
Planned Non-Residential Development	5.00	EBU per Applied Acre
Vacant Undeveloped Property	1.00	EBU per Applied Acre (Maximum of 5 Acres)
Exempt	0.00	EBU per Parcel
Special Case	Varied	EBU per Applied Acre or Units

Equivalent Benefit Unit Summary

The following is a summary of the Equivalent Benefit Units applicable to the various land use classifications identified in each District Zone or Sub-Zone:

Zone A

Assessment Land Use	Total Parcels	Units	Applied Acreage	Equivalent Benefit Units (EBU)
Planned Non-Residential Development	3	-	21.490	107.45
Exempt	1	-	1.770	-
Totals	4	-	23.260	107.45

Sub-Zone B1

Assessment Land Use	Total Parcels	Units	Applied Acreage	Equivalent Benefit Units (EBU)
Single Family Residential	152	152	-	152.00
Exempt	7	-	1.940	-
Totals	159	152	1.940	152.00

Sub-Zone B2

Assessment Land Use	Total Parcels	Units	Applied Acreage	Equivalent Benefit Units (EBU)
Public School Property	1	-	4.790	11.98
Planned Residential Development	322	322	-	322.00
Exempt	2	-	12.910	-
Totals	325	322	17.700	333.98

Sub-Zone B3

Assessment Land Use	Total Parcels	Units	Applied Acreage	Equivalent Benefit Units (EBU)
Planned Residential Development	329	329	-	329.00
Exempt	2	-	9.580	-
Totals	331	329	9.580	329.00

PART III – Estimate of Costs

Calculation of Assessments

An assessment amount per Equivalent Benefit Unit (Assessment per EBU) is calculated by:

Taking the "Total Annual Expenses" (Total budgeted costs) and subtracting the "Total General Benefit Expenses" (Landscaping General Benefit Expenses and/or Lighting General Benefit Expenses), to establish the "Total Special Benefit Expenses";

$$\text{Total Annual Expenses} - \text{General Benefit Expenses} = \text{Special Benefit Expenses}$$

To the resulting "Special Benefit Expenses", various "Funding Adjustments" may be applied that may include, but are not limited to:

- "Reserve Fund Transfer/Deduction", represents an amount of available existing funds from the "Operational Reserve Fund Balances" being applied to pay a portion of the Special Benefit Expenses for the fiscal year.
- "Additional City Funding", represents an adjustment that is typically used to address any funding gap between the amount budgeted to provide the improvements and services ("Special Benefit Expenses"); and the amount that will be collected through the assessments. This funding may be addressed by an additional City contribution or loan from the City which is intended to be recovered in future fiscal years.

These adjustments to the Special Benefit Expenses result in the net special benefit amount to be assessed "Balance to Levy";

$$\text{Special Benefit Expenses} - \text{Funding Adjustments} = \text{Balance to Levy}$$

The amount identified as the "Balance to Levy" is divided by the total number of EBUs of parcels that receive special benefit to establish the Assessment Rate ("Assessment Per EBU"). This Assessment Rate is then applied back to each parcel's individual EBU to calculate the parcel's proportionate special benefit and assessment amount for the improvements.

$$\text{Balance to Levy} / \text{Total EBU} = \text{Assessment Per EBU (Assessment Rate)}$$

$$\text{Assessment Per EBU} \times \text{Parcel EBU} = \text{Parcel Assessment Amount}$$

Note: The maximum assessments outlined in this Report are intended to fully support the expenses identified as "Special Benefit Expenses". Consequently, there are no "Funding Adjustments" reflected in the budgets establishing the maximum assessment rates and the "Balance to Levy" is equal to the total "Special Benefit Expenses".

District Budgets and Assessments

The budgets and assessments outlined on the following pages for the District are based on the City's estimate of the expenses and related funding necessary for the operation, maintenance and servicing of the proposed District improvements at build-out as identified in Part I of this Report for Zone A and Zone B.

The budgets provided herein establishes the initial Maximum Assessment per EBU (Maximum Assessment Rates) for Zone A and Zone B (Sub-Zones B1, B2, and B3) for Fiscal Year 2017/2018 and presented to the property owners of record within the District as part of the Ballot Proceeding. Reference is hereby made to the assessment roll included herein as Part V for the individual maximum assessment amounts balloted for each parcel.

Since the Developer plans to maintain the District improvements for Fiscal Year 2017/2018, no annual assessments are proposed to be levied and collected for Fiscal Year 2017/2018. However, each subsequent fiscal year commencing with Fiscal Year 2018/2019, the City and Assessment Engineer will develop an estimate of the cost to maintain and service the improvements to be accepted for maintenance that fiscal year as well as the reserve funding and incidental expenses associated with the improvements and operation of the District. These budgeted expenses in conjunction with the development of the properties within the District will be utilized to establish the annual assessments (Assessment per EBU) for each Zone and the assessments to be levied and collected on the County tax rolls for that fiscal year. These budgets and assessments will be outlined in an annual engineer's report for the District.

District Budgets Establishing Maximum Assessments

BUDGET ITEMS	Zone A	Zone B Sub-Zone B1	Zone B Sub-Zone B2	Zone B Sub-Zone B3	TOTAL BUDGET Maximum Assessment Fiscal Year 2017/2018
ANNUAL OPERATION & MAINTENANCE EXPENSES					
Annual Lighting Operation & Maintenance Expenses	\$ 2,904	\$ 6,685	\$ 14,688	\$ 14,469	\$ 38,745
Landscape & Park Maintenance	\$ 144	\$ 34,014	\$ 74,737	\$ 73,623	\$ 182,516
Tree Maintenance	7	1,974	4,337	4,272	10,589
Landscape Irrigation (Water, Electricity, Maintenance & Repair)	269	25,723	56,519	55,677	138,189
Appurtenant Improvements or Services	31	927	2,058	2,028	5,103
Annual Landscaping Operation & Maintenance Expenses	499	62,648	137,651	135,600	336,398
TOTAL ANNUAL OPERATION & MAINTENANCE EXPENSES	\$ 3,403	\$ 69,333	\$ 152,338	\$ 150,069	\$ 375,144
REHABILITATION/RENOVATION FUNDING & CAPITAL EXPENDITURES					
Lighting Rehabilitation/Renovation Funding	\$ 290	\$ 668	\$ 1,469	\$ 1,447	\$ 3,875
Landscape Improvement Rehabilitation/Renovation Funding	82	9,908	21,770	21,446	53,207
Planned Capital Expenditures (For Fiscal Year)	-	-	-	-	-
TOTAL REHABILITATION/RENOVATION FUNDING & CAPITAL EXPENDITURES	\$ 373	\$ 10,577	\$ 23,239	\$ 22,893	\$ 57,082
INCIDENTAL EXPENSES					
Operational Reserves (Collection)	\$ 173	\$ 3,808	\$ 8,366	\$ 8,241	\$ 20,588
District Administration Expenses	\$ 467	\$ 10,284	\$ 22,583	\$ 22,217	\$ 55,600
County Administration Fee	3	152	323	329	807
Annual Administration Expenses	470	10,416	22,876	22,546	56,307
TOTAL INCIDENTAL EXPENSES	\$ 643	\$ 14,224	\$ 31,242	\$ 30,787	\$ 76,895
TOTAL ANNUAL EXPENSES	\$ 4,418	\$ 94,133	\$ 206,819	\$ 203,749	\$ 509,120
GENERAL BENEFIT EXPENSES					
Lighting General Benefit — City Funded	\$ (290)	\$ (108)	\$ (237)	\$ (233)	\$ (868)
Landscaping General Benefit — City Funded	(24)	(3,651)	(8,022)	(7,902)	(19,599)
TOTAL GENERAL BENEFIT EXPENSES	\$ (315)	\$ (3,758)	\$ (8,258)	\$ (8,135)	\$ (20,466)
TOTAL SPECIAL BENEFIT EXPENSES	\$ 4,104	\$ 90,375	\$ 198,561	\$ 195,614	\$ 488,654
FUNDING ADJUSTMENTS					
Reserve Fund Transfer/Deduction	\$ -	\$ -	\$ -	\$ -	\$ -
Additional City Funding	-	-	-	-	-
TOTAL FUNDING ADJUSTMENTS / CONTRIBUTIONS	\$ -	\$ -	\$ -	\$ -	\$ -
BALANCE TO LEVY	\$ 4,104	\$ 90,375	\$ 198,561	\$ 195,614	\$ 488,654
DISTRICT STATISTICS					
Total Parcels	4	158	325	331	819
Assessed Parcels	3	152	323	329	807
Equivalent Benefit Units (EBU)	107.45	152.00	333.98	329.00	922.43
Assessment Per EBU	\$38.20	\$594.58	\$594.54	\$594.58	
Balloted Maximum Assessment Rate Per EBU	\$39.00	\$595.00	\$595.00	\$595.00	
Balloted Amount	\$ 4,190.55	\$ 90,440.00	\$ 198,715.13	\$ 195,755.00	\$ 489,100.68
FUND BALANCE					
Estimated Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Operational Reserve & Rehabilitation Funding Collected	546	14,384	31,805	31,134	77,669
Estimated Ending Fund Balance	\$ 546	\$ 14,384	\$ 31,805	\$ 31,134	\$ 77,669

Assessment Range Formula

Any new or increased assessment requires certain noticing and meeting requirements by law. The Brown Act defines the terms "new or increased assessment" to exclude certain conditions. These certain conditions included "any assessment that does not exceed an assessment formula or range of assessments previously adopted by the agency or approved by the voters in the area where the assessment is imposed."

Recognizing that the cost of maintaining the improvements will increase over time due to inflation, the maximum assessments (initial maximum assessment amounts and maximum assessment rates established herein for fiscal year 2017/2018) for Zone A and Zone B, shall include a fixed 3.5% annual inflationary adjustment (Assessment Range Formula). This 3.5% annual adjustment provides for reasonable increases and inflationary adjustment to the initial maximum assessment rates to be approved by the property owners as part of the protest ballot proceeding conducted in connection with the formation of the District.

The adoption of the maximum assessment rates and the Assessment Range Formula described herein does not mean that the annual assessments will necessarily increase each fiscal year nor does it absolutely restrict the assessments to the adjustment maximum assessment amount. Although the maximum assessment rates that may be levied shall be adjusted (inflated) by 3.5% each year, the actual amount to be assessed will be based on the Balance to Levy for that fiscal year. If the calculated assessment is less than the adjusted maximum assessment, then the calculated assessment may be approved by the City Council for collection. If the calculated assessment (based on the proposed budget) is greater than the adjusted maximum assessment for that fiscal year, then the assessment would be considered an increased assessment and would require property owner approval through a protest ballot proceeding before imposing such an increase. Otherwise, it would be necessary to reduce the budget or provide a contribution from the City to reduce the Balance to Levy (amount to be assessed) to an amount that can be supported by an assessment rate less than or equal to the maximum assessment rate authorized for that fiscal year.

The Assessment Range Formula (3.5% annual adjustment) shall be applied to the maximum assessment rates for Zone A and Zone B identified in the District Budgets Establishing Maximum Assessments as presented in this Report, commencing in fiscal year 2018/2019 and all subsequent fiscal years unless the City Council formally suspends its application.

Part IV — District Diagrams

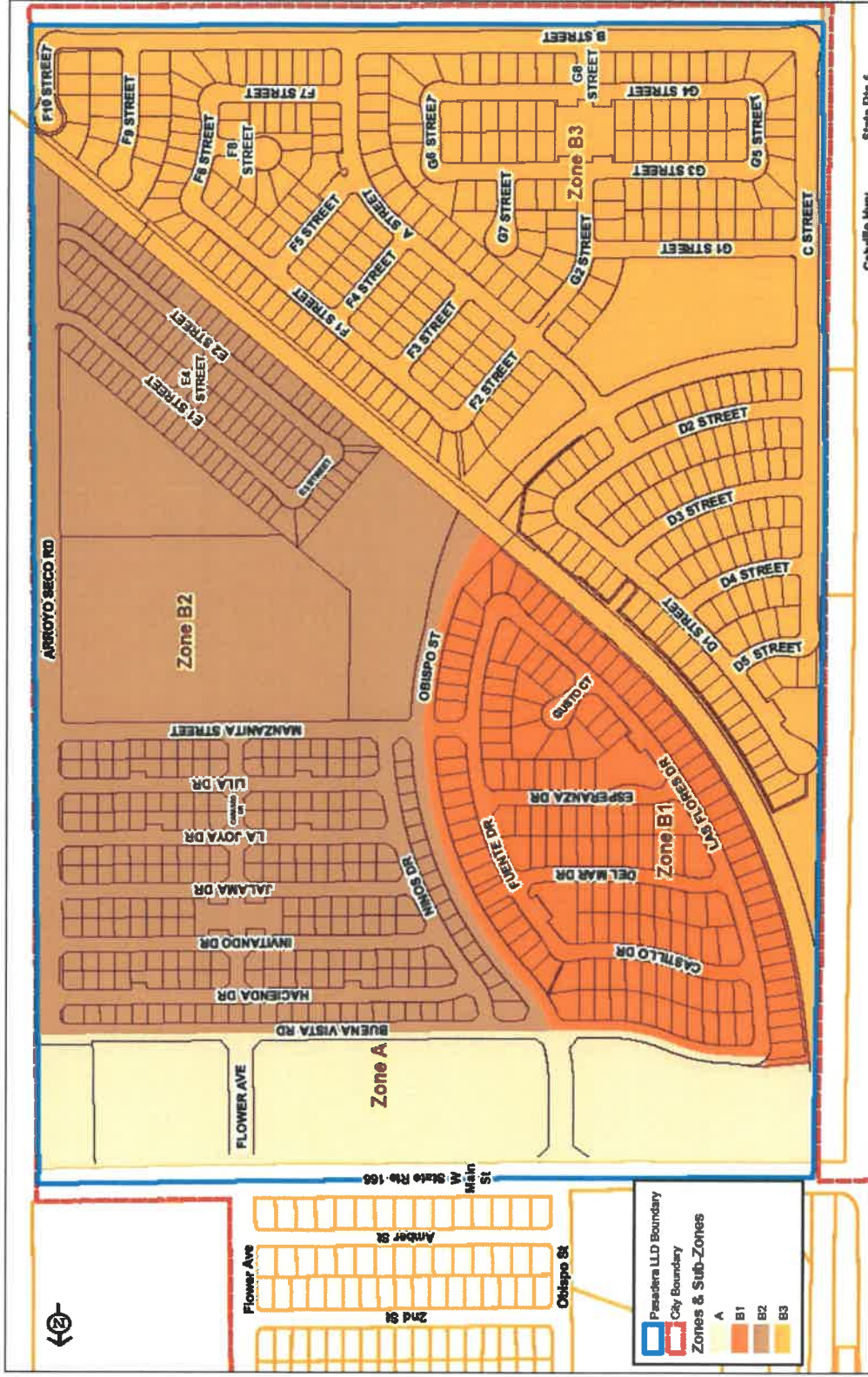
The lots and parcels of land within the Pasadera Landscaping and Lighting District consist of the lots and parcels within the planned commercial and residential development area identified in the DJ Farms Specific Plan and commonly referred to as the Pasadera development located on the south side of Main Street near Obispo Street and Flower Avenue.

The District Diagrams provided on the following pages provides a visual depiction of the boundaries of the District and the applicable Zones and Sub-Zones established therein for Fiscal Year 2017/2018. These diagrams also provide a visual depiction of the location and extent of the improvements to be maintained. The combination of these Diagrams and the Assessment Roll contained in Part V of this Report constitutes the Assessment Diagram for this District and encompasses all the lots, parcels and subdivisions of land that receive or will receive a special benefit from the improvements to be provided in the District at the time this Report was prepared.

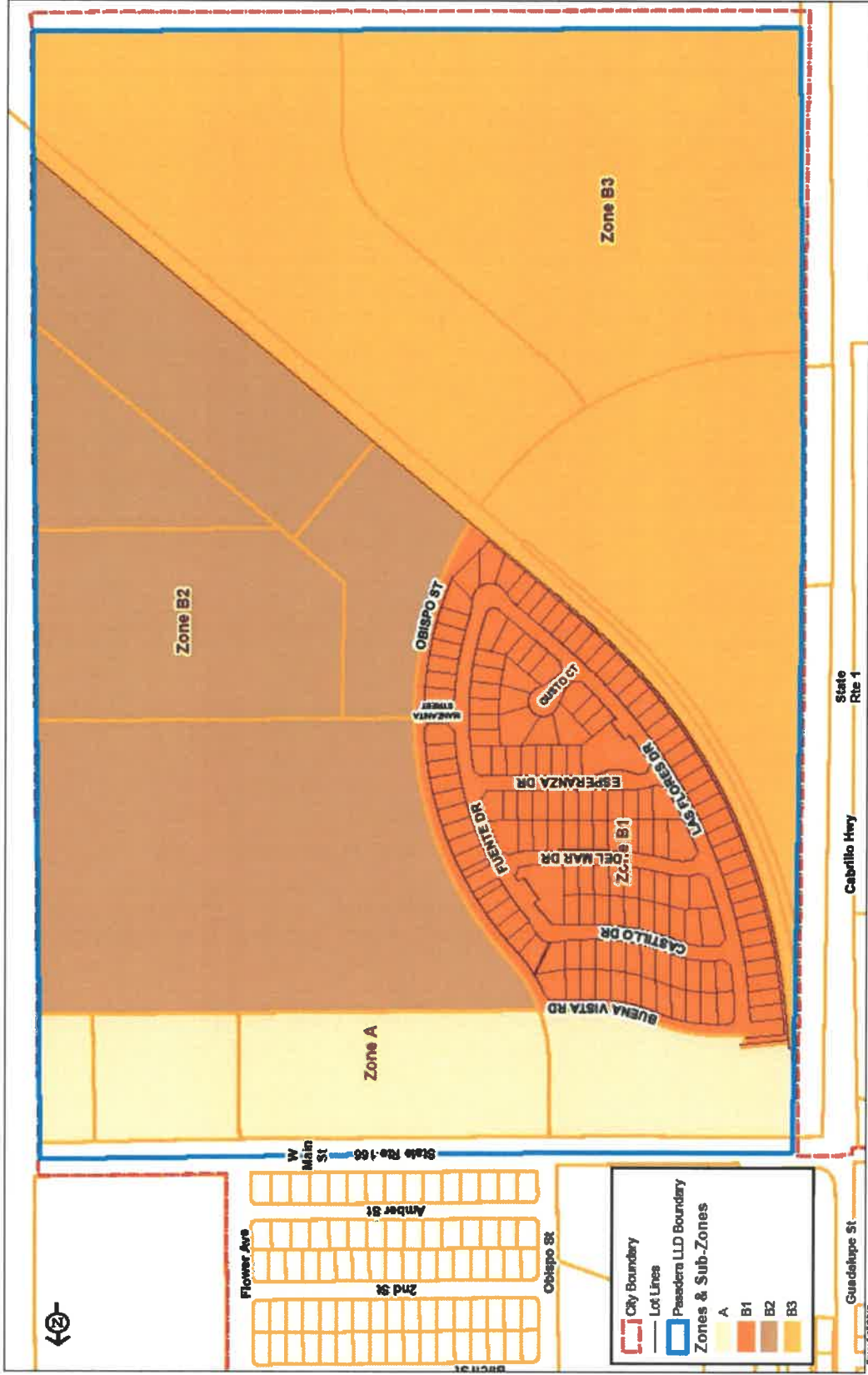
The lines and dimensions of each lot, parcel, and subdivision of land contained in these diagrams are inclusive of the Santa Barbara County Assessor's Parcel Maps as Book 113, Page 01, Parcels 25 and 37; Book 113, Page 08, Parcel 18; Book 113, Page 45, Parcels 01 through 04, and 06 through 10; Book 113, Page 46, Parcels 01 through 57; Book 113, Page 47, Parcels 01 through 61; and Book 113, Page 48, Parcels 01 through 41 as listed in "Part V – Assessment Roll" of this Report as they existed at the time this Report was prepared and shall include all subsequent subdivisions, lot-line adjustments, or parcel changes therein.

Reference is hereby made to the Santa Barbara County Assessor's Parcel Maps for a detailed description of the lines and dimensions of each parcel within the Pasadera Landscaping and Lighting District including all subsequent subdivisions, lot-line adjustments, or parcel changes therein.

District Boundary Diagram - Planned Development



District Boundary Diagram – Current Parcels



District Diagram – Planned Improvements and Development



PART V — Assessment Roll

Parcel identification for each lot or parcel within the District represent the parcels as shown on the Santa Barbara County Secured Roll and reflective of the Assessor's Parcel Maps at the time this Report was prepared and shall incorporate all subsequent parcel changes, lot-line adjustments, and subdivisions of land identified by the Santa Barbara County Assessor's Office. A listing of the lots and parcels to be assessed within the District along with the maximum assessment amount (Balloted Maximum Assessment) is provided below.

Assessor's Parcel Number	Zone or Sub-Zone	Land Use	Balloted EBU	Balloted Maximum Assessment
113-010-025	B3	Exempt	0.00	\$0.00
113-010-037	B3	Exempt	0.00	\$0.00
113-080-018	B3	Planned Residential Development	329.00	\$195,755.00
113-450-001	A	Planned Non-Residential Development	34.60	\$1,349.40
113-450-002	A	Planned Non-Residential Development	49.65	\$1,936.35
113-450-003	A	Planned Non-Residential Development	23.20	\$904.80
113-450-004	B2	Planned Residential Development	218.00	\$129,710.00
113-450-006	B2	Exempt	0.00	\$0.00
113-450-007	B2	Public School Property	11.98	\$7,125.13
113-450-008	B2	Exempt	0.00	\$0.00
113-450-009	B2	Planned Residential Development	104.00	\$61,880.00
113-450-010	A	Exempt	0.00	\$0.00
113-460-001	B1	Single Family Residential	1.00	\$595.00
113-460-002	B1	Single Family Residential	1.00	\$595.00
113-460-003	B1	Single Family Residential	1.00	\$595.00
113-460-004	B1	Single Family Residential	1.00	\$595.00
113-460-005	B1	Single Family Residential	1.00	\$595.00
113-460-006	B1	Single Family Residential	1.00	\$595.00
113-460-007	B1	Single Family Residential	1.00	\$595.00
113-460-008	B1	Single Family Residential	1.00	\$595.00
113-460-009	B1	Single Family Residential	1.00	\$595.00
113-460-010	B1	Single Family Residential	1.00	\$595.00
113-460-011	B1	Single Family Residential	1.00	\$595.00
113-460-012	B1	Single Family Residential	1.00	\$595.00
113-460-013	B1	Single Family Residential	1.00	\$595.00
113-460-014	B1	Single Family Residential	1.00	\$595.00
113-460-015	B1	Single Family Residential	1.00	\$595.00
113-460-016	B1	Single Family Residential	1.00	\$595.00
113-460-017	B1	Single Family Residential	1.00	\$595.00

Assessor's Parcel Number	Zone or Sub-Zone	Land Use	Balloted EBU	Balloted Maximum Assessment
113-460-018	B1	Single Family Residential	1.00	\$595.00
113-460-019	B1	Single Family Residential	1.00	\$595.00
113-460-020	B1	Single Family Residential	1.00	\$595.00
113-460-021	B1	Single Family Residential	1.00	\$595.00
113-460-022	B1	Single Family Residential	1.00	\$595.00
113-460-023	B1	Single Family Residential	1.00	\$595.00
113-460-024	B1	Single Family Residential	1.00	\$595.00
113-460-025	B1	Single Family Residential	1.00	\$595.00
113-460-026	B1	Single Family Residential	1.00	\$595.00
113-460-027	B1	Single Family Residential	1.00	\$595.00
113-460-028	B1	Single Family Residential	1.00	\$595.00
113-460-029	B1	Single Family Residential	1.00	\$595.00
113-460-030	B1	Single Family Residential	1.00	\$595.00
113-460-031	B1	Single Family Residential	1.00	\$595.00
113-460-032	B1	Single Family Residential	1.00	\$595.00
113-460-033	B1	Single Family Residential	1.00	\$595.00
113-460-034	B1	Single Family Residential	1.00	\$595.00
113-460-035	B1	Single Family Residential	1.00	\$595.00
113-460-036	B1	Single Family Residential	1.00	\$595.00
113-460-037	B1	Single Family Residential	1.00	\$595.00
113-460-038	B1	Single Family Residential	1.00	\$595.00
113-460-039	B1	Single Family Residential	1.00	\$595.00
113-460-040	B1	Single Family Residential	1.00	\$595.00
113-460-041	B1	Single Family Residential	1.00	\$595.00
113-460-042	B1	Single Family Residential	1.00	\$595.00
113-460-043	B1	Single Family Residential	1.00	\$595.00
113-460-044	B1	Single Family Residential	1.00	\$595.00
113-460-045	B1	Single Family Residential	1.00	\$595.00
113-460-046	B1	Single Family Residential	1.00	\$595.00
113-460-047	B1	Single Family Residential	1.00	\$595.00
113-460-048	B1	Single Family Residential	1.00	\$595.00
113-460-049	B1	Single Family Residential	1.00	\$595.00
113-460-050	B1	Single Family Residential	1.00	\$595.00
113-460-051	B1	Single Family Residential	1.00	\$595.00
113-460-052	B1	Single Family Residential	1.00	\$595.00
113-460-053	B1	Single Family Residential	1.00	\$595.00
113-460-054	B1	Single Family Residential	1.00	\$595.00

Assessor's Parcel Number	Zone or Sub-Zone	Land Use	Balloted EBU	Balloted Maximum Assessment
113-460-055	B1	Single Family Residential	1.00	\$595.00
113-460-056	B1	Exempt	0.00	\$0.00
113-460-057	B1	Exempt	0.00	\$0.00
113-470-001	B1	Single Family Residential	1.00	\$595.00
113-470-002	B1	Single Family Residential	1.00	\$595.00
113-470-003	B1	Single Family Residential	1.00	\$595.00
113-470-004	B1	Single Family Residential	1.00	\$595.00
113-470-005	B1	Single Family Residential	1.00	\$595.00
113-470-006	B1	Single Family Residential	1.00	\$595.00
113-470-007	B1	Single Family Residential	1.00	\$595.00
113-470-008	B1	Single Family Residential	1.00	\$595.00
113-470-009	B1	Single Family Residential	1.00	\$595.00
113-470-010	B1	Single Family Residential	1.00	\$595.00
113-470-011	B1	Single Family Residential	1.00	\$595.00
113-470-012	B1	Single Family Residential	1.00	\$595.00
113-470-013	B1	Single Family Residential	1.00	\$595.00
113-470-014	B1	Single Family Residential	1.00	\$595.00
113-470-015	B1	Single Family Residential	1.00	\$595.00
113-470-016	B1	Single Family Residential	1.00	\$595.00
113-470-017	B1	Single Family Residential	1.00	\$595.00
113-470-018	B1	Single Family Residential	1.00	\$595.00
113-470-019	B1	Single Family Residential	1.00	\$595.00
113-470-020	B1	Single Family Residential	1.00	\$595.00
113-470-021	B1	Single Family Residential	1.00	\$595.00
113-470-022	B1	Exempt	0.00	\$0.00
113-470-023	B1	Exempt	0.00	\$0.00
113-470-024	B1	Single Family Residential	1.00	\$595.00
113-470-025	B1	Single Family Residential	1.00	\$595.00
113-470-026	B1	Single Family Residential	1.00	\$595.00
113-470-027	B1	Single Family Residential	1.00	\$595.00
113-470-028	B1	Single Family Residential	1.00	\$595.00
113-470-029	B1	Single Family Residential	1.00	\$595.00
113-470-030	B1	Single Family Residential	1.00	\$595.00
113-470-031	B1	Single Family Residential	1.00	\$595.00
113-470-032	B1	Single Family Residential	1.00	\$595.00
113-470-033	B1	Single Family Residential	1.00	\$595.00
113-470-034	B1	Single Family Residential	1.00	\$595.00

Assessor's Parcel Number	Zone or Sub-Zone	Land Use	Balloted EBU	Balloted Maximum Assessment
113-470-035	B1	Single Family Residential	1.00	\$595.00
113-470-036	B1	Single Family Residential	1.00	\$595.00
113-470-037	B1	Single Family Residential	1.00	\$595.00
113-470-038	B1	Single Family Residential	1.00	\$595.00
113-470-039	B1	Single Family Residential	1.00	\$595.00
113-470-040	B1	Single Family Residential	1.00	\$595.00
113-470-041	B1	Single Family Residential	1.00	\$595.00
113-470-042	B1	Single Family Residential	1.00	\$595.00
113-470-043	B1	Single Family Residential	1.00	\$595.00
113-470-044	B1	Single Family Residential	1.00	\$595.00
113-470-045	B1	Single Family Residential	1.00	\$595.00
113-470-046	B1	Single Family Residential	1.00	\$595.00
113-470-047	B1	Single Family Residential	1.00	\$595.00
113-470-048	B1	Single Family Residential	1.00	\$595.00
113-470-049	B1	Single Family Residential	1.00	\$595.00
113-470-050	B1	Single Family Residential	1.00	\$595.00
113-470-051	B1	Single Family Residential	1.00	\$595.00
113-470-052	B1	Single Family Residential	1.00	\$595.00
113-470-053	B1	Single Family Residential	1.00	\$595.00
113-470-054	B1	Single Family Residential	1.00	\$595.00
113-470-055	B1	Single Family Residential	1.00	\$595.00
113-470-056	B1	Single Family Residential	1.00	\$595.00
113-470-057	B1	Single Family Residential	1.00	\$595.00
113-470-058	B1	Single Family Residential	1.00	\$595.00
113-470-059	B1	Single Family Residential	1.00	\$595.00
113-470-060	B1	Exempt	0.00	\$0.00
113-470-061	B1	Exempt	0.00	\$0.00
113-480-001	B1	Single Family Residential	1.00	\$595.00
113-480-002	B1	Single Family Residential	1.00	\$595.00
113-480-003	B1	Single Family Residential	1.00	\$595.00
113-480-004	B1	Single Family Residential	1.00	\$595.00
113-480-005	B1	Single Family Residential	1.00	\$595.00
113-480-006	B1	Single Family Residential	1.00	\$595.00
113-480-007	B1	Single Family Residential	1.00	\$595.00
113-480-008	B1	Single Family Residential	1.00	\$595.00
113-480-009	B1	Single Family Residential	1.00	\$595.00
113-480-010	B1	Single Family Residential	1.00	\$595.00

Assessor's Parcel Number	Zone or Sub-Zone	Land Use	Balloted EBU	Balloted Maximum Assessment
113-480-011	B1	Single Family Residential	1.00	\$595.00
113-480-012	B1	Single Family Residential	1.00	\$595.00
113-480-013	B1	Single Family Residential	1.00	\$595.00
113-480-014	B1	Single Family Residential	1.00	\$595.00
113-480-015	B1	Single Family Residential	1.00	\$595.00
113-480-016	B1	Single Family Residential	1.00	\$595.00
113-480-017	B1	Single Family Residential	1.00	\$595.00
113-480-018	B1	Single Family Residential	1.00	\$595.00
113-480-019	B1	Single Family Residential	1.00	\$595.00
113-480-020	B1	Single Family Residential	1.00	\$595.00
113-480-021	B1	Single Family Residential	1.00	\$595.00
113-480-022	B1	Single Family Residential	1.00	\$595.00
113-480-023	B1	Single Family Residential	1.00	\$595.00
113-480-024	B1	Single Family Residential	1.00	\$595.00
113-480-025	B1	Single Family Residential	1.00	\$595.00
113-480-026	B1	Single Family Residential	1.00	\$595.00
113-480-027	B1	Single Family Residential	1.00	\$595.00
113-480-028	B1	Single Family Residential	1.00	\$595.00
113-480-029	B1	Single Family Residential	1.00	\$595.00
113-480-030	B1	Single Family Residential	1.00	\$595.00
113-480-031	B1	Single Family Residential	1.00	\$595.00
113-480-032	B1	Single Family Residential	1.00	\$595.00
113-480-033	B1	Single Family Residential	1.00	\$595.00
113-480-034	B1	Single Family Residential	1.00	\$595.00
113-480-035	B1	Single Family Residential	1.00	\$595.00
113-480-036	B1	Single Family Residential	1.00	\$595.00
113-480-037	B1	Single Family Residential	1.00	\$595.00
113-480-038	B1	Single Family Residential	1.00	\$595.00
113-480-039	B1	Single Family Residential	1.00	\$595.00
113-480-040	B1	Single Family Residential	1.00	\$595.00
113-480-041	B1	Exempt	0.00	\$0.00
Totals			922.43	\$489,100.68

**REPORT TO THE SUCCESSOR AGENCY OF THE GUADALUPE
REDEVELOPMENT AGENCY
Agenda of August 14, 2017**

N/S
Prepared by:
James M. Casso
Successor Agency Special Counsel

SUBJECT:

Consideration of Successor Agency Resolution No. 2017-02 Approving the Professional Service Agreements for the Financing Team Members in Connection with the Refunding of the 2003 Guadalupe Community Redevelopment Agency Tax Allocation Bonds and Authorizing the Preparation of the Necessary Documents for the Issuance of Bonds to Refinance the 2003 Series Bonds.

RECOMMENDATION:

Staff recommends that the Successor Agency consider and approve SA Resolution No. 2017-02, appointing the Financing Team of (a) Norton Rose Fulbright US LLP to provide Bond Counsel and Disclosure Counsel services; (b) Stifel, Nicolaus & Company, Inc., as Underwriter; and (c) Urban Futures, Inc., as Financial Advisor for the Refunding of the Series 2003 Guadalupe Community Redevelopment Agency Tax Allocation Bonds, authorize the Executive Director to execute the agreements with these financing team members on behalf of the Successor Agency and authorize the preparation of the necessary documents for the issuance of bonds to refinance the 2003 Series Bonds.

BACKGROUND:

In 2003, the Guadalupe Community Redevelopment Agency (the "Agency") issued Tax Allocation Refunding Bonds ("TABS") totaling \$6,455,000. The proceeds of the 2003 Bonds were to be used to fund certain redevelopment activities in the Agency's Project Area, refund the Agency's 1997 TABS, fund the reserve for the 2003 Bonds and pay for the cost of issuance associated with the 2003 Bonds. The proceeds from the 2003 Bonds were used as intended, helping to seismically retrofit properties in the Agency's project area and for other redevelopment purposes.

California Health & Safety Code Section 34177.5(a) authorizes successor agencies to refund outstanding bonds provided that the total refunding principal and interest does not exceed the total principal and interest of the bonds being refunded and the principal amount of the refunding bonds does not exceed the amount needed to defease the refunded bonds, establish customary debt service reserves and pay related costs of issuance.

Agency staff has determined that the refunding of the 2003 Bonds, based on current market conditions and interest rates, as of August 1, 2017, for a public offering generates an estimated total debt service saving of approximately \$38,700 per year. The Bonds become due and payable in 2035.

All costs of issuance for the proposed 2017 Bonds will be paid from bond proceeds and the repayment source for the 2017 Bonds will be limited to the tax increment revenues generated in the redevelopment project area which are deposited in the Successor Agency's Redevelopment Property Tax Trust Fund ("RPTTF"). The proposed bonds will not be a debt of the City of Guadalupe. The professional costs of issuance ("COI") fees are estimated to be approximately \$150,000.00 to cover services provided by the bond and disclosure counsel, financial advisor, verification agent, trustee, rating agency, bond issuer charges as well as staff time and expenses. A separate underwriting discount will be charged by the Underwriter, estimated at \$71,700.00. All costs associated with the refunding are not paid with general fund monies. All parties involved in the refunding effort are paid on a contingency basis, with the exception of the rating agency.

FISCAL IMPACT:

The proposed refunding of the 2003 Bonds will result in a gross cash flow savings of approximately \$696,000.00, which represents a net present value savings of approximately \$71,800.00.

RESOLUTION NO. 2017-02

RESOLUTION OF THE SUCCESSOR AGENCY TO GUADALUPE COMMUNITY REDEVELOPMENT AGENCY AUTHORIZING STAFF AND CONSULTANTS TO PREPARE NECESSARY DOCUMENTATION FOR THE ISSUANCE OF BONDS TO REFINANCE OUTSTANDING GUADALUPE COMMUNITY REDEVELOPMENT AGENCY GUADALUPE TAX ALLOCATION REFUNDING BONDS, SERIES 2003; AND APPROVING FINANCING TEAM MEMBERS IN CONNECTION THEREWITH

WHEREAS, the Guadalupe Community Redevelopment Agency (the “Predecessor Agency”) was a public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers under and pursuant to the provisions of the Community Redevelopment Law (Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California) (the “Health and Safety Code”), and the powers of the Predecessor Agency included the power to issue bonds for any of its corporate purposes; and

WHEREAS, the Successor Agency to Guadalupe Community Redevelopment Agency (the “Successor Agency”) desires to issue bonds on a taxable basis (the “Bonds”) for the purpose of refunding all or a portion of the Guadalupe Community Redevelopment Agency Tax Allocation Refunding Bonds, Series 2003 (the “Prior Bonds”); and

WHEREAS, the Board of the Successor Agency (the “Board”) desires to approve certain members of the financing team in connection with the proposed issuance of the Bonds;

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

Section 1. Approval of Recitals. The Board hereby finds and determines that the foregoing recitals are true and correct.

Section 2. Authorization to Prepare Documents. The Board hereby authorizes the Successor Agency staff and Bond and Disclosure Counsel to prepare necessary documentation for review and approval by the Successor Agency for the refunding of the Prior Bonds.

Section 3. Approval of Certain Financing Team Members. The Board hereby approves the appointment of (a) Norton Rose Fulbright US LLP, to provide Bond Counsel and Disclosure Counsel services in connection with the Bonds, (b) Stifel, Nicolaus & Company, Incorporated, as Underwriter or Placement Agent in connection with the Bonds, (c) Urban Futures, Inc., as Municipal Advisor in connection with the Bonds. The Executive Director is hereby authorized and directed to execute services agreements with these financing team members.

Section 4. Severability. The provisions of this Resolution are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.

Section 5. Effective Date. This Resolution shall become effective immediately upon adoption.

Section 6. Certification. The Secretary shall certify to the adoption of this Resolution.

PASSED, APPROVED AND ADOPTED this 14th day of August 2017.

John Lizalde, Guadalupe Successor Agency Chair

I, Joice Earleen Raguz, Clerk of the Successor Agency to Guadalupe Redevelopment Agency do hereby certify that the foregoing resolution was duly adopted by the Board of Directors of the Successor Agency to Guadalupe Redevelopment Agency at a regular meeting thereof held on August 14, 2017 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

Joice Earleen Raguz, Clerk

The logo for Norton Rose Fulbright, featuring a stylized 'N' above the firm name.

July 19, 2017

Norton Rose Fulbright US LLP
555 South Flower Street
Forty-First Floor
Los Angeles, California 90071
United States

Mrs. Cruz Ramos
City Manager
City of Guadalupe
918 Obispo Street
Guadalupe, California 93434

Don Hunt
Partner
Direct line +1 213 892 9316
don.hunt@nortonrosefulbright.com

Tel +1 213 892 9200
Fax +1 213 892 9494
nortonrosefulbright.com

Dear Mrs. Ramos:

We are pleased to provide a proposal to serve as Bond and Disclosure Counsel to the Successor Agency of the Dissolved Community Redevelopment Agency of the City of Guadalupe (the "Successor Agency") in connection with the issuance of refunding tax allocation bonds.

As Bond Counsel, Fulbright will assist in developing the legal structure of the financing and provide customary Bond Counsel services necessary to enable the Successor Agency to authorize, issue, sell and deliver bonds or other obligations under existing laws, as more fully set forth below. In addition, we would make our offices available to the Successor Agency for the purpose of conducting meetings with regard to the documents relating to an offering of bonds, notes or other obligations, and for pre-closings and closings of any transactions.

To the extent necessary, we will undertake statutory, decisional and constitutional law research inquiries as to the validity and legal authority of any method of financing chosen by the Successor Agency. We will prepare, where necessary, the various resolutions, ordinances, trust indentures, and related documentation required for each transaction. Where necessary, the Firm will prepare or review agreements for any credit support facility, insurance, escrow deposit, trustee, paying agent or registrar, and we would discuss and comment upon such agreements with City staff and the financial advisors engaged by the Successor Agency in connection therewith. The Firm will also be available to discuss and comment upon any aspect of the transaction related to its role as Bond Counsel, including any issues concerning the rating agencies or any other participant to the transaction. We will prepare or review all documents of the Successor Agency and City necessary for the closing and delivery of the Bonds, notes or other obligations to the purchasers. The Firm will also prepare or review the various closing certificates and opinions required of trustees, accountants, and other interested parties.

As Disclosure Counsel, we will draft the preliminary official statement, the final official statement, private placement memorandum, or other disclosure document to be used in connection with the offering of the bonds or other obligations, including the summaries of the basic financing documents for inclusion therein. We will also draft the Continuing Disclosure Agreement. We will render an opinion as to the adequacy of the disclosure document.

Mrs. Cruz Ramos
July 19, 2017
Page 2

^NORTON ROSE FULBRIGHT

Subject to completion of all legal proceedings and issuance of the bonds to our satisfaction, Norton Rose Fulbright US LLP will issue its approving legal opinion with respect to the authorization, sale and delivery of the bonds or other obligations and, if applicable, the exclusion of the interest on the bonds or other obligations from gross income for Federal and State income tax purposes. We will issue appropriate supplemental opinions and certificates as may be necessary or appropriate.

Our fees for services as Bond Counsel for refunding the tax allocation bond issue of the Successor Agency Successor Agency will be \$36,000.

Our fees as Disclosure Counsel, including preparation of the Preliminary Official Statement, the Official Statement, the Continuing Disclosure Agreement and the Bond Purchase Agreement will be \$26,000. If no offering document is required by the Purchaser of the Bonds, no Disclosure Counsel fee will be payable.

Such fees are entirely contingent on the successful delivery of the bonds or other obligations. In the event the bonds or other obligations are not sold and delivered, neither the City nor the Successor Agency shall not be liable for any legal services provided or costs incurred by the Firm.

The provisions herein for payment of fees on a fixed fee basis pertain to the ordinary and customary services rendered in connection with transactions of type described herein. Services performed which are occasioned by unforeseen delays, litigation, adverse litigation, validation actions (other than as previously approved), the need to obtain federal tax rulings, the use of derivative products or investment agreements, or other similar matters are to be billed at regular hourly rates.

The Successor Agency shall also pay \$1,600.00 to Fulbright as reimbursement for Fulbright's out-of-pocket expenses incurred in connection with preparation of transcripts and legal services rendered by Fulbright with respect to the financings under this Agreement.

Mrs. Cruz Ramos
July 19, 2017
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 NORTON ROSE FULBRIGHT

You are advised that the firm maintains Professional Errors and Omissions insurance coverage applicable to the services which we would be rendering.

If this arrangement is satisfactory to you, please return to us a copy of this letter executed by an authorized officer of the Successor Agency.

Respectfully submitted,

Norton Rose Fulbright US LLP

By: 
Donald L. Hunt, Partner

Terms of Bond Counsel
and Disclosure Counsel Employment

Approved This ____ Day
of _____, 2017

SUCCESSOR AGENCY OF THE DISSOLVED COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF GUADALUPE

Name: _____

Title: _____

July 13, 2017

Cruz Ramos, *City Administrator*
City of Guadalupe
918 Obispo Street
Guadalupe, California 93434

Re: Underwriter / Placement Agent Engagement Relating to Potential Municipal Securities Transaction for the Successor Agency of the Guadalupe Redevelopment Agency, Tax Allocation Refunding Bonds, Series 2017

Dear Cruz,

The Successor Agency of the Guadalupe Redevelopment Agency (“Issuer”) and Stifel, Nicolaus & Company, Incorporated (“Stifel”) are entering into this engagement to confirm that they are engaged in discussions related to a potential issue of municipal securities related to the **Tax Allocation Refunding Bonds, Series 2017** (the “Issue”) and to formalize Stifel’s role as underwriter or placement agent with respect to the Issue.

Engagement as Underwriter / Placement Agent

Issuer is aware of the “Municipal Advisor Rule” of the Securities and Exchange Commission (“SEC”) and the underwriter exclusion from the definition of “municipal advisor” for a firm serving as an underwriter or placement agent for a particular issuance of municipal securities. Issuer hereby designates Stifel as an underwriter or placement agent for the Issue. Issuer expects that Stifel will provide advice to Issuer on the structure, timing, terms and other matters concerning the Issue.

Limitation of Engagement

It is Issuer’s intent that Stifel serve as an underwriter or placement agent for the Issue, subject to satisfying applicable procurement laws or policies, formal approval by the governing body of Issuer, finalizing the structure of the Issue and executing a bond purchase agreement or placement agent agreement, as applicable. While Issuer presently engages Stifel as the underwriter or placement agent for the Issue, this engagement letter is preliminary, nonbinding and may be terminated at any time by Issuer, without penalty or liability for any costs incurred by Stifel. Furthermore, this engagement letter does not restrict Issuer from entering into the Issue with any other underwriters or placement agents or selecting an underwriting syndicate that does not include Stifel.

Role Disclosure

The Issuer hereby confirms and acknowledges each of the following concerning the role that Stifel would have as an underwriter or placement agent:

- (1) Municipal Securities Rulemaking Board (“MSRB”) Rule G-17 requires underwriters and placement agents to deal fairly at all times with both municipal issuers and investors;
- (2) the underwriter's primary role is to purchase securities with a view to distribution in an arm's-length commercial transaction with Issuer and it has financial and other interests that differ from those of Issuer;
- (3) the placement agent's primary role is to place securities directly with an investor or investors on behalf of the issuer without first purchasing the securities;
- (4) unlike a municipal advisor, the underwriter/placement agent does not have a fiduciary duty to Issuer under the federal securities laws and is, therefore, not required by federal law to act in the best interests of Issuer without regard to its own financial or other interests;

- (5) the underwriter has a duty to purchase securities from Issuer at a fair and reasonable price, but must balance that duty with its duty to sell municipal securities to investors at prices that are fair and reasonable; and
- (6) the underwriter will review the official statement for Issuer's securities, in accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of the transaction.

Disclosures Concerning the Underwriter's Compensation and Placement Agent Fee

The underwriter will be compensated by a fee and/or underwriting discount that will be set forth in the bond purchase agreement to be negotiated and entered into in connection with the Issue. The placement agent will be compensated by a fee agreed upon with the Issuer in connection with the private placement of the Issue. Payment or receipt of the underwriting fee or discount or placement agent fee will be contingent on the closing of the transaction and the amount of the discount or fee may be based, in whole or in part, on a percentage of the principal amount of the Issue. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the underwriter or placement agent may have an incentive to recommend to Issuer a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

Conflicts of Interest

Stifel has not identified any additional potential or actual material conflicts that require disclosure.

Disclosures Relating to Complex Municipal Securities Financing

Since Stifel has not recommended a "complex municipal securities financing" to Issuer, additional disclosures regarding the financing structure for the Issue are not required under MSRB Rule G-17.

However, if Stifel recommends, or if the Issue are ultimately structured in a manner considered "complex municipal securities financings" to the Issuer, this letter will be supplemented to provide disclosure of the material financial characteristics of that financing structure as well as the material financial risks of the financing that are known to us and are reasonably foreseeable at that time.

It is our understanding that you have the authority to bind the Issuer by contract with us, and that you are not a party to any conflict of interest relating to the subject transaction. If our understanding is incorrect, please notify the undersigned immediately.

We look forward to working with you and the Successor Agency of the Guadalupe Redevelopment Agency. Thank you.

Sincerely,



Raul Amezcua, *Managing Director*

Issuer accepts and acknowledges the foregoing.
Accepted and Executed:

By: _____
Cruz Ramos, *City Administrator*

Date: _____

July 26, 2017

FROM: Urban Futures, Inc.
Douglas P. Anderson

TO: Cruz Ramos
Executive Director
Successor Agency to the Guadalupe Redevelopment Agency
918 Obispo Street
Guadalupe, CA 93434

RE: Engagement Letter for 2017 Tax Allocation Refunding Bonds

Dear Ms. Ramos,

This letter specifies the terms of the engagement between Urban Futures, Inc., located at 17821 E. 17th Street, Suite 245, Tustin Ca. 92780 and the Successor Agency to the Guadalupe Redevelopment Agency located at 918 Obispo Street, Guadalupe, CA 93434.

This engagement between the Successor Agency to the Guadalupe Redevelopment Agency (the "Successor Agency") and Urban Futures, Inc. shall become effective as of the date of its acceptance as provided below.

Scope of Municipal Advisory Activities to be Performed

Assembling a team that works for the municipality is a key part of the debt issuance process. Among the first to join the team is the municipal advisor. As municipal advisor, Urban Futures, Inc. will successfully perform the following duties.

- Assist in developing the plan of finance and related transaction timetable;
- Identify and analyze financing solutions and alternatives for funding the capital improvement plan;
- Advise on the method of sale, taking into account market conditions and near-term activity in the municipal market;
- Assist in the preparation of any rating agency strategies and presentations;
- Coordinate internal/external accountants, feasibility consultants and escrow agents, as appropriate;

- Assist with the selection of the financing team including underwriters, trustee, bond and disclosure counsel;
- Assist with underwriter compensation issues, syndicate structure and bond allocations;
- Assist with negotiated sales (as applicable), including advice regarding retail order periods and institutional marketing, analysis of comparable bonds and secondary market data, and verify cash flow calculations;
- Assist with competitive bond sales (as applicable), including posting of the notice of sale and preliminary official statement, and preparation of the bid verification, true interest cost (TIC) calculations and reconciliations/verifications of bidding platform calculations, preparation of notice of sale, obtaining CUSIP numbers;
- Prepare and/or review preliminary cash flows/ preliminary refunding analysis;
- Analyze whether to use SLGS, open markets and/or agency securities for purposes of investment of bond proceeds;
- Manage the escrow bids or review SLGs applications for structuring advance refunding escrow;
- Assist in procuring printers, verification agents, etc.;
- Plan and coordinate bond closings;
- Prepare any required post-sale reports of bond sales; and
- Evaluate market conditions and pricing performance of senior manager and co-managers' distribution of bonds.

Independent Registered Municipal Advisor (“IRMA”)

If acting in the capacity of an Independent Registered Municipal Advisor (“IRMA”) with regard to the IRMA exemption of the SEC Rule, Urban Futures, Inc. will review all third party recommendations submitted to Urban Futures, Inc. in writing by the Successor Agency.

Term of Engagement Agreement

The commencement date of the agreement is August 8, 2017 and the end date is one year after the effective date or at the successful close of the transaction, whichever occurs first. Any extensions must be mutually agreed upon by all parties in writing.

Termination of Engagement Agreement

The Successor Agency may terminate the whole or any part of this Agreement at any time and without cause by giving sixty (60) days written notice to Urban Futures, Inc. of such termination, and specifying the effective date thereof. Urban Futures, Inc. shall discontinue all Services affected by such termination within thirty (30) days of receipt of such notice, unless

otherwise instructed by the Successor Agency in writing. Urban Futures, Inc. may terminate this agreement by giving the Successor Agency sixty (60) days written notice.

In the event Services are terminated by the Successor Agency and bonds are successfully issued, Urban Futures Inc. will be compensated pro-rata for services provided up to the termination date.

Compensation and Out-of-Pocket Expenses

Compensation for the municipal advisory activities to be performed for this engagement is contingent upon the successful sale on bonds.

For the subject transaction, the fee for financial advisory services is \$39,500. In addition to the fee amount, Urban Futures shall be reimbursed expenses in an amount not to exceed \$2,500. Expense reimbursements will cover the following:

- Mandatory SEC/MSRB Compliance Requirements & Reporting
- Data Services (Bloomberg, Thompson Reuters, DBC)
- Travel (mileage, airfare, hotels, etc.)

Fiduciary Duty

Urban Futures, Inc. is registered as a Municipal Advisor with the Securities and Exchange Commission ("SEC") and Municipal Securities Rulemaking Board ("MSRB"). As such, Urban Futures, Inc. has a Fiduciary Duty to the Successor Agency and must provide both a Duty of Care and a Duty of Loyalty that entails the following.

Duty of Care:

- a) exercise due care in performing its municipal advisory activities;
- b) possess the degree of knowledge and expertise needed to provide the Successor Agency with informed advice;
- c) make a reasonable inquiry as to the facts that are relevant to the Successor Agency's determination as to whether to proceed with a course of action or that form the basis for any advice provided to the Successor Agency; and
- d) undertake a reasonable investigation to determine that Urban Futures, Inc. is not forming any recommendation on materially inaccurate or incomplete information; Urban Futures, Inc. must have a reasonable basis for:
 - i. any advice provided to or on behalf of the Successor Agency;
 - ii. any representations made in a certificate that it signs that will be reasonably foreseeably relied upon by the Successor Agency, any other party involved in the

municipal securities transaction or municipal financial product, or investors in the Successor Agency securities; and

- iii. any information provided to the Successor Agency or other parties involved in the municipal securities transaction in connection with the preparation of an official statement.

Duty of Loyalty:

Urban Futures, Inc. must deal honestly and with the utmost good faith with the Successor Agency and act in the Successor Agency's best interests without regard to the financial or other interests of Urban Futures, Inc. Urban Futures, Inc. will eliminate or provide full and fair disclosure (included herein) to the Successor Agency about each material conflict of interest (as applicable). Urban Futures, Inc. will not engage in municipal advisory activities with the Successor Agency as a municipal entity, if it cannot manage or mitigate its conflicts in a manner that will permit it to act in the Successor Agency's best interests.

Conflicts of Interest and Other Matters Requiring Disclosures

- As of the date of the Agreement, there are no material conflicts of interest that Urban Futures, Inc. is aware of that might impair its ability to render unbiased and competent advice or to fulfill its fiduciary duty. Urban Futures, Inc. represents that in connection with the issuance of municipal securities, Urban Futures, Inc. may receive compensation from the Successor Agency or Obligated Person for services rendered, which compensation is contingent upon the successful closing of a transaction and/or is based on the size of a transaction. Consistent with the requirements of MSRB Rule G-42, Urban Futures, Inc. hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding Urban Futures, Inc.'s ability to provide unbiased advice to enter into such transaction. This conflict of interest will not impair Urban Futures, Inc.'s ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Successor Agency. If Urban Futures, Inc. becomes aware of any potential conflict of interest that arises after this disclosure, Urban Futures, Inc. will disclose the detailed information in writing to the Successor Agency in a timely manner.
- The fee paid to Urban Futures, Inc. increases the cost of investment to the Successor Agency. The increased cost occurs from compensating Urban Futures, Inc. for municipal advisory services provided.
- Urban Futures, Inc. does not act as principal in any of the transaction(s) related to this Agreement.
- During the term of the municipal advisory relationship, this agreement will be promptly amended or supplemented to reflect any material changes in or additions to the terms

or information within this agreement and the revised writing will be promptly delivered to the Successor Agency.

- Urban Futures, Inc. does not have any affiliate that provides any advice, service, or product to or on behalf of the client that is directly or indirectly related to the municipal advisory activities to be performed by Urban Futures, Inc.;
- Urban Futures, Inc. has not made any payments directly or indirectly to obtain or retain the Successor Agency's municipal advisory business;
- Urban Futures, Inc. has not received any payments from third parties to enlist Urban Futures, Inc. recommendation to the Successor Agency of its services, any municipal securities transaction or any municipal finance product;
- Urban Futures, Inc. has not engaged in any fee-splitting arrangements involving Urban Futures, Inc. and any provider of investments or services to the Successor Agency;
- Urban Futures, Inc. does not have any other engagements or relationships that might impair Urban Futures, Inc.'s ability either to render unbiased and competent advice to or on behalf of the Successor Agency or to fulfill its fiduciary duty to the Successor Agency, as applicable; and
- Urban Futures, Inc. does not have any legal or disciplinary event that is material to the Successor Agency's evaluation of the municipal advisory or the integrity of its management or advisory personnel.

Legal Events and Disciplinary History

Urban Futures, Inc. does not have any legal events and disciplinary history on its Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The Successor Agency may electronically access Urban Futures, Inc.'s most recent Form MA and each most recent Form MA-I filed with the Commission at the following website: www.sec.gov/edgar/searchedgar/companysearch.html.

There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC.

Recommendations

If Urban Futures, Inc. makes a recommendation of a municipal securities transaction or municipal financial product or if the review of a recommendation of another party is requested in writing by the Successor Agency and is within the scope of the engagement, Urban Futures, Inc. will determine, based on the information obtained through reasonable diligence of Urban Futures, Inc. whether a municipal securities transaction or municipal financial product is

suitable for the Successor Agency. In addition, Urban Futures, Inc. will inform the Successor Agency of:

- the evaluation of the material risks, potential benefits, structure, and other characteristics of the recommendation;
- the basis upon which Urban Futures, Inc. reasonably believes that the recommended municipal securities transaction or municipal financial product is, or is not, suitable for the Successor Agency; and
- whether Urban Futures, Inc. has investigated or considered other reasonably feasible alternatives to the recommendation that might also or alternatively serve the Successor Agency's objectives.

If the Successor Agency elects a course of action that is independent of or contrary to the advice provided by Urban Futures, Inc., Urban Futures, Inc. is not required on that basis to disengage from the Successor Agency.

Record Retention

Effective July 1, 2014, pursuant to the Securities and Exchange Commission (SEC) record retention regulations, Urban Futures, Inc. is required to maintain in writing, all communication and created documents between Urban Futures, Inc. and the Successor Agency for 5 years.

If there are any questions regarding the above, please do not hesitate to contact Urban Futures, Inc. If the foregoing terms meet with your approval, please indicate your acceptance by executing both copies of this letter and returning one copy.

Sincerely,



Douglas P. Anderson
Managing Principal
Urban Futures, Inc.

Successor Agency to the Guadalupe Redevelopment Agency

By: _____
Cruz Ramos, Executive Director

**REPORT TO THE SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT
AGENCY OF THE CITY OF GUADALUPE
Agenda of August 14, 2017**



Prepared by:
Annette Muñoz, Finance Director



Approved by:
Cruz Ramos, City Administrator

SUBJECT: Debt Management Policy

RECOMMENDATION: That the Successor Agency review and consider adoption of SA Resolution No. 2017-03 "A Resolution of the Successor Agency to the Former Redevelopment Agency of the City of Guadalupe, California Approving the Debt Management Policy."

BACKGROUND:

California Government Code section 8855(i) requires any issuer of public debt to provide the California Debt and Investment Advisory Commission (CDIAC) no later than 30 days prior to the sale of any debt issue a report of the proposed issuance. Effective January 1, 2017, issuers must certify on the Report of Proposed Debt Issuance that they have adopted local debt policies concerning the use of debt and that the proposed issuance is consistent with those policies.

The issuer's local debt policy must include, Purposes for which Debt may be used, Types of Debt Issued, Relationship of Debt to Capital Improvement Program and Budget, Policy Goals Related to City's Planning Goals and Objectives and Internal Control Procedures That the City has Implemented or Will.

FISCAL IMPACT:

None

Attachment:
SA Resolution 2017-03
Exhibit "A" Debt Management Policy

SUCCESSOR AGENCY RESOLUTION NO. 2017-03

**A RESOLUTION OF THE SUCCESSOR AGENCY TO THE
GUADALUPE COMMUNITY REDEVELOPMENT AGENCY
APPROVING THE SUCCESSOR AGENCY DEBT MANAGEMENT
POLICY**

WHEREAS, the Successor Agency to the Guadalupe Community Redevelopment Agency (the “Successor Agency”) recognizes that cost-effective access to the capital markets depends on prudent management of the Successor Agency’s debt program; and

WHEREAS, Government Code section 8855(i) requires any issuer of public debt to provide to California Debt and Investment Advisory Commission (CDIAC) no later than 30 days prior to the sale of any debt issue a report of the proposed issuance (the “Report of Proposed Debt Issuance”), and must certify on the Report of Proposed Debt Issuance that they have adopted local debt policies concerning the use of debt and that the proposed debt issuance is consistent with those policies (the “CDIAC Requirements”); and

WHEREAS, the Successor Agency wishes to set parameters for issuing debt, managing the debt portfolio and providing guidance to decision makers; and

WHEREAS, the Successor Agency finds and determines that adoption of the attached Debt Management Policy (the “Debt Management Policy”) will help ensure that debt is issued and managed prudently in order to maintain sound fiscal policy, and is in compliance with the CDIAC Requirements; and

NOW, THEREFORE, BE IT RESOLVED that the Successor Agency of the City of Guadalupe hereby orders and determines as follows:

Section 1. Recitals. The Successor Agency hereby specifically finds and declares that each of the recitals set forth above are true and correct and are hereby incorporated in conjunction with the respective staff report.

Section 2. Approval of the Debt Management Policy. This Successor Agency hereby declares that the proposed Debt Management Policy attached hereto, is hereby approved as the Successor Agency to the Guadalupe Community Redevelopment Agency Debt Management Policy to be effective upon adoption of this Resolution.

Section 3. Approval of the Debt Management Policy. That the issuance of new debt functions is delegated to the Finance Director’s Office and the approved Debt Financing Team as set forth in the Debt Management Policy, with final authorization of such new debt by the Successor Agency and Boards of Directors as applicable.

Section 4. Authorization to Manage Debt Issuance Functions. The Finance Director or a designee, is hereby authorized to manage debt issuance functions for the Successor Agency in accordance with the Debt Management Policy.

Section 5. Severability. The provisions of this Resolution are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.

Section 6. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

Section 7. This Resolution shall take effect from and after its date of adoption.

PASSED, APPROVED AND ADOPTED at a regular meeting of the Successor Agency to the Guadalupe Community Redevelopment Agency held on the 14th day of August, 2017.

SUCCESSOR AGENCY

John Lizalde, Chairman

ATTEST

Joice Earleen Raguz, Clerk

STATE OF CALIFORNIA)
COUNTY OF SANTA BARBARA)
CITY OF GUADALUPE)

I, _____, Agency Secretary of the Successor Agency to the Guadalupe Community Redevelopment Agency, **DO HEREBY CERTIFY** that the foregoing Resolution No. ___ was passed and adopted by the Successor Agency of the City of Guadalupe, California, at a regular meeting held on the ___ day of _____, 2017 and that it was so adopted by the following roll call vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

DATED: _____, 2017

_____, City Clerk

CITY OF GUADALUPE, CALIFORNIA
SUCCESSOR AGENCY TO THE GUADALUPE COMMUNITY REDEVELOPMENT AGENCY
DEBT MANAGEMENT POLICY

INTRODUCTION

The purpose of this Debt Management Policy ("Debt Policy") is to organize and formalize debt issuance and management related policies and procedures for the Successor Agency to the Guadalupe Community Redevelopment Agency (the "Successor Agency"). The debt policies of the Successor Agency are subject to and limited by applicable provisions of state and federal law and to prudent debt management principles.

When used in this Policy, "debt" refers to all indebtedness and financing lease and installment purchase obligations.

DEBT POLICY OBJECTIVE

The primary objectives of the Successor Agency's debt and financing related activities are to

- Maintain cost-effective access to the capital markets through prudent fiscal management policies and practices;
- Minimize debt service commitments through effective planning and cash management;
- Ensure the Successor Agency is in compliance with all applicable federal and state securities laws; and
- Achieve the highest practical credit ratings.

This Debt Policy is intended to comply with Government Code Section 8855(i), and is applicable to the Successor Agency.

BACKGROUND/DISCUSSION

Government Code section 8855(i) requires any issuer of public debt to provide the California Debt and Investment Advisory Commission (CDIAC) no later than 30 days prior to the sale of any debt issue a report of the proposed issuance. Effective January 1, 2017, issuers must certify on the Report of Proposed Debt Issuance that they have adopted local debt policies concerning the use of debt and that the proposed issuance is consistent with those policies. The issuer's local debt policies must include the following:

A. Purposes For Which Debt May Be Used

Long-Term Debt. Long-term debt may be issued to finance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment and land to be owned and operated by the Successor Agency.

- (a) Long-term debt financings are appropriate when the following conditions exist:

- When the project to be financed is necessary to provide basic services.
- When the project to be financed will provide benefit to constituents over multiple years.
- When total debt does not constitute an unreasonable burden to the Successor Agency.
- When the debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring.

(b) Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses.

(c) The Successor Agency may use long-term debt financings subject to the following conditions:

- The project to be financed must be approved by the Successor Agency.
- The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed by more than 20%.
- The Successor Agency estimates that sufficient revenues will be available to service the debt through its maturity.
- The Successor Agency determines that the issuance of the debt will comply with the applicable state and federal law.

Short-term debt. Short-term debt may be issued to provide financing for the Successor Agency's operational cash flows in order to maintain a steady and even cash flow balance. Short-term debt may also be used to finance short-lived capital projects; for example, the Successor Agency may undertake lease-purchase financing for equipment.

Financings on Behalf of Other Entities. The Successor Agency may also find it beneficial to issue debt on behalf of other governmental agencies or private third parties in order to further the public purposes of the Successor Agency. In such cases, the Successor Agency shall take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of any borrower and that the issuance of such debt is consistent with the policies set forth herein.

B. Types of Debt Issued

The following types of debt are allowable under this Debt Policy:

- general obligation and revenue bonds
- lease revenue bonds and lease-purchase transactions
- certificates of participation
- bank and direct private placement loans
- Commercial paper

- bond or grant anticipation notes
- tax and revenue anticipation notes
- land-secured financings, such as special tax revenue bonds issued under the Mello-Roos Community Facilities Act of 1982, as amended, and limited obligation bonds issued under applicable assessment statutes
- tax increment financing to the extent permitted under state law
- conduit financings, such as financings for affordable rental housing and qualified 501 c3 organizations

The Successor Agency may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy.

Debt shall be issued as fixed rate debt unless the Successor Agency makes a specific determination as to why a variable rate issue would be beneficial to the Successor Agency in a specific circumstance.

C. Relationship of Debt to Capital Improvement Program and Budget

The Successor Agency is committed to long-term capital planning. The Successor Agency intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the Successor Agency's capital budget and the capital improvement plan.

The Successor Agency shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues. The Successor Agency shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear.

The Successor Agency shall integrate its debt issuances with the goals of its capital improvement program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the Successor Agency's public purposes.

The Successor Agency shall seek to avoid the use of debt to fund infrastructure and facilities improvements in circumstances when the sole purpose of such debt financing is to reduce annual budgetary expenditures.

The Successor Agency shall seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment from its general fund.

D. Policy Goals Related to Successor Agency's Planning Goals and Objectives

The Successor Agency is committed to long-term financial planning, maintaining appropriate reserves levels and employing prudent practices in governance, management and budget administration. The Successor Agency intends to issue debt for the purposes stated in this Policy and to implement policy decisions incorporated in the Successor Agency's annual operations budget.

It is a policy goal of the Successor Agency to protect taxpayers, ratepayers and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings (if

applicable) and the lowest practical borrowing costs.

The Successor Agency will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges.

When refinancing debt, it shall be the policy goal of the Successor Agency to realize, whenever possible, and subject to any overriding non-financial policy considerations, (i) minimum net present value debt service savings equal to or greater than 3.0% of the refunded principal amount, and (ii) present value debt service savings equal to or greater than 100% of any escrow fund negative arbitrage.

E. Internal Control Procedures That the Successor Agency Has Implemented or Will

When issuing debt, in addition to complying with the terms of this Debt Policy, the Successor Agency shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

The Successor Agency will periodically review the requirements of and will remain in compliance with the following:

- any continuing disclosure undertakings under SEC Rule 15c2-12;
- any federal tax compliance requirements, including without limitation arbitrage and rebate compliance, related to any prior bond issues; and
- the Successor Agency's investment policies as they relate to the investment of bond proceeds.

Whenever reasonably possible, proceeds of debt will be held by a third-party trustee and the Successor Agency will submit written requisitions for such proceeds. The Successor Agency will submit a requisition only after obtaining the signature of the Finance Director/Treasurer or Executive Director. In those cases, where it is not reasonably possible for the proceeds of debt to be held by a third-party trustee, the Finance Director/Treasurer of the City shall retain records of all expenditures of proceeds through the final payment date for the debt.